

# Advice and Information

## Vehicle

### Excise Duty

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## Introduction

Vehicle Excise Duty is an annual tax levied on motor vehicles. You can no longer transfer a licence from one vehicle to another.

## Legislation

It is an offence under section 29 of the **Vehicle Excise and Registration Act 1994** to use or keep a vehicle on a public road if it has not been licensed in this way. It does not matter how short the period is, or whether the vehicle is simply parked or not in working order. The only exception is for vehicles going to and from an annual MOT test, provided a definite appointment for a test has been made.

Note that the vehicle still needs a valid insurance certificate. Using a vehicle on a road without valid

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taxes an offence. An offence is also committed if the wrong rate of duty is paid or the vehicle is being used where a higher rate is chargeable. You may get fined in addition to having to pay back tax.

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## Purchasing a new Vehicle

When you buy a new vehicle the dealer will usually apply on your behalf for the first vehicle tax at the same time as applying for the vehicle Registration Certificate. The vehicle should therefore be taxed when you take delivery. If the dealer does not apply for you, make sure that the dealer gives you the application form, V55/5, so that you can apply to the DVLA. Do note, however, that it is an offence to use the vehicle if it has not been taxed.

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## Purchasing a used Vehicle

When you buy a used vehicle, the seller cannot transfer the tax with the vehicle. As the new keeper the easiest way you can tax vehicle is online at [www.gov.uk/vehicle-tax](http://www.gov.uk/vehicle-tax) using the reference number from the green 'new keeper's details' slip, V5C/2. You can also pay by debit or credit card, or set up a Direct Debit.

To licence the vehicle at the Post Office you will have to produce:

- ✓ the Registration Certificate, form V5/2C (with the changes section completed to show your name and address) OR a completed form V62 (if you have lost the Registration Certificate)
- ✓ the duty payable
- ✓ a valid certificate of insurance or cover note
- ✓ a test certificate if the vehicle requires one (i.e. cars, motorcycles, motor caravans, light goods and dual purpose vehicles at least 3 years old after first registration; minibuses and other vehicles with more than 8 passenger seats one year after registration)
- ✓ a plating certificate or weight certificate, where required (see below).

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## Renewing vehicle tax

About a fortnight before your tax expires, the DVLA will send a reminder to the address on the Registration Certificate. If you have a reminder form, you do not need to show the Registration Certificate when re-licensing. Without a reminder form, use form V10 or V85 as above.

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## Changing a taxation Class

If you change the taxation class of your vehicle, or buy a used vehicle in a taxation class which does not cover your use of it, and you are changing the tax class from one paying class to another paying tax class, you should apply for an exchange vehicle licence using Application to change vehicle tax form, V70 and the usual list of documents. This can only be done by the DVLA.

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## Refunds

Refunds are only made for complete calendar months still to run and the DVLA will automatically give a refund to the registered keeper once the DVLA has been informed of the change. You can now tell DVLA you've sold, transferred or bought a vehicle on line at [www.gov.uk/sold-bought-vehicle/](http://www.gov.uk/sold-bought-vehicle/).

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## Statutory Off Road Notification (SORN)

If you are the keeper of a vehicle and you do not license it because you do not use it or keep it on a public road, you must tell the DVLA as soon as you take the vehicle off the road. This is called declaring SORN. This also applies if you have recently purchased a vehicle and the previous keeper has declared SORN. Once you have made a SORN declaration you will be sent an acknowledgement letter within 4 weeks confirming the details. Registered keepers with a V5/V5C in their name can declare SORN on line by using the following link: [www.dvla.gov.uk/vehiclelicence](http://www.dvla.gov.uk/vehiclelicence).

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## Classes of Vehicle for Taxation Purposes

There are various different classes of vehicles for taxation purposes, depending upon whether the vehicle is used for carrying passengers or goods, how heavy it is, how it is constructed, and what sort of purposes it is used for.

### **Private/Light Goods (PLG)**

This is by far the most common tax class, covering almost 89% of licensed vehicles. This tax class primarily consists of cars and light vans but can include other vehicles used only for private purposes. Tax bands within PLG depend on engine size for vehicles first registered before March 2001, while for cars registered on or after March 2001, tax bands are based upon levels of CO2 emissions, with lower rates for cleaner vehicles.

This is the taxation class that should apply to vehicles operated by voluntary organisations unless they come within a class below, including minibuses being run under section 19 standard permits and under section 22 (Community Bus) permits regardless of their weight or the number of seats. However, it has come to the attention of the CTA that the DVLA will only issue a PLG disc to minibuses not exceeding 3500kg gross vehicle weight. Minibuses over this weight limit are being issued with a Bus disc even though this appears to contravene the Finance Act 1995 (see 'Bus').

Section 22 Community Buses used on registered routes with a local authority subsidy must be taxed in the Bus class.

The Private/Light Goods class as well as applying to private passenger vehicles including cars and taxis, also covers those light goods vehicles which have a maximum revenue weight not exceeding 3500kgs. Your dealer should be able to tell you the revenue weight of your vehicle. Revenue weight means gross weight or gross train weight for vehicles subject to plating and testing. For non-testable vehicles it means the maximum weight at which a vehicle can lawfully operate in the UK. Most goods vehicles with a revenue vehicle weight exceeding 3500kgs will require weight plating and annual testing by the Department for Transport.

## **Bus**

This class covers buses and coaches with more than eight seats (excluding the driver) used for commercial purposes. Vehicles not used for commercial purposes would be licensed in the PLG tax class.

This class is not applicable to vehicles operated under Section 19, but must be used for Section 22 Community Buses if the vehicle runs on a registered route subsidised by a local authority. The rate of tax payable is dependent upon the number of seats in the vehicle and since 1999 reduced rates have been available for vehicles that create less pollution.

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## **Exempt Classes**

### **Disabled Passenger Vehicle**

This taxation class was introduced in the 1990 budget. The Disabled Passenger Vehicle (DPV) taxation class is for vehicles, other than ambulances, which are used for the transportation of passengers with learning or physical disabilities by bodies that are recognised by the Secretary of State as being concerned with the care of disabled people. The intention behind the introduction of DPV was to reduce the cost of providing a transport service by these voluntary organisations by not having to pay excise duty for the vehicles they were using.

The vehicle must be dedicated for the use of the carriage of disabled passengers. This does not exclude the possibility of non-disabled passengers being carried, where this is incidental to the use for disabled passengers, as might be the case with a mixed group of disabled passengers and non-disabled passengers travelling together as an integrated group.

This clearly excludes most general-purpose community transport operators, and other voluntary organisations which have made their minibuses accessible, as such these operators do not operate their vehicles principally for the carriage of disabled passengers. It also means that a vehicle operated part of the time by a disability organisation for its members and the other part of the time by a non-

disability organisation would not be eligible to apply for DPV taxation class. Nor would a vehicle used for the carriage of disabled passengers part of the time, and the carriage of meals on wheels, aids or equipment at other times.

There are no journey purpose restrictions on vehicles used in this class, nor does it prevent fares being charged, for example by dial-a-rides operating under a section 19 permit, or under car-sharing arrangements. The legislation does not make any distinction between profit-making and not for profit organisations.

A change of vehicle tax can only be made by the DLVA and applications must be supported by a declaration on headed paper from your organisations that the vehicle is being used solely for the purpose of carrying disabled passengers. The CTA recommends that you also include the Aims and Objectives of your organisation which can be found in your governing document as further supporting information. In addition the vehicle would need to be registered in the name of your organisation.

You will also need to send the following documents to DVLA:

- V5C, vehicle registration certificate, commonly known as the vehicle logbook or the V5C/2, the New Keeper's Details section if you have just bought the vehicle. If you do not have either a V5C or V5C/2 you will need to apply for a vehicle registration certificate using the V62 application form which is available from [www.gov.uk](http://www.gov.uk). You may have to pay a £25 fee with this application
- V10, Application form for vehicle tax which is also available from [www.gov.uk](http://www.gov.uk)
- Valid MOT certificate

There is still a lot of confusion about this class, which may cause difficulties with officials when it comes to licensing your vehicle. Stick with it.

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## Current Tax Fees

Vehicles registered before 1st March 2001 will continue to be taxed under existing systems, according to engine size. Current tax rate tables are available from [www.gov.uk](http://www.gov.uk).

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## Further Information

Customer Enquiries (Vehicles) Unit

DVLA

Swansea

SA99 1BL

Telephone 0870 2400010

Fax 0870 8501285

Minicom 01792 766426

Website [www.dvla.gov.uk/](http://www.dvla.gov.uk/)

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## About the Community Transport Association

The Community Transport Association is a national charity that represents and supports providers of community transport: thousands of other local charities and community groups across the UK that all provide transport services that fulfil a social purpose and community benefit. We are for, and about, accessible and inclusive transport.

We help our members remain relevant and responsive to key areas of public policy and to make a big difference for the people and families in the communities in which they work. Our vision is of a world where people can shape and create their own accessible and inclusive transport solutions and our mission is to achieve this through championing accessible and inclusive transport, connecting people and ideas and by strengthening our members and raising standards.

Keep up to date with CTA via our website or by signing up to our monthly [News Brief](#).

### About CTA's Advice Service

The CTA's Advice Service is available to CTA members, community and other voluntary groups, local authorities and other statutory bodies. It offers information and support on any aspect of non-profit transport operations. The CTA's Advice Service covers the whole of the UK and is supported by national governments. We will only ever explain the most accurate and commonly accepted interpretation of regulations and best practice. We do this by providing support and information on a wide range of community transport related topics such as permits and licensing regulations and by signposting to other agencies. The Advice Service does not exist to provide legal advice on any topics. If you are still unsure you will need to seek [legal advice](#).

**For more information, contact**  
[advice@ctauk.org](mailto:advice@ctauk.org) | 0345 130 6195 | [www.ctauk.org](http://www.ctauk.org)

This leaflet has been primarily produced for members of the CTA. If your organisation has benefited from using it but isn't a member please consider joining us, for more details please see:

<https://ctauk.org/why-become-a-cta-member>.

#### **Disclaimer:**

The Community Transport Association has made every effort to ensure the accuracy of the information contained in this leaflet, but it should be noted that this is only a guide, and should be treated as such.