

Rt. Hon Rishi Sunak, MP
Chancellor of the Exchequer
1 Horse Guards Road
London
SW1 A 2HQ

National Caravan Council Limited
Catherine House, Victoria Road
Aldershot, Hampshire GU11 1SS.
Tel: 01252 318251
Email: info@thencc.org.uk
Web: thencc.org.uk

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Dear Chancellor,

Vehicle Excise Duty on motorhomes – time for change

As Director General of the NCC (National Caravan Council), the UK trade association representing the entire supply chain for the leisure vehicle industry embracing motorhomes, touring caravans, dealerships, holiday parks and all related suppliers and service providers, I would like to offer my congratulations to you on your appointment as Chancellor of the Exchequer.

You will be aware of the Fair Motorhome Tax Campaign launched by the NCC, which has gained significant cross-party support of over 85 MPs, as well as attracting a debate in Westminster Hall, Treasury Questions and interest from local and national print and broadcast media.

You may also recall correspondence about the increase in VED for new generation motorhomes from some of your constituent businesses including Ropers Caravan World who were greatly comforted by your response in acknowledging the issue and in particular (your) *'belief in a low tax system that enhances competitiveness, rewards hard work and encourages entrepreneurship – all of which drive prosperity'*.

We also understand that your last letter stressed that *'the Minister emphasises that all taxes are kept under review and that changes to VED would be considered at a fiscal event'*.

I am now writing to you in your capacity as Chancellor, the person ultimately responsible for announcing any change to VED, to make such a change and take **new generation motorhomes and campervans out of the graduated VED for cars and add them to the regime for vans in this your first Budget on 11 March.**

Simply put, since 1 September 2019, new motorhomes and campervans with the new generation, cleaner, greener Euro 6/D engine have been taxed as a car, something I am sure you would agree is simply not correct.

The rate of VED for has moved from £265 per year to up to £2,135 (a 705% increase) by virtue of the introduction of the Worldwide Light vehicle Test Procedure (WLTP) and the alignment of the vehicle excise duty payable on first registration with the Co2 emission figure on the final certificate of conformity. Worse still – the VED payable for the subsequent five years moves from £145 to £460.

Motorhomes and campervans are not cars; they are derived from a commercial base vehicle – a van. The application of WLTP rules have not yet been introduced for vans, yet the owners of new generation motorhomes have had to shoulder this grossly unfair tax. Equally, as a business in the sector the impact of this change in VED has been lost sales, – registrations of new motorhomes in December 2019 were 9.3% down on the previous year - reduced orders and ultimately job reductions both in dealerships and in manufacturing to manage costs.

Unlike the car industry, motorhomes had continuously seen year on year growth prior to the change in September 2019 and this fall in registrations is sadly set to continue if a change is not made in the Budget

The team at HM Treasury have been at pains to defend this increase in VED by suggesting that this is:

- to encourage the take-up of vehicles with low carbon dioxide emissions
- to incentivise new motorhome purchasers to make lower emission choices and
- a relatively small proportion of the [motorhome] purchase cost, typically between one and five per cent of the overall cost

This actual situation is that:

- 97 percent of all motorhomes and campervans are fitted with a commercial vehicle diesel engine. Whilst there are some moves by the base vehicle manufacturers (Fiat, Peugeot, Ford and VW) to investigate low carbon dioxide alternatives, currently there are **none available** for the motorhome industry or its consumers from which to choose
- The absence of low-emission base vehicle alternatives means there is **no incentive** for motorhome purchasers. Instead this punitive tax is encouraging the continued use of older vehicles which do not attract the higher VED. This is the precise opposite of Government's objectives – greater carbon emissions, not less, less domestic tourism revenue, not more and a potential loss of £18m from VAT receipts on the sale of new motorhomes.
- The majority of new motorhomes retail at £40,000 or more and as a result attract the higher VED luxury tax in years 2-6 on top of the eye-watering £2,135 in the first year. The overall tax burden for a new generation motorhome over 6 years is now £4,460.

If the VED was one percent of the total cost of the vehicle, the retail cost would be £213,500 and two percent would equate to £106,750. **A 4+ percentage figure** would be more realistic.

Typical motorhome owners are thrifty people and have used their savings to pay for this leisure vehicle so they can enjoy holidaying at home in the UK and contributing to domestic tourism. An additional (and not always obvious) expense of this degree may make them think twice about making the purchase.

Unlike cars and vans, motorhomes (15,000 in circulation) are used for leisure purposes; on average they travel around 3,000 miles per year, equating to around 31 days per year contributing 00.2 percent emissions.

If Government is serious about achieving its climate change targets, why penalise this comparatively small number of motorhome owners instead of tackling the commercial van market representing almost 30 percent of total emissions with the potential to generate 30 times more tax revenue? Alternatively, it should address the car market which contributes over 70 percent of emissions, even with the choice of low-emission vehicles available to consumers.

Once again, I am urging you to use your first Budget to reverse this unintended consequence and ensure that the rate of VED on motorhomes is both fair and proportionate and that motorhomes are no longer taxed as a car.

I am sharing a copy of this letter with all 800 businesses in membership of the NCC.

Yours sincerely,



John Lally
Director General