

## Time for a U-Turn on Car Tax

*A letter to the Herald, June 2008*

The Government is set to change Vehicle Excise Duty (VED) to increase the amount of tax it brings in from £1.9 billion in 2006 to a massive £4.4 billion by 2010.

It was presented as a 'green tax' but the Government's own estimates show that carbon dioxide emissions from motoring will hardly be cut at all. The tax is retrospective, affecting all cars bought since 2001 – rather than just brand new cars. So it could not possibly have much impact on what types of cars are on the road.

Conservatives have always argued that green taxes must be counter-balanced by tax reductions elsewhere, so that they are, in the jargon, "revenue neutral". In the case of these VED changes, by contrast, the tax increases are fifty times larger than the tax cut on the smallest clean cars.

For a typical East Hants car-owner with a 2-litre car driving 12,000 miles a year, fuel and running costs are already half as much again as they were in 1997. Now for a typical Ford Mondeo, VED will rise from £210 to £310 a year, with a new £500 showroom tax on top.

The world price of oil has touched \$135 a barrel and here at home the price per litre has reached record levels. This is no time to be artificially pushing up the cost of essential motoring even further, and as with the 10p tax fiasco, these changes will hit lower-income groups hardest.

Gordon Brown may well be wary of being seen to give in on this. And to be sure, having borrowed so irresponsibly, he needs the cash. But it is essential that he does indeed do a swift U-turn. Any change in road tax should focus only on the most polluting vehicles, and be offset by equivalent reductions in other taxes.

Yours

Damian Hinds  
Parliamentary candidate (Conservative) – East Hants  
damian@damianhinds.info