

Pre-Budget Report for V8 enthusiasts

Extracts from the Press Notices released on the HM Treasury website

You can see the full set of press notices at: http://www.hm-treasury.gov.uk/prebud_pbr08_pressindex.htm

Fuel duty – page PN02

As a result of falling oil prices, pump prices have now fallen by more than 20 pence per litre from their July peaks. The Pre-Budget Report therefore announces that the 2 pence per litre increase in fuel duty planned for 2008 will now take place on 1 December 2008. However, as a result of the 2.5 per cent cut in VAT this December, the cost of petrol and diesel will fall for private motorists who should see no increase in the price they pay at the pump this year from this measure.

The Pre-Budget report also confirms that, as pre-announced in Budget 2008, main fuel duties will further increase by 1.84 pence per litre on 1 April 2009; and 0.5 pence per litre above indexation on 1 April 2010.

Fuel duties

Fuel duty rate changes will take effect from 1 December 2008 and 1 April 2009.

Fuel Type	Duty rate (pence per litre, unless stated)		
	Current Rate	On and after 1 Dec 2008	On and after 1 April 2009
Ultra-low sulphur petrol/diesel	50.35	52.35	54.19
Sulphur-free petrol/diesel	50.35	52.35	54.19
Biodiesel	30.35	32.35	34.19
Bioethanol	30.35	32.35	34.19
Liquefied petroleum gas used as road fuel	16.49p per kg	20.77p per kg	24.82p per kg
Natural gas used as road fuel	13.70p per kg	16.60p per kg	19.26p per kg
Rebated gas oil (red diesel)	9.69	10.07	10.42
Fuel Oil	9.29	9.66	10.00

Comment: So that is an increase of 2p/litre on 1st December 2008 and a further 1.84p/litre on 1st April 2009 on motor fuel. If petrol prices were to remain at 92.9p/litre without the extra duty, then the increases over the next five months would amount to 3.66% or £57 for a V8 enthusiast doing 10,000 miles pa.

Vehicle excise duty – page PN02

Since 2001, post-2001 vehicle excise duty (VED) has been based on different rates depending on carbon dioxide emissions from cars. Budget 2008 announced further reform of this structure, to reflect changes to the fuel efficiency of vehicles.

The Pre-Budget Report confirms the introduction of new VED bands in 2009. However, it also announces that to reduce pressures on motorists during the current economic downturn there will be no significant rate changes until 2010, and no driver in any given band will pay more than £30 more in that year. Details of this reform include:

- from April 2009, six new bands of VED will be introduced, taking the total to 13. However, VED rates will not increase by more than £5 for any car in this year;
- from April 2010, in order for the new bands to create an environmental incentive, the Government will start to separate out the 13 differential rates;
- from April 2010, a differential First-Year Rate for new vehicles will be introduced as announced in Budget 2008, in order to provide a stronger signal to consumers at the point of purchase; and
- cars that emit over 225 g/km, but were registered between 1 March 2001 and 23 March 2006, will be moved into new band K in 2009 and stay there in 2010. This will mean that they maintain their exemption from the top rate of VED.

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Cars registered before 2001 – which account for around a third of the fleet – are not subject to these reforms, because comprehensive data on their CO2 emissions is not available. Instead, pre-2001 cars are subject to a separate VED regime, based on engine size.

Vehicle Excise Duty for Private and Light Goods Vehicles registered before 1 March 2001: 2009-10 and 2010-11 rates

VED band	Change	2009-10 rate	2010-11 rate
Up to 1549cc	+\$5	\$125	\$125
Over 1549cc	+\$5	\$190	\$205

Vehicle Excise Duty for Cars registered on or after 1 March 2001: 2009-10 and 2010-11 standard rates

VED band	CO ₂ emissions (g/km)	Change from 2008-09 to 2009-10	Standard rate 2009-10*	Standard rate 2010-11*
A	Up to 100	+\$0	\$0	\$0
B	101-110	+\$0	\$35	\$20
C	111-120	+\$0	\$35	\$30
D	121-130	+\$0	\$120	\$90
E	131-140	+\$0	\$120	\$110
F	141-150	+\$5	\$125	\$125

G	151-165	+\$5	\$150	\$155
H	166-175	+\$5	\$175	\$180
I	176-185	+\$5	\$175	\$200
J	186-200	+\$5	\$215	\$235
K**	201-225	+\$5	\$215	\$245
L	226-255	+\$5	\$405	\$425
M	Over 255	+\$5	\$405	\$435

*Alternative fuel discount: 2009-10, A-I \$20, J-M \$15; 2010-11 onwards, \$10 all cars

**Includes cars emitting over 225g/km registered between 1 March 2001 and 23 March 2006