

STATES OF JERSEY



DRAFT BUDGET STATEMENT 2016 (P.127/2015): SECOND AMENDMENT

**Lodged au Greffe on 1st December 2015
by the Connétable of Grouville**

STATES GREFFE

DRAFT BUDGET STATEMENT 2016 (P.127/2015): SECOND AMENDMENT

PAGE 2, PARAGRAPH (a) –

After the words “as set out in the Budget Statement” insert the words –

“except that the estimate of income from taxation in 2016 shall be reduced by £3,000 by continuing to exempt vehicles that are over 50 years old when first registered in Jersey from Vehicle Emissions Duty (VED) and not imposing VED on these vehicles as proposed on page 26 of the draft Budget Statement”.

CONNÉTABLE OF GROUVILLE

REPORT

Vehicle Emission Duty (VED) was introduced to help the environment by encouraging anyone purchasing vehicles to choose cars that have lower CO₂ emissions. It is also of course a means of generating much needed income. The Minister for Treasury and Resources has recognised that the exemption and reduced duty for used cars is counterproductive as it encourages people to import older cars which tend to be more polluting. This is only the case if they are used on a daily basis. It is unlikely that anyone would buy a car exceeding 50 years old for day to day use. These cars are bought by car enthusiasts for use on special occasions and are used so little that their impact on the environment will be minimal. They are bought for their historic and aesthetic value and no consideration is made as to their emissions. It is also true that they will not have emission data like modern cars so the VED charged on these vehicles will be based on engine size. The imposition of VED on these vehicles will therefore have no positive impact on the environment.

With regard to generating much needed income, VED on some older vehicles would be quite unfair. In the report to the budget the Minister repeats the message that taxes should be 'low, broad, simple and fair'.

The imposition of VED on some old cars would definitely not be fair. Some old or classic cars can be bought for quite modest sums, possibly as low as £5,000. If the engine size of such a car was 3.5 litre then the VED would be £1,800. That is an effective tax of over 30%. That excludes the 5% GST that will be incurred as well. It is true that some prestigious cars of significant value are imported and it may be that VED would not be unreasonable on these. Perhaps the Minister for Treasury and Resources could come back to the States with a more equitable proposal. The estimated income from cars of over 50 years old however is thought to be only £3,000 so a simple exemption for vehicles over 50 years of age would be the sensible option.

This is a minor amendment which would have little impact on the budget as a whole. The keeping of old cars is a pastime enjoyed by many from all walks of life. The clubs take part in many Island celebrations such as Liberation Day and run many charitable events. They are also a catalyst for encouraging visiting motoring enthusiasts to the Island. This activity should be encouraged and exempting these cars will help do that.

Financial and manpower implications

Based on information received from the Customs and Immigration Department it is estimated that the loss of revenue in 2016 from continuing to exempt vehicles over 50 years old when first registered in Jersey would be £3,000.