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[UK budget targets gas guzzlers & efficient homes](#)

Buyers of high-polluting cars will pay an extra £950 in the first year while clean cars will be exempted from any tax, the UK Budget 2008 revealed on Wednesday. While also boosting zero-carbon buildings, the government proposal did not meet all expectations.

2008-03-14

The UK government efforts to live up to its commitment to tackle climate change more effectively took shape on 12 March, when UK Chancellor Alistair Darling unveiled the greenest budget yet, including new tax schemes for the most polluting cars and energy efficiency targets for buildings.

From 2009 on, a new emissions-based system for road taxes will thus be introduced to encourage the manufacturing and purchasing of clean vehicles. Under the six new bands for the so-called Vehicle Excise Duty (VED) buyers of the greenest cars would pay no tax in the first year, while owners of vehicles above the 255 g/km emission level would pay up to £425. As a special "carrot-and-stick" signal came the announcement, that buying a "gas guzzler" in 2010-11 may cost the consumer an extra £950 for the first year's VED while vehicles below the proposed EU standard of 130 g/km CO₂ emissions would be exempted from any tax duty.

Zero-carbon homes by 2016

As another key element in the UK Budget 2008 featured the announcement to boost home energy efficiency. Darling expressed the government's "ambition" to make all non-domestic buildings carbon neutral by 2019, adding to the existing commitment for new homes to be zero-carbon by 2016. The government will set up and fund with £26 million a new "Green Homes Service" next month to advice residents on how to improve the energy efficiency of their homes.

A more comprehensive "carbon budget" outlining targets to cut emissions by 2022 will be unveiled next year alongside the next annual UK budget.



Delivery does not match expectation

Although Darling's announcements were largely welcomed as a first step in the right direction, environmental groups described the outlined budget as insignificant and lacking any encompassing vision of how to tackle climate change in the long run. Green groups especially criticized the lack of an incentive scheme for renewable energies and the delay of next month's planned 2 pence increase on road fuel duty until October. The effectiveness of the announced car taxation scheme was also questioned by tax specialists and automotive trade associations as the levy would not be high enough to change consumer behaviour. Environmentalists had campaigned for a £2,000 tax increase for the most polluting cars.

More information:

[Budget Statement, Alistair Darling, 12 March](#)

[UK 2008 Budget – Full Report \(4 MB\)](#)

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