



Rolling 40 year VED Exemption research by Keith Belcher

Keith Belcher's has investigated the position of the Rolling 40 year VED Exemptions and says "the "Built in 1976" roll over is in the Draft Clauses and Explanatory Notes for the Finance Bill 2015 dated 10th December 2014 from HM Treasury on page 361 – see extracts below

4 Consultation draft

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1 VED: extension of old vehicles exemption from 1 April 2016

- (1) In Schedule 2 to VERA 1994 (exempt vehicles) in paragraph 1A(1) (exemption for old vehicles) for the words from "constructed" to the end substitute "constructed before 1 January 1976".
- (2) The amendment made by subsection (1) comes into force on 1 April 2016; but nothing in that subsection has the effect that a nil licence is required to be in force in respect of a vehicle while a vehicle licence is in force in respect of it.

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FINANCE BILL 2015 EXPLANATORY NOTE VED: EXTENSION OF OLD VEHICLES EXEMPTION FROM 1 APRIL 2016

SUMMARY

1. Section 1 of the Vehicle Excise and Registration Act 1994 (VERA) provides for the charging of Vehicle Excise Duty (VED) in respect of mechanically propelled vehicles and Schedule 1 of VERA sets out the rates of duty. Paragraph 1A of Schedule 2 of VERA provides a VED exemption in respect of vehicles constructed before 1 January 1974 and will be extended to 1 January 1975 from 1 April 2015 as amended by the Finance Act 2014.
2. Clause [X] provides for an extension to the scope of the exemption to include vehicles constructed before 1 January 1976 and will come into force on 1 April 2016. This clause amends Paragraph 1A of Schedule 2 of VERA.

DETAILS OF THE CLAUSE

3. Subsection (1) extends the exemption from VED contained in paragraph 1A of Schedule 2 of VERA to vehicles constructed before 1 January 1976.
4. Subsection (2) provides for the extension of the exemption to come into force on 1 April 2014. This subsection also provides a transitional provision so that a nil licence does not need to be in force on 1 April 2016 for a vehicle constructed before 1 January 1976 if there is a vehicle licence already in force in respect of that vehicle. When that existing vehicle licence expires, a nil licence will need to be in force for the vehicle.

BACKGROUND

8. The Government considers classic vehicles to be an important part of the nation's historical heritage. The VED exemption is,

therefore, designed to support classic vehicle industry within the UK.

9. Budget 2013 announced a measure to extend the scope of the VED exemption to classic vehicles by one additional year. Budget 2014 further announced the Government's intention to legislate in each year's Finance Bill to extend the old vehicle exemption by a further year so that vehicles which were constructed 40 years previously will be exempt from paying VED.

10. Finance Act 2014 extended the scope of the exemption for historic vehicles constructed before 1 January 1974 with effect from 1 April 2014 and vehicles constructed before 1 January 1975 with effect from 1 April 2015.

8. The Government considers classic vehicles to be an important part of the nation's historical heritage. The VED exemption is, therefore, designed to support classic vehicle industry within the UK.

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FINANCE BILL 2015

11. If you have any questions about this change, or comments on the legislation, please contact Alan Hackett on 020 7270 5042 (email:alan.hackett@hmtreasury.gsi.gov.uk).

Footnote

You can see **Finance Bill 2015: draft legislation overview documents** from HM Treasury and HMRC on the GOV.UK website at: <https://www.gov.uk/government/publications/finance-bill-2015-draft-legislation-overview-documents>

See our NEWS webpage on this clarification of the Rolling 40 year Exemption

<http://www.v8register.net/budget/news150319VEDclarified.htm>

Situation clarified - 40 year exemption will have to be re-enacted every year in order to move it forward by a year
Following the research by Keith Belcher above, Chris Hunt Cooke says "I think Keith Belcher's research (see below) has clarified the situation, instead of an automatic rolling exemption as we had previously with the 25 year VED exemption (removed by Gordon Brown back in 1997), the 40 year exemption will have to be re-enacted every year in order to move it forward by a year, if the Government of the day continues to support the measure. This makes it very easy to stop the rolling forward in any year if it is wished to do so, the Government simply has to refrain from including the clause in the Finance Act rather than taking positive action to amend the statute, as Gordon Brown had to in his first budget back in 1997. That is unfortunate but probably makes little practical difference, we shall just have to hope for the continuing support for the rolling VED exemption of future administrations."