

Rt Hon John Healey MP



HOUSE OF COMMONS

LONDON SW1A 0AA

Rt Hon Sajid Javid MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

7 February 2020

Dear Chancellor

I wrote to you in August 2019 expressing concerns about the tax reclassification of motorhomes. I warned – as the motorhome industry was also doing – that the 705% hike in registration tax would add around £2,000 to the cost of a new motorhome, which would lead to a drop in sales and job losses.

These warnings were well-placed. I am afraid that within three months of the change coming in September, Swift Group took the decision to close a motorhome manufacturing factory in Swinton in my constituency, which employed 45 people. I have spoken to the Managing Director who said that the VED reclassification was a significant contributing factor, due to the reduction in sales since September.

The response I received last August from one of your ministers was the standard line that the Government keeps taxes under review, and that any changes to Vehicle Excise Duty (VED) must be considered at a fiscal event.

That “fiscal event” is just a few weeks away – the Budget on 11 March.

I ask you to make an urgent amendment to the VED taxation bands in the Budget process, so that new motorhomes are taxed fairly and correctly, not taxed as cars.

As you will know, the VED payable for new generation motorhomes and campervans first registered after 1 September 2019 increased from £265 per year to up to £2,135 in the first year, and then up to £465 for the subsequent five years.

I appreciate the Government wishes to incentivise the production and purchase of lower emission vehicles, but motorhome manufacturers have a very restricted choice of low-emission commercial base vehicles available. Currently 97 per cent of all new motorhomes offer purchasers only four engine choices. So any tax incentive to help encourage people to buy cleaner vehicles is irrelevant until there is a greater choice of base vehicle options to manufacturers.

New generation motorhomes are fitted with the new cleaner, greener engines – yet attract the highest graduated VED. Motorhomes travel just 3,000 miles a year on average and contribute just 0.2% in emissions, compared to 76% from cars. Motorhomers support domestic tourism, with most choosing to holiday in the UK.

All that the VED increase will achieve is to keep older vehicles on the road, increasing pollution, and lower the Government's tax revenue through the loss of registrations, production and sales. It will put more jobs at risk in the manufacturing and service industries.

The evidence of the huge hit the motorhome sector has taken is clear, with a significant fall in registrations of 7.3% in September, the month the increase came into effect, and a further 9.3% in November.

I write to ask you, as a matter of priority, to:

1. Re-think the position regarding the introduction of Worldwide Light Vehicle Test Procedure (WLTP) as it relates to motorhomes and campervans in relation to VED – as this has resulted in motorhomes moving across into the car tax band
2. Separate motorhomes from the graduated VED system for cars
3. Grant a dispensation for motorhomes so that they are taxed as a Private Light Goods (PLG) vehicle

Yours



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Wentworth & Dearne