Response to the consultation on VAT relief on substantially and permanently adapted motor vehicles for disabled wheelchair users

Introduction

Few conditions are as devastating as motor neurone disease (MND). It is rapidly progressive in the majority of cases, and is always fatal. People with MND will, in varying sequences and combinations, lose the ability to speak, swallow and use their limbs; the most common cause of death is respiratory failure. Most commonly the individual will remain mentally alert as they become trapped within a failing body, although some experience dementia or cognitive change. There are about 5,000 people living with MND in the UK. Half of people with the disease die within 14 months of diagnosis. There is no cure.

The MND Association is the only national organisation supporting people affected by MND in England, Wales and Northern Ireland, with approximately 90 volunteer led branches and 3,000 volunteers. The MND Association's vision is of a world free from MND. Until that time we will do everything we can to enable everyone with MND to receive the best care, achieve the highest quality of life possible and to die with dignity.

People with MND typically come to use a wheelchair as a result of the disease; the use of an adapted vehicle can allow them to retain the ability to travel, and is therefore an important aspect of maintaining quality of life for many people. We respond below to selected questions; we have no comment to offer on questions not addressed.

Question 1– Do you agree that reform of the relief is needed? If not, why not?

On the basis of the evidence and analysis presented by HMRC, we feel that the appropriate course of action is to enforce the existing arrangements effectively, rather than to change the rules governing the relief.

Introducing restrictions on the relief and new barriers for people who wish to access it is likely to have unintended consequences, most likely arising from a misunderstanding or misapplication of the new rules by dealers. This may take the form of inappropriately high levels of proof of need, or of other bureaucratic hurdles for people to clear; or even dealers being unwilling to administer the new system at all. Confusion of this sort among people who have to implement new rules is a common feature of reforms to both the tax and benefits systems.

We therefore recommend working with dealers to eliminate abuse of the system or, at most, reform that focuses on compliance by dealers and minimises restrictions on disabled people.

Question 2 – Do you agree that, in general, VAT relief should only be allowed on one vehicle, purchased for the personal use of a disabled person, every three years? If not, please give your reasons.

We would support this change only if clear allowance is made for changing need: although it would be unusual for a person with MND to need to buy more than one adapted vehicle over the course of their illness – typically two to five years – the disease is rapidly progressive and it is possible for substantial changes in need to require people to use a succession of different wheelchairs, which could in turn require the replacement of a previously suitable adapted vehicle.

Question 3 – Under what circumstances should the rule be relaxed to allow more than one vehicle to be purchased within a three year period?

There should be clear and generous provision for recognising changing physical need.

Question 4 – Do you agree that a rule specifying a minimum cost of adaptations, of 20% of the cost of the vehicle, should be introduced? If not, what suggestions do you have for defining the 'substantial adaptation' of a vehicle?

No. We feel this would be an arbitrary barrier that could cause unintended consequences in practice, for instance if the value of legitimate works falls just short of the 20% threshold. We recommend focusing the reforms in other areas, as below.

Question 7 – Would motor dealers be generally supportive of supplying information on zero-rated sales to HMRC?

We note that a substantial portion of the analysis presented by HMRC focuses on difficulties caused for dealers. We feel that this is the tail wagging the dog: this relief is intended to benefit people with disabilities, not car dealers. A clear programme of work by HMRC to ensure compliance with the rules across the sector would create the level playing field that dealers appear to desire. This may include a mandatory reporting scheme – indeed, the apparently widespread abuse of the system is unsurprising in light of the absence of a requirement on dealers to provide information to HMRC with which they can monitor compliance. We would support the introduction of such a requirement. The focus of the reforms must however be on ensuring the scheme works for people with disabilities, not on ensuring that it works for dealers.

Question 10 – Do you agree that a mandatory eligibility declaration should be made for all purchases of zero rate adapted vehicles?

We would not support a mandatory eligibility declaration as the sole mechanism for confirming a person's entitlement to this relief. People with MND are already obliged to clear countless bureaucratic hurdles to claim benefits, make financial arrangements and access care and support, all on top of coping with an extremely distressing diagnosis and progressively debilitating illness that will quickly prove fatal to them. We would not support the addition of another item on this list of hoops to jump through.

We would, however, potentially feel able to support this measure if a wide range of existing entitlements could be used as an eligibility declaration, such as being eligible for the mobility component of Personal Independence Payment, being in the support group for Employment and Support Allowance for reasons of disability, having qualified for a Disabled Facilities Grant, or having obtained a DS1500. Allowing a wide range of such entitlements to carry eligibility for the relief would minimise the burden placed on people with MND who wish to make use of it. We would only support such an approach, however, if the efforts to improve compliance by dealers have first been tried and found ineffective; we would not support the introduction of a mandatory eligibility declaration, however broadly drafted, in the first instance. The first attempts to improve the system must focus on the dealers who operate it, not on introducing new restrictions on disabled people.

Question 15 – Other than people transported in ambulances, are you aware of any circumstances where a disabled person is usually carried on a stretcher?
No. The reference to the use of stretchers is outdated.

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