



# Finance Act 2014

## 2014 CHAPTER 26

### PART 2

#### EXCISE DUTIES AND OTHER TAXES

##### *Vehicle excise duty*

#### **89 Payment of vehicle excise duty by direct debit**

- (1) VERA 1994 is amended as follows.
- (2) In section 4 (amount of duty) for subsections (1) to (2A) substitute—
  - “(1) Where a vehicle licence for a vehicle of any description is taken out for a period of 12 months, vehicle excise duty is to be paid on the licence—
    - (a) at the annual rate of duty applicable to vehicles of that description, or
    - (b) if the duty is to be paid by more than one instalment pursuant to an agreement under section 19B, at a rate equal to 105% of that annual rate.
  - (2) Subject to subsection (2A), where a vehicle licence for a vehicle of any description is taken out for a period of 6 months, vehicle excise duty is to be paid on the licence—
    - (a) at a rate equal to 55% of the annual rate of duty applicable to vehicles of that description, or
    - (b) if the duty is to be paid by direct debit pursuant to an agreement under section 19B, at a rate equal to 52.5% of that annual rate.
- (2A) In the case of a vehicle which is charged to HGV road user levy, the reference in subsection (2)(a) to 55% is to be read as a reference to 50%.”
- (3) In section 13 (trade licences: duration and amount of duty)—
  - (a) in subsection (3), after “calendar year” insert “ (“the applicable annual rate”)”,
  - (b) after subsection (3) insert—

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- “(3A) Where a trade licence is taken out for a calendar year and the duty is to be paid by more than one instalment pursuant to an agreement under section 19B, the rate of duty is 105% of the applicable annual rate.”,
- (c) for subsection (4) substitute—
- “(4) The rate of duty applicable to a trade licence taken out for a period of 6 months is—
- (a) 55% of the applicable annual rate for a corresponding trade licence taken out for a calendar year, or
- (b) if the duty is to be paid by direct debit pursuant to an agreement under section 19B, 52.5% of that applicable annual rate.”,
- (d) in subsection (5)(a), for “rate applicable to the” substitute “ applicable annual rate for a ”, and
- (e) in subsection (6), for “subsection (4)” substitute “ subsection (3A), (4) ”.
- (4) In section 13 (trade licences: duration and amount of duty) as set out in paragraph 8(1) of Schedule 4 to VERA 1994 to have effect on and after a day appointed by order—
- (a) in subsection (4), after “twelve months” insert “ (“the applicable annual rate” ”,
- (b) after subsection (4) insert—
- “(4A) Where a trade licence is taken out for a period of 12 months and the duty is to be paid by more than one instalment pursuant to an agreement under section 19B, the rate of duty is 105% of the applicable annual rate.”,
- (c) for subsection (5) substitute—
- “(5) The rate of duty applicable to a trade licence taken out for a period of 6 months is—
- (a) 55% of the applicable annual rate for a corresponding trade licence taken out for 12 months, or
- (b) if the duty is to be paid by direct debit pursuant to an agreement under section 19B, 52.5% of that applicable annual rate.”, and
- (d) in subsection (6), for “subsection (5)” substitute “ subsection (4A) or (5) ”.
- (5) In section 19A (payment by cheque)—
- (a) in subsection (2)(b) omit “by post”, and
- (b) in subsection (3)(b) and (d) omit “by post”.
- (6) In section 19B (issue of licences before payment of duty)—
- (a) after subsection (1) insert—
- “(1A) An agreement to pay the duty payable on a vehicle licence or a trade licence may provide—
- (a) for the duty to be paid by instalments,
- (b) that if any of the rebate conditions in section 19(3) is satisfied in relation to the vehicle for which the licence was issued, the licence is to cease to be in force from the time specified in the agreement and any instalments falling due after that time are no longer to be due, and

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- (c) for any instalments falling due after a request under section 14(2) is received by the Secretary of State no longer to be due.”,
  - (b) in subsection (2)(c) omit “by post”,
  - (c) in subsection (3)(b) and (d) omit “by post”, and
  - (d) after subsection (3) insert—
    - “(4) But subsections (2) and (3) do not apply in a case where the agreement under subsection (1) provides for the duty payable to be paid by more than one instalment (and for this case see subsection (5)).
  - (5) In a case where—
    - (a) a vehicle licence or a trade licence is issued to a person in accordance with subsection (1),
    - (b) the duty payable on the licence is not received by the Secretary of State in accordance with the agreement,
    - (c) the agreement provides for the duty payable to be paid by more than one instalment,
    - (d) the Secretary of State sends a notice to the person requiring the person to secure that the duty payable on the licence (both in respect of instalments which have fallen due and in respect of future instalments) is paid within the period specified in the notice,
    - (e) the requirement in the notice is not complied with, and
    - (f) the Secretary of State sends a further notice to the person informing that person that the licence is void from the time specified in the notice,the licence is to be void from the time specified.”
- (7) In section 35A (dishonoured cheques)—
  - (a) in subsection (1)(a), for “or 19B(3)(d)” substitute “, 19B(3)(d) or 19B(5)(f)”,
  - (b) after subsection (7) insert—
    - “(8) In a case where a notice is sent as mentioned in section 19B(5)(f) the amounts specified in subsections (2)(b) and (4) are to be calculated on the basis of the rate described in section 4(1)(b) or 13(3A) (whichever is relevant).”, and
  - (c) in the heading, for “Dishonoured cheques” substitute “ Failed payments ”.
- (8) In section 36 (dishonoured cheques: additional liability)—
  - (a) after subsection (6) insert—
    - “(7) In a case where a notice is sent as mentioned in section 19B(5)(f) the amount specified in subsection (2) is to be calculated on the basis of the rate described in section 4(1)(b) or 13(3A) (whichever is relevant).”, and
  - (b) in the heading, for “Dishonoured cheques” substitute “ Failed payments ”.
- (9) In Schedule 4 (transitionals etc), after paragraph 8(3) insert—
  - “(4) In cases in which the provisions set out in sub-paragraph (1) have effect, sections 35A(8) and 36(7) are to be read as referring to section 13(4A) instead of section 13(3A).”

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(10) The amendments made by this section come into force on 1 October 2014.

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 212(4)(f) and word inserted by [2021 c. 26 Sch. 27 para. 43\(b\)\(ii\)](#)
- s. 212(5)(a)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(ii\)](#)
- s. 212(5)(b)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(iv\)](#)
- s. 212(5)(c)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(v\)](#)
- Sch. 31 para. 2(3)(b) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(iii\)](#)
- Sch. 31 para. 2(4A) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(c\)](#)
- Sch. 31 para. 3(1A) inserted by [2017 c. 32 Sch. 14 para. 45\(3\)\(b\)](#)
- Sch. 31 para. 5(b) inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(c\)](#)
- Sch. 31 para. 2(3)(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(ii\)](#)
- Sch. 31 para. 5(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(b\)](#)
- Sch. 31 para. 2(3)(a) words renumbered as Sch. 31 para. 2(3)(a) by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(i\)](#)
- Sch. 31 para. 5(a) words renumbered as Sch. 31 para. 5(a) by [2017 c. 32 Sch. 14 para. 45\(4\)\(a\)](#)
- Sch. 32 para. 1(2)(b) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(iii\)](#)
- Sch. 32 para. 1(3A) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(c\)](#)
- Sch. 32 para. 1(2)(a) words inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(ii\)](#)
- Sch. 32 para. 1(2)(a) words renumbered as Sch. 32 para. 1(2)(a) by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(i\)](#)