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Provide for a public consultation on the introduction of a trading obligation on vehicle manufacturers to increase the proportion of electrically propelled light passenger vehicles sold and on the introduction of a road usage duty to reduce carbon transport emissions; and to provide for graduated rates of duty to apply to modified vehicles.

**B**E IT ENACTED by the Queen’s most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

**1 Public consultation on the trading scheme and road usage duty**

- (1) The Secretary of State must carry out a public consultation on the introduction of—
- (a) a trading obligation on vehicle manufacturers (“the trading scheme”), and 5
  - (b) a duty of excise charged in respect of the distance travelled by, and weight of, applicable vehicles (“road usage duty”),
- to reduce transport carbon emissions.
- (2) For the purposes of subsection (1)(a), the Secretary of State must propose a trading scheme which would impose a duty on vehicle manufacturers to— 10
- (a) increase the proportion of electrically propelled light passenger vehicles sold in the United Kingdom each year, and
  - (b) secure that such vehicles account for 100% of vehicles sold in the United Kingdom by 1 July 2030.
- (3) For the purposes of subsection (1)(b), the Secretary of State must propose a road usage duty which would provide for the annual rate of duty applicable to a vehicle to be determined by reference to— 15
- (a) the number of miles the vehicle has travelled in each 12 month period, with the annual rate increasing by the number of miles travelled, and
  - (b) the weight of an applicable vehicle to which the duty applies, increasing by the weight of vehicle. 20

- (4) As part of the public consultation under this section, the Secretary of State must consult –
- (a) vehicle manufacturers,
  - (b) environmental groups,
  - (c) relevant consumer groups, 5
  - (d) relevant public bodies, and
  - (e) any other persons the Secretary of State deems appropriate.
- (5) The Secretary of State must begin the consultation within six months of this Act coming into force and the consultation must be completed within six months of its commencement. 10
- (6) The Secretary of State must lay a report before both Houses of Parliament on the outcome of the public consultation within two months after the conclusion of the consultation, including any recommendations for implementing the trading scheme and road usage duty.
- 2 Modified vehicles: graduated rates of duty 15**
- (1) The Vehicle Excise and Registration Act 1994 is amended as follows.
- (2) In paragraph 1A (vehicles to which this Part applies) of Schedule 1, for subsection (5) substitute –
- “(5) If a vehicle is modified after its first registration under this Act or under the law of a country or territory outside the United Kingdom – 20
- (a) any change in status as such a vehicle, and
  - (b) any change in the applicable CO2 emissions figure,
- are to apply in accordance with this Part of this Schedule.”
- 3 Interpretation**
- In this Act – 25
- “light passenger vehicles ” means a vehicle within Category M1 of Annex II to Directive 2007/46/EC (vehicle designed and constructed primarily for the carriage of passengers and comprising no more than 8 seats in addition to the driver’s seat);
- “vehicle manufacturers” means any body which produces light passenger vehicles sold as new in dealerships in the United Kingdom. 30
- 4 Extent, commencement and short title**
- (1) This Act extends to England and Wales, Scotland and Northern Ireland.
- (2) This Act comes into force on the day on which it is passed.
- (3) This Act may be cited as the Electric Vehicle Trading Scheme and Road Usage Duty (Consultation) Act 2020. 35



# Electric Vehicle Trading Scheme and Road Usage Duty (Consultation) Bill [HL]

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*Baroness Worthington*

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