A Hit-And-Miss Budget For The Motoring Industry

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The Chancellor of the Exchequer has listened to key transport stakeholders in his 2015 Budget, but could have gone further, according to the BVRLA.

BVRLA Director of Policy & Membership Jay Parmar said:"We're encouraged that the government has responded to our calls to reduce the pace of company car tax increases on ultra low-emission vehicles in 2019/20. Sadly, George Osborne has chosen not to go further, and the government now runs the serious risk of reducing the tax incentive between ultra low-emission vehicles and higher-polluting models."

Benefit-in-kind (BIK) tax rates on ultra low-emission company cars in the 0-50 g/km bracket will increase by four percentage points in 2018-19, but will then be subject to a three percentage point rise the following year. BIK rates on company cars in other brackets will increase more steeply than previously - from 2 percentage point rises in 2016/17 & 2017/18, to 3ppt rises in 2018/19 and 2019-20.

Parmar commented "This is likely to cost the industry an extra £340m in 2019/20, according to government estimates, which is a 171% tax rise compared to what the industry was expecting from the 2014 Budget. We're disappointed the government is accelerating the rate of increase in company car tax that thousands of motorists will pay, at the same time as putting the brakes on the take-up of ultra low-emission cars."

Commenting on the other measures announced by George Osborne, the BVRLA welcomed the additional £100million allocated to support driverless cars in the UK. "Our industry looks forward to getting involved with the exciting trials in Greenwich, Coventry, Milton Keynes and Bristol and we are working with government departments, agencies and technology companies to help unlock the enormous potential for intelligent mobility in our sector, " Parmar added.

Elsewhere in the Budget, the BVRLA welcomed the news that government departments will consider car sharing alongside more traditional transport options. Parmar said: "Public sector fleets rely too much upon inefficient and unsustainable grey fleet transport. In urban environments, car sharing and car clubs make far more sense, and we're pleased the government has updated its procurement advice accordingly and acknowledged the vital role of our sector in saving costs and supporting the environment."

The BVRLA also welcomed the decision to freeze fuel duty and the VED rates for HGVs, as well as the cut in Corporation Tax from 1 April 2016.

"We would have all welcomed a fuel duty cut, as this would have given the UK economy a further boost. But a freeze is better than a price hike, and keeping VED rates for HGVs at the same level is a step in the right direction to help motorists. While Cutting Corporation Tax to 20% will give our members a business boost and stimulate growth, it's baffling that the Enhanced Capital Allowances for zero-emission goods vehicles are unavailable to our rental and leasing members, given the important role they play in enabling UK businesses to access this green technology.

"Overall, this has been a hit-and-miss Budget for the motoring industry".

More details of the 2015 Budget and its impact on the vehicle rental and leasing industry can be found on the BVRLA's website [1].

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About the BVRLA

Established in 1967, the British Vehicle Rental and Leasing Association is the UK trade body for companies engaged in the rental and leasing of cars and commercial vehicles. Its 700+ members operate a combined fleet of 3.8 million cars, vans and trucks. BVRLA members buy nearly half of all new vehicles sold in the UK, supporting around 317,000 jobs and contributing nearly £25bn to the economy each year.

By consulting with government and maintaining industry standards, the BVRLA helps its members deliver safe, sustainable and affordable road transport to millions of consumers and businesses. For more information, visitwww.bvrla.co.uk.

For more information, contact:

Toby Poston – Director of Communications & External Relations
toby@bvrla.co.uk
tel: 01494 545700
mob: 07979 756533

Jamie Fretwell - Media & Communications Officer
jamie@bvrla.co.uk
tel: 01494 545710
mob: 07790 271806

[1] http://www.bvrla.co.uk/policy/update/budget-2015

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