\*\*\*\*\*\*\*\* MP

House of Commons

London SW1A 0AA

Dear

**Motorhomes and Vehicle Excise Duty**

I am writing to you again to ask for your further and urgent support in relation to the unacceptable **705% increase** in road fund tax for new motorhomes which came into force on 1 September.

As a business actively involved in the motorhome sector, I am urging you to write to Treasury ministers to make the following important observations and ask them to reconsider the impact this is having on my business:

1. Government has referred to ‘***using the VED system to encourage the take-up of vehicles with low carbon dioxide CO2 emissions to help meet our legally binding climate change targets’.***
The new emission regulations are important, and it is right that there is a fair and robust system that encourages buyers of new vehicles to make an informed choice. However, 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.

The choice of base vehicles available to motorhome manufacturers/converters, however, is extremely limited. Currently, **96.9 percent of all UK motorhomes** are built on chassis providing only four engine choices – all diesel – with output which, for the purposes of vehicle duty, exceeds the maximum emissions threshold for cars.

Any tax incentive to help encourage motorhome buyers to purchase cleaner vehicles is irrelevant until there is a greater choice of low-emission commercial base vehicle options available to motorhome manufacturers/converters.

1. Government has stated that ‘***On first registration, zero emission models attract a £0 rate while those with CO2 emissions over 255g/km attract a VED rate of £2,135. From the second tax payment onwards, most light passenger vehicles move to a standard rate, currently set at £145’****.*
It is important to put these statements into context.

a) A motorhome is **derived from a commercial base vehicle (category N)** which is then converted into a motorhome (category M1) at the final stage of their production.

 Motorhome manufacturers have no control over the production of commercial base vehicles which are sourced from commercial vehicle manufacturers or their engine emissions.

In the absence of a new WLTP compliant VED system for commercial vehicles (such as vans), Government has simply taken the CO2 emission rate for these M1 vehicles and applied the car taxation system. Most, if not all such vehicles, will attract the higher tax rate. This is not an appropriate measure and plainly wrong.

b) Motorhomes are built as high-quality leisure accommodation vehicles and as the table overleaf demonstrates they:

 i) are not produced in large volumes (compared to cars or light commercial vehicles)

ii) do not have high mileages – average of 3,000 miles per annum over 31 days per year, and

 iii) are not high polluting vehicles (0.2%).

 Because they are high quality vehicles (often bespoke and hand-built), they are also priced accordingly. For all vehicles with a first registered list price over £40,000, the second-year tax payment will ***not be at the standard rate,*** currently £145, but will attract an additional £320 for the next 5 years. This means that most motorhomes will pay **tax of £465 per year** from years 2- 6 (at the current rate).

 It should be noted that Government consulted on the impact of WLTP and VED on cars and vans in 2018, and the introduction of new tax bands and rates has been delayed until April 2020 and 2021 respectively. Government **has not consulted** on the impact of WLTP on motorhomes and the new higher tax was introduced immediately on 1 September.

 Many MPs have been concerned with this lack of assessment by the Government.

1. Government has not fully considered the impact of this increase on businesses in this sector, **and especially on its consumer base.**
* Currently, there are 225,000 motorhomes in use across the UK
* Approximately 81% of motorhome owners are over 55 years old and 55% are retired
* Contrary to popular belief, 78% of these **purchases are drawn from savings or pension funds**
* Owners are typically thrifty and to realise their passion to travel they see ownership of a motorhome as a more flexible and affordable way to holiday in the UK, thereby helping to boost domestic tourism
* This popular leisure activity supports manufacturing with a value approaching £0.75bn per year and an industry that contributes £9.3bn in visitor expenditure

It is now clear that this sector has been overlooked and added into a taxation system for cars which is totally inappropriate. On the face of it, all that this will achieve is to keep older vehicles on the road, reduce the tax revenue for Government through the loss of production and sales, and put manufacturing and service industry jobs at risk.

HM Treasury has stated publicly that it ***recognises the concerns* of the motorhome sector and *keeps all taxes including VED under review.***

Therefore, we are asking you once again to write to Treasury ministers with this additional information and enclose a copy of the infographic data sheet attached and ask them, as a matter of priority, to:

1. **re-think** their position regarding the introduction of WLTP as it relates to motorhomes and Vehicle Excise Duty (VED) in light of the extensive consultation and further considerations given to both the car and light commercial van industries, but not to the motorhome sector.
2. **separate** motorhomes from the VED system for cars.
3. **grant a dispensation** for motorhomes so that they are taxed as a Private Light Goods (PLG) vehicle until the matter can be properly addressed.
4. **reclassify motorhomes as light goods vehicles for the purposes of VED** andremove this excessively unfair taxation via the next fiscal event (Budget) and amend the Finance Bill.

Thank you for your help and support so far and if you require any further information please visit [www.fairmotorhometax.org](http://www.fairmotorhometax.org)

Yours sincerely

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