

Summary of responses to the Consultation Document on the Convenience Charge for Credit Card Payments of Vehicle Excise Duty (VED)

The Driver and Vehicle Licensing Agency (DVLA) and Driver Vehicle Licensing Northern Ireland (DVLNI) issued a consultation document “DVLA/DVLNI Consultation Document on the Convenience Charge for Credit Card payments of VED” on 22 October 2004. The convenience charge will enable the charge levied by credit card companies to be passed on to the customer. Other payment methods for VED, including paying by cash, cheque or debit card will still be available and remain free of charge. The consultation, which sought views on the proposed level and structure of the convenience charge, ended on 14 January 2005 but the announcement of the General Election delayed publication of the outcome. This notice summarises the responses to the consultation, which was posted on the website on 22 October.

Analysis of Responses

Consultation packs were sent to 389 organisations and individuals, a total of 42 replies were received. Of these 19 selected a payment option, and two registered their objection to the principle of a convenience charge. Some responses questioned the need for a convenience charge, stating that DVLA should absorb the credit card companies' charge.

Option A

This option was for a flat rate charge of £3.50 (now reduced to £2.50) for all transactions. This option was preferred by more respondents who actually expressed a preference, than any other option. Four of these highlighted Option A as their preference, without making any comments. The other respondents who preferred Option A mostly preferred this option because of its simplicity. The Motor Vehicle Dismantlers Association of Great Britain stated that Option A was “clear and fair with a minimal administrative burden”.

Option B

This option was for a charge of £3 per transaction, up to and including £200 and a charge of £6 for transactions in excess of £200. This option was supported by one respondent, the Institute of Transport Administration, who stated that it was “the simplest and fairest way for a wide range of transport operators”.

Option C

This suggested a charge based on the value of the VED transaction on a rising scale. Again just one respondent highlighted this as their preferred option. The Road Rescue Recovery Association said that this was their favoured option, but only as long as all other means of payment would still be available.

Option D

This option again provided for a charge based on the amount of the VED transaction, as in Option C, but with less distinction between the different bands (see consultation document for full details). Five respondents chose this as the preferred option. The British Vehicle Rental and Leasing Association said it was the fairest for all prospective VED purchasers, and the District Judges (Magistrates Court) expressed a marginal preference because of simplicity of administration and equality.

Option E

This option was for a convenience charge based on the taxation class of the vehicle. Motorcycles would attract a charge of £1, Private/Light Goods and Graduated VED taxation classes a charge of £2, and all other vehicles would be based on a banded scale (see consultation document for full details). Four respondents highlighted this as the preferred option, including the Federation of Small Businesses and South Wales Police.

General Comments

Other comments received expressed disagreement with any kind of convenient charge, with some demand for DVLA to absorb the charge whilst others put forward their own suggestions for charges.

Conclusion

Having considered the response to the consultation, Ministers have decided that the flat rate £2.50 fee for all transactions will be adopted. This was the option chosen by the majority of respondents who expressed a preference. In the consultation document, Option A proposed a £3.50 charge for all transactions, but this has now been reduced to £2.50.