



MAG Position Statement

Vehicle Excise Duty

In brief

MAG promotes the adoption of a basis for Vehicle Excise Duty (VED) that is simple, practical, unaffected by technological development, and universally applicable to all vehicle classes and methods of propulsion. MAG contends that the only logical vehicle property for determining VED charge rates is vehicle weight.

The benefits

The property of weight is relevant for all vehicle classes, methods of propulsion and use. A natural correlation exists between all increased negative impacts of vehicles and increased vehicle weight. A taxation system which encourages the use of the lightest possible vehicle for any specific task will therefore produce the benefit of reduced impacts in many areas, including:

- CO2 emissions,
- fuel/energy efficiency,
- air quality,
- harm caused in collisions with vulnerable road users, and
- wear/damage to roads infrastructure.

Currently

The current VED system is complex, confused, open to abuse and unfair. Current charging regimes for varying vehicle classes now include tailpipe CO2 emissions for cars, axle weight for HGVs and engine capacity for motorcycles. Previous changes to charges for cars have produced anomalies, encouraged abuse from manufacturers and led to a confused system with a built-in diminishing return of revenue to the treasury.

The Government recognises the need to drastically reform the VED, but are currently focusing narrowly on CO2 emissions rather than wider potential improvements from a more holistic approach.

MAG position

MAG recommends that HM Treasury adopts a universal VED charging system based purely on vehicle weight, that maximises benefits and equity whilst future-proofing revenue for the Government.