

20 December 2021

Dear Member,

NFDA Northern Ireland (NFDA NI)

NFDA Northern Ireland (NFDA NI) continues to work hard on a number of issues affecting dealers, including the VAT margin scheme, MOT, the Electric Vehicle (EV) Charging infrastructure and the end of petrol and diesel vehicle sales in 2030.

In November, we welcomed further clarity from the Government regarding the VAT treatment of second-hand cars and their commitment to further engage with us on the issue.

We are currently writing to the Minister of Economy about EV infrastructure in NI and also formulating our response to the Road Safety consultation, which will be submitted in January, we will keep you updated.

In this month's news, we also feature some of Northern Ireland's general news and relevant updates from the Government.

VAT Margin Scheme

Following our previous communications on the issue, in November the Government provided essential clarity to NFDA NI regarding the VAT treatment of second-hand cars in Northern Ireland.

After the announcements at the Budget on the VAT treatment of second-hand cars in Northern Ireland stating that vehicles first registered after 01/01/2021 would not be eligible for relief, NFDA wrote to the Chancellor of the Exchequer seeking clarity.

As you may recall, in our letter we highlighted how Rt Hon Michael Gove MP, confirmed in Parliament on 13 January 2021 that HMT and HMRC would reinstate a margin scheme to ensure that NI customers do not pay more VAT than in the rest of the UK, a step which was welcomed by the industry.

We outlined that "critically, there was no such limitation announced when the Government first addressed the matter" and that "dealers were extremely anxious that the VAT on thousands of vehicles sold in the past 11 months would have now been due in full".

In response, The Rt Hon Lucy Frazer QC MP, Minister responsible for the UK tax system, confirmed businesses can continue to rely on the HMRC guidance published on 14 January 2021, which does not limit the use of the margin scheme to vehicles first registered before 1 January 2021.

Positively, the Minister also acknowledged that franchised dealers "will have been relying on HMRC's guidance on this issue" and that "the prospect of revisiting the VAT treatment of vehicles already sold this year will be extremely concerning for your members".

As a result, the letter stated that “until the interim arrangement is activated, businesses can continue to rely on the HMRC guidance published on 14 January 2021, which does not limit the use of the margin scheme to vehicles first registered before 1 January 2021”.

The letter continued: “Regarding the interim arrangement, discussions with the EU on this are ongoing, and the legislation announced at Budget will only be activated in the event that a relevant agreement with the EU has been reached. HMRC will publish updated guidance to ensure affected businesses have clarity over how they should treat the sales of affected cars from the interim arrangement’s activation until the new Second-Hand Motor Vehicle Refund Scheme is introduced”.

It was extremely positive that the Government provided essential clarity on the VAT treatment of second-hand cars in Northern Ireland and confirmed that dealers can refer to the initial guidance. It was also encouraging to hear that Government officials recognise the importance of ‘working closely with the industry’ and are ‘keen to engage further’ with NFDA and its members on the design of the new Second-hand Motor Vehicle Refund Scheme.

We welcomed the Government’s invite to discuss the outlook of this policy with and have contributed to discussions with HM Revenue and Customs regarding the future roll-out of the Interim VAT Margin Scheme in NI. In December, we have also hosted two calls with the Treasury to get a better understanding on behalf of members of the Government’s intentions on the VAT margin scheme.

Policy summary

In addition to our ‘win’ and ongoing work on the VAT Margin Scheme, since the launch of NFDA NI in May, we have been working extremely hard to best represent your interests. We have been responding to a number of consultations including ‘Road safety Strategy for Northern Ireland’ and ‘Call for Evidence - Biennial MOT Testing’, we have written to Government on numerous occasions and held constructive meetings.

Meetings and correspondence

- NFDA NI met with DVA CEO Jeremy Logan to discuss MOT testing. We have also met with the Department for Infrastructure (DfI) director to discuss the issue of biannual MOT in more depth
- We attended a [COP 26 climate roundtable](#) with the Northern Ireland Minister for Infrastructure, Nichola Mallon
- We wrote to Minister Nichola Mallon to express our concerns with the Biannual MOT testing Call for Evidence. The Minister facilitated a meeting with a Department for Infrastructure Director and his team.
- We are writing to the minister of Economy regarding the state of EV infrastructure in NI, to continue to lobby on the issue
- We regularly attend the Ministerial-led Transport Working Group.

Levelling up funds: we have consistently lobbied for UK Levelling Up Funds to be used to improve NI’s EV charging infrastructure. As a result, we welcomed the Chancellor’s decision to use funds from Round One of the Levelling up Fund for this purpose.

UK Government doubles funding for Devolved Administrations to tackle Covid

20 December 2021

The UK Government has doubled the amount of additional funding available for the governments in Scotland, Wales and Northern Ireland to tackle Covid.

The Devolved Administrations can now spend an additional £860 million, increased from the initial £430 million previously announced.

The additional amounts now being provided to each government on top of their Autumn Budget 2021 funding are:

- Scottish Government - £440 million
- Welsh Government - £270 million
- Northern Ireland Executive - £150 million

These amounts will continue to be kept under review. These are additional amounts on top of the combined £77.6 billion confirmed for this year at the Autumn Budget 2021. It means that the Devolved Administrations have the certainty they requested to spend additional funding now rather than waiting for Supplementary Estimates in the new year.

General News

New car sales in Northern Ireland drop by 14% in year

Belfast Telegraph, 7 December 2021

Car sales in Northern Ireland during November dropped by 14% compared to the same period in 2020, the Belfast Telegraph reported earlier this month.

It means 418 fewer newer cars were sold in November 2021 compared with 2020, when 2,942 cars were registered. In contrast, 2,524 new cars left showrooms last month. Year to date so far, car sales here are up 2.5% on the first 11 months in 2020.

The figures from the SMMT leave Northern Ireland new car sales second from the bottom of the 'UK regions league table', behind just Scotland, which sold -15% fewer cars. [View the full article here](#)

Covid-19: Booster programme opens to over 18s in Northern Ireland

BBC News, 20 December 2021

Northern Ireland's Covid-19 booster vaccination programme has opened to over 18s who received their second dose at least three months ago. [View the full article here](#)

Thank you for your support over the past months, we look forward to working together in 2022 and best wishes for Christmas and the coming year. If you have any questions for us, please do not hesitate to contact lena.patel@rmif.co.uk or call us on 01788 538 303.

Sue Robinson
NFDA NI Chief Executive