



Finance Act 2006

2006 CHAPTER 25

PART 1

EXCISE DUTIES

Tobacco products duty

1 Rates of tobacco products duty

- (1) For the Table of rates of duty in Schedule 1 to the Tobacco Products Duty Act 1979 (c. 7) substitute—

“TABLE

1. Cigarettes	An amount equal to 22 per cent of the retail price plus £105.10 per thousand cigarettes.
2. Cigars	£153.07 per kilogram.
3. Hand-rolling tobacco	£110.02 per kilogram.
4. Other smoking tobacco and chewing tobacco	£67.30 per kilogram.”

- (2) This section shall be deemed to have come into force at 6 o'clock in the evening of 22nd March 2006.

2 Tobacco products duty: evasion

- (1) After section 7 of the Tobacco Products Duty Act 1979 (c. 7) (regulations for management of duty) insert—

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Part 1. (See end of Document for details)

“7A Duty not to facilitate smuggling

- (1) A manufacturer of cigarettes or hand-rolling tobacco shall so far as is reasonably practicable avoid—
 - (a) supplying cigarettes or hand-rolling tobacco to persons who are likely to smuggle them into the United Kingdom,
 - (b) supplying cigarettes or hand-rolling tobacco where the nature or circumstances of the supply makes it likely that they will be resupplied to persons who are likely to smuggle them into the United Kingdom, or
 - (c) otherwise facilitating the smuggling into the United Kingdom of cigarettes or hand-rolling tobacco.
- (2) In particular, a manufacturer—
 - (a) in supplying cigarettes or hand-rolling tobacco to persons carrying on business in or in relation to a country other than the United Kingdom, shall consider whether the size or nature of the supply suggests that the products may be required for smuggling into the United Kingdom,
 - (b) shall maintain a written policy about steps to be taken for the purpose of complying with the duty under subsection (1), and
 - (c) shall provide a copy of the policy to the Commissioners on request.
- (3) In this section a reference to smuggling products into the United Kingdom is a reference to importing them into the United Kingdom without payment of duty which is—
 - (a) chargeable under section 2, and
 - (b) payable by virtue of section 1(1) of the Finance (No. 2) Act 1992 (c. 48) (power to fix excise duty point).
- (4) The Commissioners may notify a manufacturer in writing that they think the risk of smuggling into the United Kingdom is particularly great in relation to—
 - (a) products marketed under a specified brand name;
 - (b) products supplied to persons carrying on business in or in relation to a specified country or place.
- (5) The Commissioners may by notice in writing require a manufacturer of cigarettes or hand-rolling tobacco to provide, within a specified period of time, specified information about—
 - (a) supply of products marketed under a brand name specified under subsection (4)(a);
 - (b) supply to persons carrying on business in or in relation to a country or place specified under subsection (4)(b);
 - (c) demand for cigarettes or hand-rolling tobacco in a country or place specified under subsection (4)(b).
- (6) The Commissioners may issue guidance about the content of policies under subsection (2)(b).
- (7) The Commissioners may make regulations—

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- (a) under which they are required to notify manufacturers of cigarettes or hand-rolling tobacco where products of a kind specified in the regulations are seized under section 139 of the Customs and Excise Management Act 1979 (c. 2) in circumstances specified in the regulations,
- (b) specifying the procedure for notification,
- (c) including provision about access to seized products for the purpose of determining who manufactured them, and
- (d) requiring manufacturers to provide the Commissioners with information or documents, of a kind specified in the regulations or determined by the Commissioners, in relation to notified seizures.

7B Penalty for facilitating smuggling: initial notice

- (1) Where the Commissioners think that a manufacturer has without reasonable excuse failed to comply with the duty under section 7A(1) they may give him written notice that they are considering requiring him to pay a penalty.
- (2) In determining whether to give notice to a manufacturer under subsection (1) the Commissioners shall have regard to—
 - (a) the content of the manufacturer's policy under section 7A(2)(b),
 - (b) compliance with that policy,
 - (c) action taken pursuant to any notice under section 7A(4),
 - (d) compliance by the manufacturer with any notice under section 7A(5),
 - (e) the number, size and nature of seizures of which the manufacturer has been given notice by virtue of section 7A(7)(a),
 - (f) compliance by the manufacturer with any requirement by virtue of section 7A(7)(d),
 - (g) evidence about the level of demand for the manufacturer's products for consumption outside the United Kingdom, and
 - (h) any other matter that they think relevant.
- (3) A notice must specify the matters to which the Commissioners have had regard in determining to give it.
- (4) After the end of the period of six months beginning with the date on which a notice is given to a manufacturer, the Commissioners shall give him notice in writing either—
 - (a) that they require payment of a penalty, or
 - (b) that they do not require payment of a penalty.
- (5) The Commissioners shall comply with subsection (4) during the period of 45 days beginning with the end of the period specified in that subsection; and for that purpose they shall consider—
 - (a) any representations made by the manufacturer during that period in such form and manner as the Commissioners may direct, and
 - (b) action taken by the manufacturer during that period.

7C Penalty for facilitating evasion: penalty notice

- (1) A notice under section 7B(4)(a) (a “penalty notice”) must—

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- (a) specify the amount of the penalty which the manufacturer is required to pay, and
 - (b) state the grounds on which the Commissioners think that the manufacturer has failed to comply with the duty under section 7A(1).
- (2) The amount specified under subsection (1)(a) must not exceed £5 million; and in determining the amount to specify the Commissioners shall have regard to—
- (a) the nature or extent of the manufacturer's failure to comply with the duty under section 7A(1),
 - (b) action taken by the manufacturer to secure compliance with that duty,
 - (c) the content of the manufacturer's policy under section 7A(2)(b),
 - (d) compliance with that policy,
 - (e) action taken pursuant to any notice under section 7A(4),
 - (f) compliance by the manufacturer with any notice under section 7A(5),
 - (g) the number, size and nature of seizures of which the manufacturer has been given notice by virtue of section 7A(7)(a),
 - (h) the loss of revenue by way of duty under section 2, or VAT, in respect of the products seized, and
 - (i) any other matter that they think relevant.
- (3) A manufacturer who is given a penalty notice may require the Commissioners to review the decision to issue the notice; and—
- (a) a requirement must be imposed by notice in writing given to the Commissioners before the end of the period of 45 days beginning with the date of the penalty notice,
 - (b) the Commissioners shall comply with a requirement given in accordance with paragraph (a),
 - (c) the Commissioners shall confirm, vary or withdraw the penalty notice, and
 - (d) the Commissioners shall be taken to have confirmed the penalty notice unless, within the period of 45 days beginning with the date of the requirement to conduct the review, they have varied or withdrawn it by notice in writing to the manufacturer.
- (4) If following a requirement under subsection (3) the Commissioners confirm or vary the notice (or are taken to have confirmed it) the manufacturer may appeal to a VAT and duties tribunal.
- (5) The tribunal may—
- (a) cancel the penalty notice,
 - (b) reduce the penalty, or
 - (c) confirm the penalty notice.

7D Sections 7A to 7C: supplemental

- (1) Payment of a penalty imposed under section 7B(4)(a) shall not be allowed as a deduction in computing income, profits or losses for purposes of income tax or corporation tax.
- (2) A penalty may be enforced as a debt due to the Commissioners.

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- (3) In sections 7A to 7C and this section a reference to a manufacturer of cigarettes or hand-rolling tobacco includes a reference to a person who, in the opinion of the Commissioners—
- (a) arranges to have cigarettes or hand-rolling tobacco manufactured, and
 - (b) is wholly or partly responsible for the initial supply of the products after manufacture.
- (4) Where a manufacturer is a parent undertaking or a subsidiary undertaking (within the meaning of section 258 of the Companies Act 1985 (c. 6)) the Commissioners may—
- (a) treat the parent and its subsidiaries as a single undertaking for the purpose of sections 7A to 7C and this section, and
 - (b) in particular, enforce a penalty imposed on the single undertaking as a debt owed by—
 - (i) the single undertaking,
 - (ii) the parent, or
 - (iii) any of the subsidiaries.
- (5) A notice or guidance under section 7A(4) to (6)—
- (a) may be issued to manufacturers generally or to one or more manufacturers or classes of manufacturer,
 - (b) may be expressed to apply to or in respect of manufacturers generally or only to or in respect of one or more specified manufacturers or classes of manufacturer,
 - (c) may make provision generally or only in relation to specified cases or circumstances,
 - (d) may make different provision in relation to different cases or circumstances, and
 - (e) may be varied, replaced or revoked.
- (6) The Treasury may by order—
- (a) amend the list in section 7B(2) or 7C(2) so as to—
 - (i) add an entry,
 - (ii) remove an entry, or
 - (iii) amend an entry;
 - (b) amend sections 7A to 7C and this section so as to alter the class of tobacco products in relation to which they apply.
- (7) An order under subsection (6)—
- (a) may include transitional, consequential or incidental provision,
 - (b) shall be made by statutory instrument,
 - (c) shall be laid before the House of Commons, and
 - (d) shall cease to have effect unless approved by resolution of the House of Commons within the period of 28 days beginning with the date on which it is laid (disregarding any period of dissolution or prorogation or of adjournment for more than four days).”
- (2) At the end of section 9 of the Tobacco Products Duty Act 1979 (c. 7) (regulations) (which becomes subsection (1)) add—
- “(2) Regulations under this Act—

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- (a) may enable the Commissioners to dispense with compliance with a provision of the regulations (whether absolutely or conditionally),
 - (b) may make provision generally or only in relation to specified cases or circumstances,
 - (c) may make different provision in relation to different cases or circumstances, and
 - (d) may include transitional, consequential or incidental provision.”
- (3) This section shall come into force in accordance with provision made by the Treasury by order.
- (4) An order under subsection (3)—
- (a) may include transitional, consequential or incidental provision, and
 - (b) shall be made by statutory instrument.

Subordinate Legislation Made

P1 [S. 2\(3\)](#) power fully exercised: 1.10.2006 appointed by [{S.I. 2006/2367}](#), art. 2

Alcoholic liquor duties

3 Rate of duty on beer

- (1) In section 36(1AA)(a) of ALDA 1979 (rate of duty on beer) for “£12.92” substitute “£13.26”.
- (2) This section shall be deemed to have come into force at midnight on 26th March 2006.

4 Rates of duty on wine and made-wine

- (1) For Part 1 of the Table of rates of duty in Schedule 1 to ALDA 1979 (rates of duty on wine and made-wine) substitute—

“PART 1

WINE AND MADE-WINE OF A STRENGTH NOT EXCEEDING 22 PER CENT

<i>Description of wine or made-wine</i>	<i>Rates of duty per hectolitre</i>
	£
Wine or made-wine of a strength not exceeding 4 per cent	53.06
Wine or made-wine of a strength exceeding 4 per cent but not exceeding 5.5 per cent	72.95
Wine or made-wine of a strength exceeding 5.5 per cent but not exceeding 15 per cent and not sparkling	172.17

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Sparkling wine or sparkling made-wine of a strength exceeding 5.5 per cent but less than 8.5 per cent	166.70
Sparkling wine or sparkling made-wine of a strength of 8.5 per cent or of a strength exceeding 8.5 per cent but not exceeding 15 per cent	220.54
Wine or made-wine of a strength exceeding 15 per cent but not exceeding 22 per cent	229.55”

(2) This section shall be deemed to have come into force at midnight on 26th March 2006.

5 Repeal of provisions of ALDA 1979 of no practical utility etc

- (1) The following provisions of ALDA 1979 shall cease to have effect—
- (a) section 12(4) (power to refuse or revoke distiller's licence where premises near to premises of a rectifier, registered brewer or vinegar-maker);
 - (b) section 14 (duty on spirits – attenuation charge);
 - (c) section 15(4) (provision of accommodation in distiller's warehouse);
 - (d) section 18(5) (power to refuse licence as a rectifier where premises near to premises of a distillery);
 - (e) section 21 (restrictions relating to rectifiers);
 - (f) section 24 (restriction on carrying on of other trades by distiller or rectifier);
 - (g) section 26 (importation and exportation of spirits);
 - (h) section 32 (restriction on transfer of British spirits in warehouses);
 - (i) section 35 (returns as to importation, manufacture, sale or use of alcohols);
 - (j) section 55A (wine and made-wine of a strength not exceeding 5.5%);
 - (k) section 67 (power to regulate keeping of dutiable alcoholic liquors by wholesalers and retailers);
 - (l) section 69 (miscellaneous provisions as to wholesalers and retailers of spirits);
 - (m) section 71 (penalty for mis-describing liquor as spirits);
 - (n) section 74 (liquor to be deemed wine or spirits); and
 - (o) section 82 (power to make regulations with respect to stills).
- (2) In consequence of the repeal of section 55A of ALDA 1979, that Act is amended as follows.
- (3) In section 54 (wine: charge of excise duty), in subsection (4A), for “wine to which section 55A below applies” substitute “ wine of a strength not exceeding 5.5 per cent ”.
- (4) In section 55 (made-wine: charge of excise duty), in subsections (4A) and (5)(d), for “made-wine to which section 55A below applies” substitute “ made-wine of a strength not exceeding 5.5 per cent ”.

Hydrocarbon oil duties

6 Rates until 1st September 2006

- (1) HODA 1979 is amended as follows.

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- (2) In section 6(1A) (hydrocarbon oil: rates of duty)—
- (a) in paragraph (a) (ultra low sulphur petrol) for “£0.4832” substitute “ £0.4710 ”,
 - (b) in paragraph (aa) (sulphur-free petrol) for “£0.4832” substitute “ £0.4710 ”,
 - (c) in paragraph (b) (light oil other than ultra low sulphur petrol and sulphur-free petrol) for “£0.5766” substitute “ £0.5620 ”,
 - (d) in paragraph (c) (ultra low sulphur diesel) for “£0.4832” substitute “ £0.4710 ”,
 - (e) in paragraph (ca) (sulphur-free diesel) for “£0.4832” substitute “ £0.4710 ”, and
 - (f) in paragraph (d) (heavy oil other than ultra low sulphur diesel and sulphur-free diesel) for “£0.5465” substitute “ £0.5327 ”.
- (3) In section 6AA(3) (biodiesel) for “£0.2832” substitute “ £0.2710 ”.
- (4) In section 6AD(3) (bioethanol) for “£0.2832” substitute “ £0.2710 ”.
- (5) In section 8(3) (road fuel gas)—
- (a) in paragraph (a) for “£0.1080” substitute “ £0.0900 ”, and
 - (b) in paragraph (b) for “£0.1270” substitute “ £0.0900 ”.
- (6) In section 13A(1) (rebate on unleaded petrol) for “£0.0617” substitute “ £0.0601 ”.
- (7) The following statutory instruments shall cease to have effect—
- (a) the Excise Duties (Surcharges or Rebates) (Hydrocarbon Oils etc.) Order 2005 (S.I. 2005/1978),
 - (b) the Excise Duties (Road Fuel Gases) (Reliefs) Regulations 2005 (S.I. 2005/1979), and
 - (c) the Excise Duties (Surcharges or Rebates) (Hydrocarbon Oils etc.) (Amendment) Order 2005 (S.I. 2005/3330).

7 Rates from 1st September 2006

- (1) HODA 1979 is amended as follows.
- (2) In section 6(1A) (hydrocarbon oil: rates of duty)—
- (a) in paragraph (a) (ultra low sulphur petrol) for “£0.4710” substitute “ £0.4835 ”,
 - (b) in paragraph (aa) (sulphur-free petrol) for “£0.4710” substitute “ £0.4835 ”,
 - (c) in paragraph (b) (light oil other than ultra low sulphur petrol and sulphur-free petrol) for “£0.5620” substitute “ £0.5768 ”,
 - (d) in paragraph (c) (ultra low sulphur diesel) for “£0.4710” substitute “ £0.4835 ”,
 - (e) in paragraph (ca) (sulphur-free diesel) for “£0.4710” substitute “ £0.4835 ” and
 - (f) in paragraph (d) (heavy oil other than ultra low sulphur diesel and sulphur-free diesel) for “£0.5327” substitute “ £0.5468 ”.
- (3) In section 6AA(3) (biodiesel) for “£0.2710” substitute “ £0.2835 ”.
- (4) In section 6AD(3) (bioethanol) for “£0.2710” substitute “ £0.2835 ”.

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- (5) In section 8(3) (road fuel gas)—
- (a) in paragraph (a) for “£0.0900” substitute “ £0.1081 ”, and
 - (b) in paragraph (b) for “£0.0900” substitute “ £0.1221 ”.
- (6) In section 11(1) (rebate on heavy oil)—
- (a) in paragraph (a) for “£0.0604” substitute “ £0.0729 ”,
 - (b) in paragraph (b) for “£0.0644” substitute “ £0.0769 ”, and
 - (c) in paragraph (ba) for “£0.0644” substitute “ £0.0769 ”.
- (7) In section 13A(1) (rebate on unleaded petrol) for “£0.0601” substitute “ £0.0617 ”.
- (8) In section 14(1) (rebate on light oil for use as furnace oil) for “£0.0604” substitute “ £0.0729 ”.
- (9) This section comes into force on 1st September 2006.

8 Road vehicles

After section 27(1A) of HODA 1979 (interpretation) insert—

- “(1B) The Treasury may by order made by statutory instrument amend Schedule 1 to this Act so as to—
- (a) add a class of excepted vehicle,
 - (b) remove a class of excepted vehicle, or
 - (c) redefine a class of excepted vehicle.
- (1C) Section 2A(2) and (3) above shall apply to an order under subsection (1B).”

Betting and gaming duties

9 General betting duty: gaming machines

- (1) In section 2(2) of the Betting and Gaming Duties Act 1981 (c. 63) (general betting duty: exemptions) after paragraph (c) add—
- “, or
- (d) a bet made using a gaming machine, within the meaning of section 23 of the Value Added Tax Act 1994.”
- (2) This section shall have effect in respect of anything done on or after 6th December 2005 (with the reference to section 23 of the Value Added Tax Act 1994 being a reference to that definition as it is treated as having effect in relation to things done on or after that date by virtue of section 16(6) and (7) below).

10 Rates of gaming duty

- (1) For the Table in section 11(2) of FA 1997 (rates of gaming duty) substitute—

“TABLE

Part of gross gaming yield

Rate

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The first £546,500	2.5 per cent.
The next £1,212,500	12.5 per cent.
The next £1,212,500	20 per cent.
The next £2,124,000	30 per cent.
The remainder	40 per cent.”

- (2) This section has effect in relation to accounting periods beginning on or after 1st April 2006.

Amusement machine licence duty

11 Definition of “gaming machine”

- (1) For section 25(1) to (1B) of the Betting and Gaming Duties Act 1981 (c. 63) (amusement machine licence duty: definition of “amusement machine”) substitute—

“(1) A machine is an amusement machine for the purposes of this Act if it is—
 (a) a gaming machine, and
 (b) a prize machine.

(1A) In this Act “gaming machine” means a machine that is a gaming machine for the purposes of section 23 of the Value Added Tax Act 1994 (c. 23).”

- (2) In section 25(1C) of the Betting and Gaming Duties Act 1981 (“prize machine”) for “an amusement machine is a prize machine” substitute “a machine is a prize machine”.
- (3) In Schedule 3 to the Betting and Gaming Duties Act 1981 (bingo duty) omit paragraph 6 (machine bingo).
- (4) Subsections (1) and (2) shall have effect in relation to the provision of a machine on or after 1st August 2006.
- (5) Subsection (3) shall have effect in relation to accounting periods beginning on or after 1st August 2006.

12 Classes of machine and rates of duty

- (1) For section 21(3AA) to (3E) of the Betting and Gaming Duties Act 1981 (c. 63) (special licences and excepted machines) substitute—

“(4) A special amusement machine licence shall be granted only—
 (a) for a small prize machine,
 (b) if conditions prescribed by the Commissioners by regulations are satisfied in relation to the application for the licence, the applicant and the machine, and
 (c) for a period of twelve months.

- (5) The following are excepted machines—
 (a) machines that are not gaming machines,
 (b) a gaming machine in respect of which—

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- (i) the cost of a single game does not exceed 30p,
 - (ii) the maximum value of the prize for winning a single game does not exceed £8, and
 - (iii) the maximum cash component of the prize for winning a single game does not exceed £5,
 - (c) a gaming machine in respect of which—
 - (i) the cost of a single game does not exceed 10p, and
 - (ii) the maximum value of the prize for winning a single game does not exceed £5, and
 - (d) two-penny machines.”
- (2) In section 22(2) of that Act (gaming machines) paragraph (b) shall cease to have effect.
- (3) For section 23(2) and (3) of that Act (rates) substitute—
- “(2) The appropriate amount for each machine shall be determined in accordance with the following Table by reference to—
- (a) the period for which the licence is granted, and
 - (b) the machine's category determined in accordance with subsection (3).

<i>(1)</i> <i>Months for which licence granted</i>	<i>(2)</i> <i>Category A</i>	<i>(3)</i> <i>Category B1</i>	<i>(4)</i> <i>Category B2</i>	<i>(5)</i> <i>Category B3</i>	<i>(6)</i> <i>Category B4</i>	<i>(7)</i> <i>Category C</i>
1	£435	£220	£170	£170	£155	£65
2	£875	£435	£345	£345	£310	£130
3	£1310	£655	£515	£515	£465	£195
4	£1750	£875	£690	£690	£625	£255
5	£2185	£1095	£860	£860	£780	£320
6	£2625	£1310	£1030	£1030	£935	£385
7	£3060	£1530	£1205	£1205	£1090	£450
8	£3500	£1750	£1375	£1375	£1245	£515
9	£3935	£1970	£1545	£1545	£1400	£580
10	£4375	£2185	£1720	£1720	£1555	£645
11	£4810	£2405	£1890	£1890	£1715	£705
12	£5000	£2500	£1965	£1965	£1780	£735

- (3) The categories of gaming machine are as follows—
- Category A – a gaming machine which is not within another category.
- Category B1 – a gaming machine which is not within a lower category and in respect of which—
- (i) the cost of a single game does not exceed £2, and

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- (ii) the maximum value of the prize for winning a single game does not exceed £4,000.

Category B2 – a gaming machine which is not within a lower category and in respect of which—

- (i) the cost of a single game does not exceed £100, and
- (ii) the maximum value of the prize for winning a single game does not exceed £500.

Category B3 – a gaming machine which is not within a lower category and in respect of which—

- (i) the cost of a single game does not exceed £1, and
- (ii) the maximum value of the prize for winning a single game does not exceed £500.

Category B4 – a gaming machine which is not within a lower category and in respect of which—

- (i) the cost of a single game does not exceed £1, and
- (ii) the maximum value of the prize for winning a single game does not exceed £250.

Category C—

- (i) a gaming machine in respect of which the cost of a single game does not exceed 5p, and
- (ii) a gaming machine in respect of which—
 - (a) the cost of a single game does not exceed 50p, and
 - (b) the maximum value of the prize for winning a single game does not exceed £25.

- (4) Where a machine offers more than one class of game, it falls within a category only if it satisfies the requirements of that category in respect of each class.
- (5) Where a prize is anything other than money its value for the purposes of this section is—
 - (a) in the case of a voucher or token that may be exchanged for, or used in place of, an amount of money, that amount,
 - (b) in the case of a voucher or token that does not fall within paragraph (a) and that may be exchanged for something other than money, the cost that the person providing the machine would incur in obtaining that thing from a person not connected with him (within the meaning of section 839 of the Income and Corporation Taxes Act 1988), and
 - (c) in any other case, the cost that the person providing the machine would incur in obtaining the prize from a person not connected with him (within that meaning).
- (6) For the purposes of subsection (3) Category A is the highest category and Category C is the lowest.”

(4) For section 25(4) to (7) of the Betting and Gaming Duties Act 1981 (c. 63) substitute—

- “(4) A machine which has a number of individual playing positions allowing persons to play simultaneously (whether or not participating in the same

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- game) shall be treated for the purposes of sections 21 to 24 as that number of separate machines.”
- (5) Section 25A of that Act (power to modify definitions) shall cease to have effect.
- (6) In section 26(2) of that Act (supplemental) the following shall cease to have effect—
- (a) the definition of “ video machine ”, and
 - (b) in the definition of “two-penny machine”, the words from “and “five-penny machine”” to the end.
- (7) Paragraphs 2 and 3 of Schedule 4 to that Act (exemptions) shall cease to have effect.
- (8) Subsections (1) to (7) shall have effect in relation to the grant of an amusement machine licence on or after 1st August 2006.
- (9) An amusement machine licence granted before that time shall continue to have effect (for which purpose the Betting and Gaming Duties Act 1981 shall have effect without the amendments effected by this section).
- (10) But subsection (9) shall not apply in relation to machines which become gaming machines by virtue of section 11 of this Act.
- (11) For the purpose of the application of Schedule 4A to that Act (default licences) in respect of a period before 1st August 2006 no account shall be taken of an amendment effected by subsections (1) to (7) above or by section 11 above.

Vehicle excise duty

13 Rates

- (1) Schedule 1 to VERA 1994 (annual rates of duty) is amended as follows.
- (2) In paragraph 1(2) (general rate of duty), for “£170” substitute “ £175 ”.
- (3) For paragraph 1B (rates for light passenger vehicles) substitute—

“1B

The annual rate of vehicle excise duty applicable to a vehicle to which this Part of this Schedule applies shall be determined in accordance with Table A, where the vehicle is first registered before 23rd March 2006, or Table B, where the vehicle is first registered on or after that date, by reference to—

- (a) the applicable CO₂ emissions figure, and
- (b) whether the vehicle qualifies for the reduced rate of duty, or is liable to the standard rate or the premium rate of duty.

Table A: Vehicles first registered before 23rd March 2006

<i>CO₂ emissions figure</i>		<i>Rate</i>		
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Reduced rate</i>	<i>Standard rate</i>	<i>Premium rate</i>
g/km	g/km	£	£	£

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100	120	30	40	50
120	150	90	100	110
150	165	115	125	135
165	185	140	150	160
185		180	190	195

Table B: Vehicles first registered on or after 23rd March 2006

<i>CO₂ emissions figure</i>		<i>Rate</i>		
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Reduced rate</i>	<i>Standard rate</i>	<i>Premium rate</i>
g/km	g/km	£	£	£
100	120	30	40	50
120	150	90	100	110
150	165	115	125	135
165	185	140	150	160
185	225	180	190	195
225		200	210	215”

(4) In paragraph 1C (reduced rate for light passenger vehicles)—

(a) for sub-paragraph (2) substitute—

“(2) Condition A is that the vehicle—

(a) is constructed—

- (i) so as to be propelled by a relevant type of fuel, or
- (ii) so as to be capable of being propelled by any of a number of relevant types of fuel, or

(b) is constructed or modified—

- (i) so as to be propelled by a prescribed type of fuel, or
- (ii) so as to be capable of being propelled by any of a number of prescribed types of fuel,

and complies with any other requirements prescribed for the purposes of this condition.”, and

(b) after sub-paragraph (5) insert—

“(6) In this paragraph—

“bioethanol” has the meaning given in section 2AB of the Hydrocarbon Oil Duties Act 1979,

“relevant type of fuel” means—

- (a) bioethanol, or
- (b) a mixture of bioethanol and unleaded petrol, if the proportion of bioethanol by volume is at least 85%, and

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“unleaded petrol” has the meaning given in section 1(3C) of the Hydrocarbon Oil Duties Act 1979.

- (7) The Secretary of State may, with the consent of the Treasury, by regulations amend sub-paragraph (6).”
- (5) In paragraph 1J(a) (rates for light goods vehicles), for “£165” substitute “ £170 ”.
- (6) In paragraph 1K(a) (lower-emission vans), after “1st March 2003” insert “ and before 1st January 2007 ”.
- (7) In paragraph 2(1) (rates for motorcycles)—
- (a) in paragraph (b), for “£30” substitute “ £31 ”,
 - (b) in paragraph (c), for “£45” substitute “ £46 ”, and
 - (c) in paragraph (d), for “£60” substitute “ £62 ”.
- (8) In Schedule 2 to VERA 1994 (exempt vehicles), after paragraph 24 insert—

“Light passenger vehicles with low CO₂ emissions

25 A vehicle is an exempt vehicle if—

- (a) it is a vehicle to which Part 1A of Schedule 1 applies, and
 - (b) the applicable CO₂ emissions figure (as defined in paragraph 1A(3) and (4) of that Schedule) for the vehicle does not exceed 100 g/km.”
- (9) Subsection (8) comes into force on 23rd March 2006; 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.
- (10) The rest of this section has effect in relation to licences taken out on or after that date.

14 Reduced pollution certificates

In section 61B of VERA 1994 (reduced pollution certificates), for subsection (2) substitute—

- “(2) For the purposes of this Act, the reduced pollution requirements are satisfied with respect to a vehicle at any time if, at that time, prescribed requirements relating to the vehicle's emissions are satisfied as a result of—
- (a) the design, construction or equipment of the vehicle as manufactured; or
 - (b) adaptations of a prescribed description having been made to the vehicle after a prescribed date.

(2A) Different requirements may be prescribed under subsection (2) for vehicles first registered at different times.”

15 Late renewal supplement

In VERA 1994, after section 7B insert—

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“7C Recovery of section 7A supplements: Scotland

- (1) The Secretary of State may by regulations provide for the recovery of supplement that has become payable under section 7A by diligence authorised by summary warrant.
- (2) Regulations under subsection (1) may, in particular, provide—
 - (a) for such summary warrants—
 - (i) to be granted by the sheriff on the application of the Secretary of State; and
 - (ii) to authorise any of the diligences mentioned in subsection (3);
 - (b) for such applications to be accompanied by a certificate mentioned in subsection (4); and
 - (c) for the fees and outlays of sheriff officers incurred in executing such summary warrants to be chargeable against the debtor.
- (3) The diligences referred to in subsection (2)(a)(ii) are—
 - (a) an attachment;
 - (b) an earnings arrestment;
 - (c) an arrestment and action of furthcoming or sale.
- (4) The certificate referred to in subsection (2)(b) is a certificate by the Secretary of State —
 - (a) stating that none of the persons specified in the application has paid the supplement due;
 - (b) stating that payment of the amount due from each such person has been demanded from him;
 - (c) stating whether in response to that demand any such person disputes liability to pay; and
 - (d) specifying the amount due from and unpaid by each such person.
- (5) No fee shall be chargeable by the sheriff officer against the debtor for—
 - (a) collecting; or
 - (b) accounting to the Secretary of State for,
sums paid to him by the debtor in respect of the amount owing.
- (6) No summary warrant for recovery of supplement payable under section 7A may be granted against a person if—
 - (a) he disputes liability to pay; or
 - (b) an action for payment to recover such supplement from him has already been raised.
- (7) Failure to respond to a demand to pay shall not be taken to mean liability to pay is disputed.
- (8) An action for payment to recover supplement payable under section 7A may be raised against a person notwithstanding that a summary warrant has already been granted for recovery of such supplement from him but only if none of the diligences mentioned in subsection (3) has been executed against him.

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- (9) Where such an action is raised, the summary warrant shall cease to have effect in relation to such person.
- (10) This section extends to Scotland only.”

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2006, Part 1.