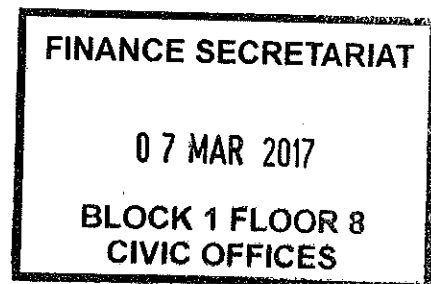


6 March 2017

Cllr. Ruairi McGinley
Chairperson, Finance Strategic Policy Committee
Office of the Head of Finance
Finance Department
Dublin City Council
Civic Offices
Wood Quay
Dublin 8



Re: REP315/SC/17

Dear Cllr. McGinley,

I refer to your correspondence of 31 January 2017 in relation to the abolition of the paper motor tax disc.

I wish to advise that there are no immediate plans to abolish the paper motor tax disc in Ireland.

As you are aware, the abolition of the motor tax disc took effect in the U.K. from 1 October 2014. In that jurisdiction, a vehicle excise duty evasion survey is carried out on a bi-annual basis. Please find attached the results of the 2015 survey.

The survey found that the rate of unlicensed vehicles observed on the road was much higher than had been observed in the previous survey in 2013, prior to the abolition of the disc. The survey concluded that the increase is probably due to the changes in the vehicle licensing system which took effect from October 2014 (as well as the abolition of the disc, direct debits were introduced for vehicle excise duty, and refunds were introduced for the seller on change of ownership in respect of any excise duty that had been paid in respect of any period following the transfer. Prior to that, the disc transferred with the vehicle and remained valid until expiry, as is currently the case in Ireland.).

I note the reference to the use of Automatic Number Plate Recognition (ANPR) in the Report attached to your correspondence. Enforcement of motor tax and the instruments used to facilitate enforcement measures, including the application of ANPR, are a matter for An Garda Síochána. Any replacement of the requirement for the display of discs on vehicle windscreens would need to be considered in the context of the level of application

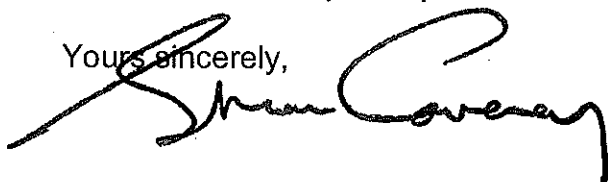
of ANPR by An Garda Siochána, in order to ensure that adequate enforcement levels are maintained.

It should be noted that the Cost of Insurance Working Group, chaired by my colleague, the Minister of State at the Department of Finance, Eoghan Murphy, T.D., published a Report on the cost of motor insurance in January of this year. The Group considered the issue of the abolition of the paper-based insurance disc as part of its deliberations. The decision of the Working Group was that it was not recommending the phasing out of the paper-based insurance disc at this time. In arriving at its conclusion, the Group cited the same reasons set out above, noting the experience in the U.K. following the removal of the paper disc and, in terms of enforcement, setting out that it understood that Ireland is not yet in a situation to underpin an enforcement regime where technology would be the primary method of enforcement. As the Group noted, it is too early to be definitive on the longer-term impacts of the abolition of the disc in the U.K. in terms of evasion and impacts on revenue, officials in my Department will continue to monitor developments in this regard. In relation to the use of ANPR, the Group recommended that the phasing out of the paper based disc should be reviewed in the future as the development of technology progresses. It is likely that any changes in enforcement measures as a result of such a review would be applied to both motor tax and insurance in tandem. The Report can be found at the following link – the relevant excerpt is on pages 136 and 137.

<http://www.finance.gov.ie/what-we-do/banking-financial-services/financial-services-division-2-eu/insurance-policy-and-0>

Finally, I wish to advise that the Report of the Comptroller and Auditor General on the Administration and Collection of Motor Tax will be published in early April. I will let you know when the Report is published.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Simon Coveney', written in a cursive style.

**Simon Coveney T.D.,
Minister for Housing, Planning, Community
and Local Government**

Encl.