

Vehicle tax Direct Debit payments

Saving money paying 6 month vehicle tax by Direct Debit rather than by a debit or credit card

For owners of cars where the car is used only for part of a year - for example an RV8 used only in the Summer for 6 months - Chris Hunt Cooke highlights how payment of vehicle tax by Direct Debit rather than a payment with a debit or credit card can save you money. Chris says "like many people at this time of year I was taxing a car for 6 months over the summer, and in the process was looking at the new VED rates. I noticed that instead of using a card online, it is now cheaper to give DVLA a Direct Debit, for cars over 1549cc registered before 1st March 2001 but not in the Historic class, this **saves £6.62 (or 4.54%)**. You have to cancel the Direct Debit once payment has been taken because if you do not do so in 6 months time the car will be taxed for a further 6 months by the Direct Debit.

Even better, a monthly Direct Debit costs exactly the same over 6 months but offers greater flexibility in terms of the period taxed. So if October is looking good and you want to continue using the car for a further month, you just let the Direct Debit run for an additional month before cancelling. Conversely, if you do not plan to use the car in September, you can cancel the Direct Debit early and pay for only 5 months.

You do have to declare SORN when the vehicle tax expires after you have cancelled the Direct Debit. You can get the same result by getting excess months refunded or getting another 6 months and then cancelling, but a Direct Debit makes it easy and saves money".

Looking at the information on the GOV.UK website:

Cars and light goods vehicles registered before 1st March 2001

Information from the GOV.UK webpage at:

<https://www.gov.uk/vehicle-tax-rate-tables/rates-for-cars-and-light-goods-vehicles-registered-before-1-march-2001>

The rate of vehicle tax is based on engine size.

Private or light goods (TC11)

Engine size (cc)	Single 12 month payment	Single 12 month payment by Direct Debit	Total of 12 monthly instalments by Direct Debit	Single 6 month payment	Single 6 month payment by Direct Debit
Not over 1549	£160	£160	£168	£88	£84
Over 1549	£265	£265	£278.25	£145.75	£139.13

The saving paying 6 months vehicle tax by Direct Debit for a car with an engine over 1549cc is £6.62 or 4.54%.

Vehicle tax Direct Debit payments

Information from the GOV.UK webpage at: <https://www.gov.uk/vehicle-tax-direct-debit> is reproduced below:

Set up a Direct Debit

You can set up a Direct Debit when you tax your vehicle online or at a Post Office. You do not need to be the vehicle's registered keeper to set up a Direct Debit. Emails and letters about Direct Debit payments are sent to the account holder.

How much it costs

The amount you pay depends on how often you want to make a payment. There's a 5% surcharge if you pay:

- monthly.
- every 6 months.

There's no surcharge if you pay yearly.

What you need

You need:

- your address and date of birth.
- your bank or building society name, account number and sort code.

You cannot set up a Direct Debit for an account that needs 2 signatures.

What happens next

1. You'll get a confirmation by email or post that your Direct Debit has been set up.
2. The first payment will not be taken until the vehicle tax has started. It can take up to 10 days. You can still use the vehicle before the payment is taken.
3. All the following payments will be taken on the first working day of the month that the Direct Debit is due.