

Emergency Budget June 2010 – report for classic MG enthusiasts

The full documentation is available on HM Treasury website. These extracts come from that document.
http://www.hm-treasury.gov.uk/junebudget_documents.htm

VED - no new changes

The Budget June 2010 announced no new changes in VED rates. So the scheduled increases announced in previous Budgets will apply. For the rates, see page 2 of our report on the Budget March 2010 at:
<http://www.v8register.net/FilesV8/Budget%202010%20report1%20240310.pdf>

Fuel duty - no new increases

No new increases, but the previous Government's measures mean fuel duty is already scheduled to rise by 1p on 1st October 2010 and by a further 76p on 1st January 2011. The Treasury documentation mentions two measures will be under consideration - a possible "Fair Fuel Stabiliser" and a "fuel discount in remote rural areas", suggesting a pilot scheme in Scotland.

Fuel duty 2.134 Under plans the Government has inherited, fuel duty is scheduled to rise by one pence per litre above indexation in April 2014. (s)

Environment and transport

Fair fuel stabiliser 2.100 The Chancellor has asked the Office for Budget Responsibility to undertake an assessment over the summer of the effect of oil price fluctuations on the public finances. Informed by this assessment, the Government will examine options for the design of a fair fuel stabiliser.

Rural fuel duty 2.101 Reflecting the coalition commitment to investigate measures to help with fuel costs in remote rural areas, the Government is considering the case for introducing a fuel duty discount in remote rural areas. This includes possible pilot schemes in Scotland.

VAT increases from 17.5% to 20.0%

The increase is deferred as it will take effect from 4th January 2011. The VAT increase will have a significant impact pushing fuel prices up to an average of just over 120p a litre if the increase had been announced with effect from today. That would add about £10 to a typical classic car enthusiast's annual motoring costs, more of course on your daily motoring costs. The increase for work on your MG costing say £250 would be £6.25.

Value Added Tax

Value Added Tax 2.90 The standard rate of VAT will increase from 17.5 per cent to 20 per cent with effect from 4 January 2011 and anti-forestalling legislation will be introduced, effective from 22 June 2010. Legislation will be in the Finance Bill introduced after the Budget. (1)

Presumably the "anti-forestalling" measures would aim to frustrate schemes to avoid the increased VAT – for example schemes whereby customers are invoiced in advance of 22nd June 2010 for goods and services to be delivered later.

Insurance Premium Tax

The rate of IPT which is payable on a motor insurance premium has been increased from 5% to 6% so the impact on say an annual classic car premium of £116.00 would see IPT increase from £5.80 to £6.96, a modest increase of £1.16 on annual motoring costs.

Insurance Premium Tax 2.83 With effect from 4 January 2011, the standard rate of Insurance Premium Tax (IPT) will increase to 6 per cent and the higher rate of IPT will increase to 20 per cent. Legislation will be in the Finance Bill introduced after the Budget. (2)