

Motorists back radical shake up in car tax system

Drivers would scrap tax disc and reject satellite-based road user charging for good

Motorists would back a radical shake up of the tax system, putting all of the £42 billion they currently pay in tax onto fuel, scrapping the tax disc and abandoning plans for future road user charging, according to new research by RAC.

The research shows that motorists consider the current taxation system to be unfair and that it does precious little to halt the growing problem of 1.25 million uninsured drivers and 1.75 million cars without a valid tax disc.

Despite the fact that incremental tax increases on fuel provoke anger and dismay from many motorists and haulage companies, 64%, equating to 18 million drivers believe that if motoring taxes were simplified by putting all tax on fuel, it would shake up the current antiquated system, and make today's tax cheats pay up by charging them on the point of use and according to how much they drive.

The findings, detailed in ***RAC Report on Motoring 2004: Counting the cost, cutting congestion*** show that:

- 38% of motorists consider the tax disc to be wholly outdated, with the majority stating that it makes the system easy to cheat
- there is widespread concern about the proposed introduction of road user charging by satellite tracking, with 54% opposing its use for passenger cars. Even if complete confidentiality was guaranteed, only 32% would support its introduction
- suggestions for a daily road user charge onto which tax would be added would be opposed by 71% of motorists

But in order for motorists to be confident that a new tax system on fuel would be fair for all, they will need to develop a more accurate sense of how much money they currently pay for petrol. RAC's Report shows that only 54% of motorists are confident that they know how much their annual fuel bill totals.

In reality, the average motorist spends £964 per annum on fuel. The RAC Report shows that even if motoring costs and taxes were increased by £1,500 per annum, only 30% of drivers would definitely switch to an alternative transport method. This would mean that petrol would have to almost double in price before motorists would switch.

If all motoring-related tax is put on fuel, drivers may find it easier to accurately track how much they spend. At the moment, 73% of the pump price on petrol is tax. Motorists also pay VAT on car purchases and Vehicle Excise Duty in the form of the tax disc.

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Commenting on the findings, RAC spokesperson Rebecca Bell said: "If the cost of motoring is to be used as a lever to coax people out of their cars, fuel taxation does not seem to be such a sensible option. Our research shows motorists have become anaesthetised to fuel-based tax – they just don't think about how much they end up paying. If future motoring taxes were designed to raise maximum revenues, this solution would work a treat but; in reality RAC worries that it might add to, not reduce, car usage in the coming years.

"Road traffic congestion is reaching crisis point. Many parts of the country are simply grinding to a halt. Future taxation must be designed to do two things. First, raise enough revenue to fund a high quality transport system of roads, buses and trains. Second, include cost-based disincentives to dissuade motorists from using their cars for non-essential journeys. A simplified tax system which charges in a much more visible way – and one which is more difficult to pay than just filling your tank with petrol - needs to be implemented if we are to attempt to change the way journeys are made."

Road-user charging

One such 'visible' way of taxing the motorist is road-user charging via satellite tracking, something that the Commission for Integrated Transport has indicated will be a reality on British roads in 10 to 15 years. 18 million motorists would actively oppose its introduction, fearing it as an intrusive 'Big Brother' technology.

Only 24% of motorists would support road-user charging via satellite tracking and one reason for this lack of enthusiasm is the fact that for many, there is no choice but to use their car. Millions of people living in rural areas, and in some towns and cities do not have an adequate or reliable public transport system. Until this problem is addressed, it would be unfair to introduce road-user charging which millions of motorists would have no choice but to take on the chin.

However, when possible benefits of the system were explained to motorists, their opinions softened:

- 67% would support the scheme if it was applied to foreign trucks
- 62% would support the scheme if it could detect and prosecute dangerous speeders
- 58% would support the scheme if it was spent on improving the roads
- 57% would support the scheme if it led to a permanent reduction in road tax and fuel duty

"Though vehemently opposed to the idea of road user charging via satellite tracking, motorists start to understand potential benefits of the system if it is explained. If a system were introduced without thorough explanation, it could be a possible vote loser for the Government. In contrast, Tony Blair's 'Big Conversation' could provide policy makers with an opportunity to debate such a scheme with the driving public. This might help the Department for Transport to avoid motorist action similar to – or worse than – the fuel tax protests of 2000," commented RAC spokesperson Rebecca Bell.

Ends

Notes to Editor:

The terms "company car drivers", "fleet drivers" and "company drivers" all refer to motorists who have their vehicle supplied to them for the purposes of their employment.

***"Counting the cost, cutting congestion"* forms the sixteenth annual RAC Report on Motoring. The sample was made up of 1,000 regular drivers (including 250 company car drivers). Journalists can request a full copy of "Counting the cost, cutting congestion" from the RAC press office on 0208 917 2742 (e-mail pressoffice@rac.co.uk)**

Motoring organisation RAC supports its six and a half million individual and business customers with breakdown cover and a wide range of other motoring solutions - including car and travel insurance, credit card services, loans, legal services, driver training and glass replacement. The RAC Foundation for Motoring is an independent body established to protect and promote the interests of UK motorists. The opinions of each organisation should not be attributed to the other.