

Budget 2016

The Chancellor of the Exchequer delivered his Budget to Parliament this week. The budget included an update on the progress with government's fiscal plans for this Parliament and details on its policy priorities. Unlike at July and November 2015, the Chancellor did not emphasise the recent robust trend in UK economic (GDP) and domestic growth; this is now much weaker and the outlook much more uncertain. Amongst other statements, the Chancellor announced:

- Company Car and van benefit in kind taxes and Cars Capital Allowances extended to 2021.
- Fuel duty rates remain unchanged at 57.95ppl. From 1 April 2016, VED rates for cars, vans, motorcycles and motorcycle trade licences will increase by RPI. Government will legislate to place the classic vehicle VED exemption on a permanent basis from 1 April 2017, so that from 1 April each year vehicles constructed more than 40 years before the 1 January of that year will automatically be exempt from paying VED.
- Following consultation on simplification of the business energy efficiency tax landscape, government will abolish the Carbon Reduction Commitment (CRC) energy efficiency scheme with effect from the end of the 2018-19 compliance year.
- Increase the main rates of Climate Change Levy (CCL) from 1 April 2019, to cover the cost of CRC abolition in a fiscally-neutral reform and incentivise energy efficiency in CCL-paying businesses.
- Rebalance the main rates of CCL for different fuel types to reflect recent data on the fuel mix used in electricity generation. In the longer term, the government intends to rebalance rates further to deliver greater energy efficiency savings, to reach a 1:1 ratio of gas and electricity rates by 2025.

Mike Hawes, SMMT Chief Executive, said, "The 2016 Budget contained some positive measures and we were pleased to see the Chancellor recognise SMMT's call for greater support for energy efficient technologies, through both the extension of Climate Change Agreements and a forthcoming consultation on the future Company Car Tax treatment of ultra low emission vehicles. However, we were disappointed

that the Chancellor has not done more on business rate reform. The removal of plant and machinery from business rates valuation would have encouraged investment in innovative manufacturing technologies, improving still further UK automotive industry productivity and safeguarding our competitiveness." (Source: [SMMT](#), [HM Treasury](#))

Leasing companies drive uptake of ultra-low emission vehicles

New figures from the British Vehicle Rental and Leasing Association confirm the sector's position as the UK's leading adopter of cleaner and more fuel-efficient vehicles. The BVRLA's latest quarterly survey of its leasing members found that almost one in 20 (4.7%) of all new leased cars registered in the final quarter of 2015 was a plug-in, well-ahead of the market penetration achieved across all new registrations, which stood at 1.3%. The leasing sector's low-emission credentials are also demonstrated by the fact that more than 25% of lease cars now sit in VED band A (sub 100g/km CO₂) while the overall market share for all new cars sold in 2015 stands at 20%. (Source: [BVRLA](#))



Ultra Low Emission Vehicles Guide 2016

The Society of Motor Manufacturers and Traders has released the [Ultra Low Emission Vehicles Guide 2016](#). The guide provides information for the wider automotive industry and its stakeholders on general issues related to Ultra Low Emission Vehicles (ULEVs). This includes practical information on:

- Types of ULEVs available
- Benefits of ULEVs
- Charging or refuelling
- Batteries
- Safety and running costs

(Source: [SMMT](#))

UK businesses report boost in innovation

More UK businesses than ever before are coming up with new ideas and products, according to official [statistics](#). The statistics, based on a survey of almost 30,000 employers between 2012 to 2014, show over half (53%) of UK businesses are actively engaging in developing and introducing new products and ways of making them, as well as new services and ways of doing business. The positive figures come after [Business Secretary Sajid Javid set out his goal to make the UK a world leader in new ideas and innovation](#) – helping to drive up competition, creating jobs and providing new and improved products and services – with a new national innovation plan.

(Source: [BIS](#))

Bank holds UK interest rates at 0.5%

UK interest rates have been held at 0.5% once again by the Bank of England. All nine members of the Bank's Monetary Policy Committee (MPC) voted to keep rates at their record low, where they have now been for seven years. The decision to freeze rates comes amid worries about global growth and uncertainty ahead of the EU referendum. The Bank said uncertainty in the run-up to the referendum on EU membership - to be held on 23 June - had hit sterling, and that UK economic growth could slow.

(Source: [BBC](#))

Week ahead

Commons Committees

Monday 21 March

- Transport Committee – Operation Stack (4:05pm, Wilson Room)

Tuesday 22 March

- BIS Committee (9:30am, room 6) – The digital economy
- Treasury Committee (10:00am, Thatcher room) – Budget 2016
- Communities and Local Government Committee (4:00pm, Grimond room) – Business Rates

Commons Chamber

Monday 21 March

- Continuation of the debate on the Budget

