



Consequences of ending the paper tax disc

The aims behind the series of changes to vehicle excise duty (VED) over the last few years have been a combination of **enforcing compliance** and **seeking administrative cost savings**. Enforcement using the ANPR (automatic number plate recognition) technology in police vehicles and at fixed points adjacent to roads has enabled the police and DVLA to make rapid checks with the DVLA vehicle database to determine whether a vehicle is taxed, insured and has a current MOT. Where a non compliant vehicle is found the system has clamped down on both vehicles and their owners in a determined way. But what have we seen? - sadly some uncertainties, at times a muddle and some unintended consequences. Here we examine what has happened.

Vehicle clampings soar for expired road tax after the end of paper tax discs

Data obtained recently by the RAC Foundation showed that the rise in DVLA vehicle clampings was far higher in some months. In July 2015 a total of 10,554 vehicles were clamped, up by 87 per cent compared with the same month in 2014. In 2014 the millionth uninsured car was detected with many crushed under new powers available to the authorities. The Times reported in November 2015 that "the number of cars clamped since tax discs were abolished has soared by more than 50 per cent amid claims that thousands of motorists are failing to receive official reminders through the post that their tax is due for renewal. Figures from the DVLA show that 99,307 vehicles were immobilised or towed away in the past 12 months, a 58 per cent rise compared with the previous year".

The figures for the rise in vehicle clampings were obtained by the You and Yours programme on BBC Radio 4 and appear to show that thousands of drivers have failed to get to grips with the electronic tax renewal system, which replaced the windscreen mounted paper tax disc in October 2014. Motoring groups criticised the DVLA for failing to give drivers enough warning before sending clampers to disable vehicles. The DVLA said that it posted almost three million reminders each month but admitted that it was under no legal obligation to send the warnings.

Philip Gomm, a spokesman for the RAC Foundation, said that the V11 form — the official reminder — should not be the only warning that motorists received before their tax ran out. Their view is "the V11 should be just the start of the process; the clamping should be last resort. In between those two steps there should have been other warning letters, at least a last-chance warning letter. Surely the aim of government is to make these things as painless as possible, both for members of the public and for themselves."

The customer friendly response from DVLA's director of operations and customer services is reported as "DVLA operates a comprehensive package of measures to make vehicle tax easy to pay but hard to avoid. In the past year this has included writing to every registered vehicle keeper in the UK at least once to remind them that the vehicle tax rules have changed." But the **simple fact is that without the visible reminder of the road tax expiry date on the windscreen, it is so easy to forget when your road tax is due for renewal.**

The aims, and in many ways the results of the tougher approach to road tax and insurance compliance, are welcomed by most motorists, particularly clamping down on the scourge of uninsured drivers. However there have been **unintended consequences**, not least in many aspects of the administration of the new VED system.

How can I check the current VED position of a vehicle?

DVLA have [website](#) for this purpose, currently in a beta testing phase. A problem found with this website is that both the registration number and make of vehicle must correspond exactly to what is shown on the V5C, otherwise an enquiry will return a "no trace" report. This might seem very simple, and for more modern vehicles it is, but for older ones problems may arise. This is particularly common for vehicle registered prior to 1965, when this was the

responsibility of County Councils. In that year the DVLC (later the DVLA) was created and took over that function. All the councils' manual records had to be input on to the new DVLC systems and mistakes were not uncommon, a particularly prevalent one being to conflate the make and model, so a car might have its make recorded as "MGMarkII". A search using "MG" as the make and the registration number will not find that vehicle. Therefore if a search fails to find a vehicle, it is always worth checking the exact wording on the V5C.

Uncertainties over the new VED arrangements

A number of other VED changes have created confusion or increased costs for motorists: the **automatic VED cancellation** on the sale or transfer of a vehicle and a **double VED payment for the month of the sale of the vehicle** because of that VED cancellation. Here we look at a number of areas where uncertainty over the new VED arrangements has been seen.

Automatic VED cancellation on a sale or transfer of a vehicle

The GOV.UK website states what you should do when you buy or sell a vehicle – **"When you buy a vehicle, the tax or SORN doesn't come with it. You need to tax a vehicle before driving it. That includes driving home from a dealer's forecourt or a private seller's home. You must also have motor insurance before using a vehicle on a public road."** We believe that statement is misleading as it does not accurately convey the requirements of the relevant legislation as we show below.

That statement may have been released in that tough form as an attempt to clarify the situation and ensure all buyers have to provide their details as the new registered keeper of the vehicle. That essential information is needed so the DVLA database can be updated. The crosschecks with the Motor Insurance Database (MID) can then be made to ensure the VED, insurance and MOT compliance procedures can be enforced thoroughly.

One consequence of the automatic cancellation of an existing VED or SORN on the sale of a vehicle is the buyer has to arrange to tax the car. Clearly getting a new VED when a buyer has just closed a deal to buy a car at an agreed price would need the buyer to do so by telephoning DVLA, going online on the GOV.UK website or at a Post Office counter. That may not be easy unless the buyer has the necessary contacts and facilities to do so - calling DVLA by phone

on **0300 123 4321** or visiting the vehicle tax webpage on the [GOV.UK website](http://GOV.UK) or by visiting a local Post Office which may not be convenient or possible out of opening hours.

The DVLA phone option involves an automated system available at all hours where you have to enter data like the 12 digit code from the V5C to work your way through the application and payment processes.

Clearly if someone is travelling to inspect a car offered for sale with the possibility that having inspected the car they may agree to buy it and conclude the deal at that time, then to comply with the DVLA's view of the requirements published on the GOV.UK website, the buyer would have to be prepared to get a new road tax before they drive the car away. There is **also the matter of insurance for the vehicle they have purchased which we will return to later.**

What is the legislation for the new road tax regime when buying a car?

Despite the firm statement on the GOV.UK website **"You need to tax a vehicle before driving it. That includes driving home from a dealer's forecourt or a private seller's home." we believe that is not correct** where there is a current VED. A review of the legislation below shows the existing VED is not cancelled until the DVLA receives notification of the change of registered keeper (from a sale or transfer of the vehicle) so consequently the existing VED remains valid until **then, thereby** enabling a buyer to drive the car home on the existing VED. However if the vehicle is then left parked on the public highway outside the new owner's house before they have got a new VED but after the DVLA has updated its database following receipt of the V5C notice of change of keeper and cancelled the original VED, then the new owner is at risk the vehicle could be clamped. **So the buyer has time to drive the car home following his purchase but then has to get a new VED for the car very promptly.**

You do not need to re-tax a car you have just bought before you drive it home

The legislation bringing into effect the new regime concerning the cancellation of the VED on a vehicle when it changes hands is to be found in [Sch. 19 Finance Act 2014](#) which amends [s.19 Vehicle Excise and Registration Act 1994 \(VERA\)](#). New [s.19\(7\) VERA](#) deals with the licence ceasing to be

valid and reads "Where any of the rebate conditions is satisfied in relation to a licence, the licence ceases to be in force" and the rebate condition relating to a sale is new [s.19\(3\)\(f\) VERA](#) "the vehicle has been sold or disposed of and the particulars prescribed by regulations under section 22(1)(d) have been furnished in relation to it in accordance with the regulations" In other words, the rebate condition is not satisfied until the sale has taken place **and** DVLA have been notified, and until the rebate condition is satisfied the licence does not cease to be in force because of the sale.

That means that provided DVLA is not notified immediately by electronic means, which a private individual cannot do, the **licence continues in force and does so until the DVLA is notified, which for a private sale will be by post, and therefore not before the day after the sale at the earliest.** Therefore the purchaser does not have to arrange to licence the vehicle immediately as that can wait until the next day. He can drive it home first on the day he purchases it.

In practical terms this will often be more convenient for the buyer and has particular importance if he does not intend to put it on the road immediately, perhaps because he wants to carry out repairs or a restoration, and will therefore put it on SORN once he gets it home. Taxing the car simply to drive it home and then to put it on a SORN would lose a month's VED as refunds are only for complete months. That's an unnecessary expense.

Buying safely

A seller who is a private individual cannot notify the DVLA of the sale by any means other than sending in the completed V5C by post. However the seller should have handed the buyer the New Keeper Supplement V5C/2 (**green slip**) torn out of the V5C which the buyer can then use to apply for the new VED. [LINK](#)

Making a safe payment for a car is always an important consideration. Previously a banker's draft or cash were often mentioned as safe payment options for a seller and a buyer but today more convenient than either cash or banker's draft is an **immediate electronic transfer**. Chris Hunt Cooke used that method recently when buying a classic BMW privately, the seller gave him his bank details, Chris made the transfer and the seller was able to see at once that the funds had arrived in his bank account.

Compare that to the inconvenience to the buyer of obtaining a bank draft, which permits no amendment of the payment amount should the agreed purchase price

vary during negotiations when the car is seen, and the possibility as far as the seller is concerned the bank draft might be forged. Equally the inconvenience of dealing with large sums of cash.

In fact a smart phone or tablet is now a very desirable piece of kit when buying a car, both for making the payment and then taxing the vehicle. But not everyone is aware of those facilities let alone familiar with how they can be used for online payments or even online VED applications. With electronic transfers, the maximum amount that can be transferred on any one day may be limited to say £20,000, so check with your bank beforehand. That is unlikely to be a problem with most V8s, but could be for other cars.

Insurance when buying a vehicle

Before a buyer drives off from the seller's location after concluding the purchase, you must have motor insurance cover for that vehicle. There are some motor insurance policies, or used to be, which cover any vehicle owned by the policyholder, and in that case all that has to be done is to inform the insurance company in due course that he had changed his vehicle.

Most policies cover only a named vehicle but they do often also cover the policyholder on a third-party only basis to drive other vehicles, but that **normally excludes vehicles owned by or hired by the policyholder**. So when visiting a seller who has a vehicle on offer for sale, the prospective buyer either needs to **set up insurance in advance** in the expectation of buying the vehicle, or **arrange cover by phone or the internet before driving the vehicle away**.

Insurance arranged in advance has the advantage that a cover note can be emailed to you which you can have in the vehicle to show to the police that cover is in force. Similarly, if cover is arranged on the internet, there will be an exchange of messages including hopefully a cover note available on your smart phone or tablet. A pure telephone transaction will of course provide no such evidence.

The difficulty for the buyer is if you buy the vehicle in the evening or at a weekend when the insurer's office staff may not be available on the telephone, then arranging insurance cover for the vehicle you have just purchased will not be possible.

A possible solution is to arrange for the purchase of the vehicle to be in **another person's name** – for example in your wife or partner's name – so the cover in your motor insurance policy covering a vehicle owned by another person would be

available to cover the vehicle your wife or partner had just purchased from the seller, although **only on a third party basis**. It's essential you read the terms of your policy very carefully before embarking on this route, for instance some policies now contain a condition that the "driving other vehicles provision" only operates if the vehicle concerned is covered specifically under another policy. The purchase receipt also needs to refer to that other person, not yourself, in order to evidence that it is not your vehicle.

The other alternative is to buy the vehicle and then **arrange to return a day or so later to collect the vehicle** by which time you could arrange both a new VED and insurance cover for the vehicle and then drive home in total peace of mind. But if the distance is considerable that could involve substantial additional cost and time.

So the essential point has to be: **when buying a vehicle do be well prepared, not least with the insurance requirements** before you drive the vehicle home on the road unknowingly without the necessary legal requirement of motor insurance cover.