



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Wes Streeting MP  
House of Commons  
London  
SW1A 0AA

17 June 2020

Dear Wes

### **FINANCE BILL CLAUSE 82**

Thank you for the questions you raised at the Finance Bill Public Bill Committee on 16 June on Clause 82 regarding the measurement of carbon dioxide (CO<sub>2</sub>) for Vehicle Excise Duty.

You asked for the Treasury's assessment of whether sales of new vehicles were brought forward ahead of the introduction of the Worldwide Light-vehicle Test Procedure (WLTP) in April 2020. It has not been possible to assess whether the introduction of WLTP impacted new car registrations, and in particular whether registrations were brought forward to March. This is due to the broader impacts of COVID-19 on car sales which far outweigh other factors that could impact new car sales and cannot be disaggregated. To illustrate this point, SMMT data shows that new car sales fell 44% in March 2020 compared to March 2019, and 97% in April 2020.<sup>1</sup>

You also asked whether the Treasury had considered that the WLTP test had a greater impact on cars with smaller engines, and larger cars to a lesser extent. Because WLTP is a model specific test, replacing the New European Driving Cycle (NEDC) test that applies to families of vehicles, some vehicles will see greater increases than others. However, the correlation between the two tests is largely linear and the evidence submitted as part of the government's review did not find that smaller engines saw greater impacts.

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<sup>1</sup> <https://www.smmt.co.uk/vehicle-data/car-registrations/>

Finally, you asked whether evidence backed the claim that company cars have lower CO<sub>2</sub> impacts. The WLTP review considered evidence from multiple stakeholders including the industry body the British Vehicle Rental and Leasing Association. This showed that fleet buyers account for around 50% of total new car sales and a third of zero emission vehicle sales, with the average company car emitting 111g/km. This is significantly below the average car.

I am copying this letter to the Chairs and other members of the Public Bill Committee, and am depositing a copy of this letter in the Library of the House.

Yours sincerely,

A handwritten signature in black ink that reads "Kemi Badenoch". The signature is written in a cursive, flowing style.

Kemi Badenoch  
Exchequer Secretary to the Treasury