

# IMPORTANT INFORMATION FOR CUSTOMERS ABOUT CHANGES TO ROAD FUND LICENCE

The methodology by which Road Fund Licence is calculated changed on 1st April 2017. Now, in 2019, these figures are changing again. Here's what you need to know.

## BACKGROUND

In the summer 2015 Budget Statement, the Chancellor announced that reforms to Road Fund Licence (RFL) would be introduced in April 2017. The changes only apply to cars registered on or after 1 April 2017 and all vehicles registered before this date will be unaffected by the changes.

The changes are intended to make RFL costs fairer for motorists by ensuring that those who can afford a 'premium' vehicle pay more. The reforms are intended to be cost neutral from a Government perspective. The new regime should raise broadly the same level of funds as the existing scheme, but will provide a more sustainable revenue stream for the Government.

## WHAT CHANGED IN 2017?

The previous methodology for calculating RFL charges was replaced with an entirely new system on April 1st 2017, aimed at making the costs fairer for motorists. The key changes made were:

- The first licence rate bandings changed, but continued to be based on CO2 emissions
- A standard rate of £140 now applies to all cars from the second licence onwards, with the exception of zero CO2 emitting cars where the standard rate is £0
- An additional charge of £310 per year applies from the second licence for a period of 5 years for any car with an 'RFL List Price' over £40,000. After 5 years the RFL will revert back to the standard rate
- An additional charge of £310 per year applies from the second licence for a period of 5 years for any car with an 'RFL List Price' over £40,000. After 5 years the RFL will revert back to the standard rate
- Cars with an 'RFL List Price' over £40,000 but which emit zero CO2 still have to pay the £310 additional rate for a period of 5 years from the second licence, but revert back to the £0 rate after 5 years

## WHAT IS THE 'RFL LIST PRICE'?

As the scheme includes a £40,000 'RFL List Price' threshold at which a substantial additional charge will be incurred, it is important to understand how this 'RFL List Price' is calculated.

### What is included

- Manufacturer List Price including VAT as at the day before the vehicle is first registered
- Option prices including VAT applicable as at the day before the vehicle is first registered (as fitted by the manufacturer)
- Delivery charges including VAT, including any pre-delivery inspection charges (where applicable)

In the case of electric cars, the 'RFL List Price' is calculated before any OLEV grant is applied.

It is also worth noting that any options which have been set up to be P11D exempt will NOT be exempt from the 'RFL List Price' calculation.

### What is not included

- First registration fee and the cost of the first licence
- Warranty/insurance and servicing packages
- Options fitted by the dealer or another third party
- Modifications such as police packs or fire engine/ambulance modifications
- Modifications for disabled drivers

## HOW DO THE NEW RFLS COMPARE?

RFL costs for cars registered before 1 April 2019 will be subject to the old 2017/18 rates. Anything registered after that date will have licence fees charged according to the new pricing structure. This is as follows:

CO2 Emissions (g/km)	Tax Year 2018/19		Tax Year 2019/20	
	First Year Rate	Standard Rate	First Year Rate	Standard Rate
0	£0	£0	£0	£0
1-50	£10	£140	£10	£145
51-75	£25	£140	£25	£145
76-90	£105	£140	£110	£145
91-100	£125	£140	£130	£145
101-110	£145	£140	£150	£145
111-130	£165	£140	£170	£145
131-150	£205	£140	£210	£145
151-170	£515	£140	£530	£145
171-190	£830	£140	£855	£145
191-225	£1,240	£140	£1,280	£145
226-255	£1,760	£140	£1,815	£145
Over 255	£2,070	£140	£2,135	£145

Applies to vehicles registered on or after 1st March 2001.

Vehicle Registration Date	Tax Year 2018/19	Tax Year 2019/20
Early Euro 4 and Euro 5 compliant vans	£140	£140
All other	£250	£260

## ACTION REQUIRED BY CUSTOMERS

No specific action is required on the part of customers as a result of the changes. However, we would strongly recommend that customers consider the potential impact of the changes for their fleet. For more information or should you have any immediate questions about the RFL regime changes, please contact your account manager who will be pleased to help.