



BRIEFING PAPER

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Vehicle Excise Duty (VED) for new motorhomes

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1. Summary

- Currently, most newly registered motorhomes pay [Light goods vehicles \(TC39\) Vehicle Excise Duty \(VED\) rates](#) of £260/year. This is because motorhomes (unlike cars) are built, or modified, in stages and the final manufacturer cannot provide an emissions figure for that vehicle. Other vehicles (and some motorhomes) pay VED based on their CO2 emissions. VED rates for vehicles based on their emissions range from £0 for zero emission vehicles up to £2,135 for the most polluting vehicles.
- From 1 September 2019, EU regulation 2018/1832 requires that all new sales of Light Commercial Vehicles be subject to type approval and must provide a vehicle emissions figure. This means that from 1 September 2019 all motorhomes in M1SP (special category) will be taxed based on their emissions – this can be up to £2,135 for the first year for the most polluting vehicles (and £140/year thereafter). This will affect new vehicle registrations from that point on, and not older vehicles already registered.
- Some industry groups have called on the Government to make an “urgent minor amendment² to the Finance Bill, to reclassify motorhomes as commercial vehicles for the purpose of VED. The National Caravan Council has a campaigns webpage which lists their position statement and supplies evidence in support of this position.
- HM Treasury have not indicated any intention to make such changes.

2. Vehicle Excise Duty (VED)

Vehicle Excise Duty (VED) is an annual tax levied on most types of vehicles which are to be used (or parked) on public roads. Since 2003, VED rates have been linked to emissions. Major reforms to VED were announced in the 2015 budget, and took effect from 1 April 2017. These reforms linked first year VED payments to CO2 emissions, but removed that emissions link for payments in subsequent years.¹ The current VED rates are detailed in the table below

CO2 emissions (g/km)	Diesel cars (TC49) that meet the RDE2 standard and petrol cars (TC48)	All other diesel cars (TC49)	Alternative fuel cars (TC59)
0	£0	£0	£0

¹ [Vehicle Tax rates](#), GOV.uk, [accessed: 8 Aug 2019]

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1 - 50	£10	£25	£0
51 - 75	£25	£110	£15
76 - 90	£110	£130	£100
91 - 100	£130	£150	£120
101 - 110	£150	£170	£140
111 - 130	£170	£210	£160
131 - 150	£210	£530	£200
151 - 170	£530	£855	£520
171 - 190	£855	£1,280	£845
191 - 225	£1,280	£1,815	£1,270
226 - 255	£1,815	£2,135	£1,805
Over 255	£2,135	£2,135	£2,125

Emissions linked Vehicle Excise Duty (VED) rates, April 2019

The Library brief, [Vehicle Excise Duty \(VED\)](#) provides a comprehensive overview of VED.

2.1 VED for new motorhomes

For the purposes of VED, all new motorcaravans, motorhomes and camper vans should fall in category M1SP (Special Purpose).

[Gov.uk](#) explains that for cars (and some motorhomes in the M1SP category) registered on or after 1 April 2017, owners must pay a VED rate based on the vehicle's CO₂ emissions the first time it's registered (up to £2,135 for most polluting vehicles £0 for zero emissions) and £145/year thereafter (unless the vehicle is a zero emission Electric vehicle).²

Presently, most motorhomes do not have a 'type approval certificate' (this might be called a 'certificate of conformity' or 'individual vehicle approval') detailing the vehicle's CO₂ emissions (see box 1 for reasons why). Consequently, they cannot be taxed based on their emissions. Motorhomes without this detail (in the M1SP category), pay tax in a different way. These vehicles pay [Light goods vehicles \(TC39\) VED rates](#) of £260/year.

Box 1: Why do motorhomes not have an emissions value?

Unlike cars, most motorhomes are not made by a single company, but are built in stages by at least two companies. There is a requirement that after the completion of each stage, the company involved should produce a document called the Certificate of Conformity (CoC).

The company involved in the final stage CoC has the option of filling in the exhaust emission CO₂ figures. Presently, the overwhelming majority of final stage converters are unable to do this and there is no legislative requirement for them to do so.

2.2 What's changing from 1 September 2019?

[Commission Regulation \(EU\) 2018/1832](#) amends existing regulations to (amongst other things) require new light passenger and commercial vehicles to comply with certain emission limits

² [Vehicle Tax rates](#), GOV.uk, [accessed: 8 Aug 2019]

and lays down additional requirements on access to vehicle repair and maintenance information. This change is part of the [Commission's work to introduce tougher tests for emissions](#).³

The testing requirements, which are intended to mimic 'real-life' driving conditions, have been brought in to prevent manufacturers from cheating emissions tests in response to the 'Dieselgate' emissions scandal. The old lab test – called the New European Driving Cycle (NEDC) – was designed in the 1980's. Due to evolutions in technology and driving conditions, it became outdated. The European Union has therefore developed a new test, called the [Worldwide Harmonised Light Vehicle Test Procedure \(WLTP\)](#).

The 2018 Regulation is being phased in:

- For passenger vehicles (M type and Category N1 (i)):
 - From 1st September 2017, all new model introductions were subject to WLTP type approval and Real Driving Emissions (RDE) testing.
 - From 1st September 2018, all new sales received type approval under WLTP.
 - From 1st September 2019, all new registrations will be subject to RDE testing.
- Light Commercial Vehicles (Categories N1 (ii), N1 (iii) and N2):
 - From 1st September 2018, all new Light Commercial vehicle model introductions were subject to WLTP type approval and Real Driving Emissions (RDE) testing
 - From 1st September 2019, all new sales of Light Commercial Vehicles will have received type approval under WLTP and all new registrations will be subject to RDE testing.

Altogether, this will mean motorhomes will no longer be taxable as light goods vehicles. The new requirement for emissions information to be provided on the type approval, will make all motorhomes eligible to be taxed based on their emissions. This could result in much bigger first year VED bills for the most polluting vehicles.

The National Caravan Council (NCC) – an industry body – says “it was not anticipated that for multi-stage vehicles the end-stage manufacturer would be required to undertake very costly emission tests for low volume production” as part of the introduction of WLTP.⁴

2.3 Stakeholder views

Some industry groups think this change will damage sales of motorhomes. The National Caravan Council (NCC) has called for an “urgent minor amendment to the Finance Bill”, to reclassify motorhomes as commercial vehicles for the purpose of VED. This campaign has been backed by the [British Vehicle Rental & Leasing Association \(BVRLA\)](#).⁵ The [National Caravan Council have a campaign webpage](#) detailing its position statement and supporting evidence.

The National Caravan Council (NCC) lists three key reasons why it opposes the changes (which took effect from 1 September 2019), which it feels could lead to confusion and market distortion, cancelled/delayed orders and possible job losses.

- **Motorhomes should not be taxed in the same way as cars**, because the base vehicle is normally a van. It says motorhome owners do not have a choice of electric vehicles:

³ European Commission, [Emissions in the automotive sector](#), [accessed: 8 Aug 2019]

⁴ NCC, [Position Statement – Motorhome Vehicle Excise Duty \(VED\)](#), September 2019

⁵ [BVRLA lobbying to prevent hike in VED for motorhomes](#), 1 Aug 2019

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“Various Government policy papers and responses refer to the emission changes allowing motorists to make more informed purchasing decisions related to their new car. This is simply not possible for motorhome owners who cannot choose from a pool of ultra-low or zero emission models in the same way that car owners can.”

- **Motorhome owners have limited choices** with the vast majority of vehicles being built by four manufacturers. It says the: “Government needs to take a pragmatic approach and acknowledge that motorhomes are derived from, in the main, N1 commercial base vehicles.”
- **Motorhomes do not contribute significant climate impacts** because they are leisure vehicles, which typically have low mileage. The NCC “believes that the new emission regulations are important”, but feels that “Applying the car taxation system to motorhomes, however, is simply not an appropriate measure.”⁶

HM Treasury have not indicated any intention to make such changes.

⁶ NCC, [Position Statement – Motorhome Vehicle Excise Duty \(VED\)](#), September 2019, p. 4

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