



Get A Grip on the Budget

Road Haulage Association Budget Briefing 2007

Fuel Duty

For 2007 and 2008, fuel duty rises are set at 2p a litre and for 2009 1.8p.

However, this year's annual fuel duty increase will be deferred until 1 October 2007.

Vehicle Excise Duty

No change.

Capital Allowances

Annual relief for long life assets will rise from 6 per cent to 10 per cent.

Allowances for plant and machinery will be aligned with the economic rate of depreciation at 20 per cent

Targeted Enforcement

Government will triple its funding to £4.7 million for targeted enforcement against unfair competition from haulier companies from outside the UK.

Corporation Tax

From 2008, mainstream Corporation Tax will be cut from 30p to 28p.

Euro IV/V Standards

Although not specifically mentioned in the Chancellor's Budget Statement, the Association has received the following from H M Treasury regarding Reduced Pollution Certificates.

In order to encourage and support the development of cleaner vehicles, Reduced Pollution Certificates and the associated discounts to Vehicle Excise Duty will be available from 1 October for early adopters of the Euro V emission standards before they become compulsory in November 2009.

Aggregates Levy

To encourage recycling and to reduce landfill, the landfill tax will, from April next year to 2011; rise by 8 pounds each year, and to reduce the environmental impact of quarrying, the aggregates levy - which has been frozen since its introduction - will rise in April 2008 from £1.60 to £1.95 per tonne.

OVERLEAF, THE RHA RESPONSE TO THE 2007 BUDGET

"Increase in Fuel Duty puts British Hauliers at Risk," says the Road Haulage Association

Chancellor Gordon Brown MUST take action to rebate road hauliers before the above-inflation, 2 pence per litre increase in diesel duty takes effect on October 1, says the Road Haulage Association.

The UK already has the highest fuel duty in Europe and competition from Continental firms able to buy cheap diesel is undermining UK haulage and costing jobs - this will widen the gap even further.

The impact of unfair competition was again recognised by the Chancellor today, when he said in the Commons that "the government will triple its funding for targeted enforcement against unfair competition from haulier companies from outside the UK".

"The RHA welcomes this stronger enforcement which starts next month," said RHA Chief Executive Roger King. "We have been pressing hard for action against foreign firms running illegally.

"However, lumping cars and lorries together is no longer an adequate solution to fuel duty. British motorists do not compete with drivers from abroad – British hauliers do. Hauliers must use the 6-month delay to prepare for TWO rate increases; one in October and another next spring when diesel duty goes up by another (above inflation) 2 pence per litre.

The Association welcomes the holding of vehicle excise duty for lorries.

The introduction of a reduced pollution certificate for Euro 5 trucks will be also welcomed by many hauliers. However, it is regrettable that this announcement has been delayed for a year. The implementation in October will create resentment among operators who have bought Euro 4 trucks in the past few months; and we anticipate wholesale cancellations of trucks built to Euro 4 but not yet delivered to customers.

The RHA will be pressing the government urgently to give grants for the up-grading of Euro 4 trucks to Euro 5.

The Association notes the staged increases in capital gains tax for firms with a turnover of less than £2.5 to 20% now and 22% in two years' time and the intention to re-direct the increase in tax revenue into greater incentives for investment. However, small hauliers might prefer to make their own decision on what to do with profit and it is inconsistent to reduce tax rates for larger firms but not for smaller companies.

The RHA welcomes the progress towards setting up a vignette scheme to charge foreign hauliers. A feasibility study will be completed in time for the pre-budget statement later this year.

The RHA is concerned that the increase from £160 to £195 in the aggregates levy will put further strain on the road building programme.

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