

# GOVERNMENT INTRODUCES INCENTIVE FOR MOTORISTS TO 'SCRAP' OLD CARS AND VANS

Source: BERR Department for Business Enterprise & Regulatory Reform

Motorists are being offered £2,000 towards a new car or van if they trade in their 10-year-old, or older, vehicle for scrap under plans unveiled by the Government in today's Budget.

The decision to implement a scrappage scheme has been taken after careful consideration of car industry proposals, lessons learnt from European schemes as well as concerns raised about the impact of such a scheme on other sectors of the economy.

The UK scheme, with £300m from Government and matched funding from industry, is intended to provide immediate support on a short-term basis to boost the car industry and its supply chain in the wake of falling sales. It will also get older vehicles off the road and encourage consumers to invest in new, safer, and potentially more environmentally friendly models.

Business Secretary Lord Mandelson said:

"This is targeted action with a capped budget and for a limited time, designed to boost the whole motor trade. This will ensure that the benefits of a scrappage scheme are balanced with the needs of other sectors of the car industry such as the second hand market, maintenance and repair businesses, and other industries that produce consumer durables or on the taxpayer.

"The car sector is under huge pressure at the moment and the government is determined it remains a very important part of our manufacturing base. It invests heavily in research and development, supports highly skilled workers and a wider supply chain. These are vital to our future manufacturing and retail success."

The scheme will be run by automotive manufacturers who wish to participate. It is expected to be operational from mid-May to allow industry time to prepare. There will be proper verification procedures to ensure the rules are followed, including audits by DVLA to avoid abuse that has been encountered in other countries.

Business Minister Ian Pearson said:

"People will not only save hard-earned cash on buying a new car or a van for their business but they will know they are helping save jobs too.

"If you've got a vehicle that's ten years old or more, you just need to talk to a participating dealer who will do the rest. You will get at least £2,000 towards a new one."

Additional notes from the BERR:

1. The £2,000 grant is made up of £1,000 from government with matched funding from industry. The scheme will operate from mid-May until March 2010 or until the government funding has been used.
2. It applies to commercial vans (up to 3.5 tonnes) as well as cars that are 10 years old or older.
3. The scheme is a voluntary scheme so not all manufacturers or dealers may participate.
4. How to apply

The dealers will do all the paperwork for motorists participating in the scheme and arrange for the old vehicle to be scrapped. The dealer will check that the vehicle being traded in and the new one being bought qualify under the scheme:-

## OLD VEHICLE

- Passenger car or small van up to 3.5 tonnes
- First registered in United Kingdom on or before 31 August 1999
- Currently registered with DVLA to the registered keeper making the application, or currently on Statutory Off Road Notification (SORN)
- Current MOT test certificate
- Registered Keeper must have a UK address
- The registered keeper has been the registered keeper of the vehicle continuously for the preceding 12 calendar months before the order date of the new vehicle

## NEW VEHICLE

- Passenger car or small van up to 3.5 tonnes
- First registered in the UK or after the date the scrappage scheme is launched and declared new at first registration in the UK with no former keepers
- UK specification vehicle
- Registered to the same registered keeper as the registered keeper of the eligible vehicle to be scrapped