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COMPANY CAR TAX SPRING 2024.

OUR GUIDE TO THE SPRING 2024 BUDGET
FOR FLEET DECISION MAKERS.

BIG LOVE.



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INTRODUCTION.

The Budget on 6 March 2024 headlined with announcements on a continued freeze on fuel duty, a cut in National Insurance Contributions and funding commitments for innovation in zero emission vehicle and clean aviation.

The Budget also confirmed Benefit-in-Kind (BIK) tax rates for company cars until March 2028. For now, BIK tax percentages for all company cars are fixed until April 2025, with the EV rate set at 2%. From that date, tax percentages for EVs will increase, with 1% increments applying annually until 2027/28. Rates for all other vehicle bands also rise –

by one percentage point in 2025/26 up to 37% where they are fixed until 2027/28. VED rates rose in line with the Retail Price Index in April 2024, and VED will be brought in on all EVs from April 2025 with rates falling into line with those for petrol and diesel cars, including the supplement for new cars costing £40,000 or more.

Businesses are also able to benefit from capital allowance 'full expensing', or 100% first-year tax relief, on qualifying plant and machinery expenditure including vans and EV chargepoints (but excluding cars). Initially introduced for three years

from 2023/24, this was confirmed as permanent in the Budget, and is now set to include leased assets, with draft legislation to come.

A 50% first-year allowance (FYA) for expenditure on new special rate assets applies until 31 March 2026.

This MINI Guide to Company Car Tax offers explanations and guidance on developments following the Spring 2024 Budget.

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VEHICLE EXCISE DUTY.

Vehicle Excise Duty (VED) rates for 2024/25 are shown (right). Cars priced over £40,000 with zero emissions of CO₂ when driving are exempt from the additional rate until 31 March 2025.

From 1 April 2025, VED will be levied for the first time on EVs at 'Band B' rates. New EVs over £40,000 first registered from 1 April 2023 will also become liable for the additional rate, while zero emission vans will move to the rate for petrol and diesel light goods vehicles – £335 a year for most vans in 2024/25.

– **First-year rate:** Applies to all cars registered from 1 April 2017.

– **Standard rate (yr2 onwards):** £190 – cars with CO₂ emissions of 1g/km or over with a list price of £40,000 or less.

– **Additional rate (yr2 onwards):** £600 – cars with CO₂ emissions of 1g/km or more priced over £40,000. For EVs, the additional rate applies only to cars registered from 1 April 2025.

VEHICLE EXCISE DUTY.

RATES IN 2024/25: CARS FIRST REGISTERED AFTER 1 APRIL 2017.

CO ₂ EMISSIONS (G/KM)	2024/25 FIRST YEAR RATE	2024/25 FIRST YEAR DIESEL RATE ¹	STANDARD RATE (YR2 ON FOR CARS WITH LIST PRICE UNDER £40,000) ²	ADDITIONAL RATE (YR2 ON FOR CARS WITH LIST PRICE OVER £40,000) ³
0	£0	£0	£0	£0
1-50	£10	£30	£190	£600
51-75	£30	£135	£190	£600
76-90	£135	£175	£190	£600
91-100	£175	£195	£190	£600
101-110	£195	£220	£190	£600
111-130	£220	£270	£190	£600
131-150	£270	£680	£190	£600
151-170	£680	£1,095	£190	£600
171-190	£1,095	£1,650	£190	£600
191-225	£1,650	£2,340	£190	£600
226-255	£2,340	£2,745	£190	£600
Over 255	£2,745	£2,745	£190	£600

¹Applies to diesel vehicles first registered after 01 April 2018 that do not meet the real driving emissions step 2 (RDE2) standard. ²Alternative fuel vehicles, including hybrids, bioethanol and LPG, pay £180 a year. ³Cars with a list price over £40,000, except those with zero CO₂ tailpipe emissions when driving, pay an additional rate of £410 per year on top of the standard rate for five years. 2024/25 rates apply from 1 April 2024.

VEHICLE EXCISE DUTY.

CARS REGISTERED ON OR AFTER 1 MARCH 2001.

VED BAND	CO ₂ EMISSIONS (G/KM)	2024/25 STANDARD RATE (COMPARED WITH 2023/24)
A	Up to 100	£0
B	101-110	£20
C	111-120	£35
D	121-130	£160
E	131-140	£190
F	141-150	£210
G	151-165	£255
H	166-175	£305
I	176-185	£335
J	186-200	£385
K*	201-225	£415
L	226-255	£710
M	Over 255	£735

* Figures in brackets show comparison with 2023/24. *Includes cars emitting over 225g/km registered before 23 March 2006. 2024/25 rates apply from 1 April 2024.

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COMPANY CAR TAX.

TAXABLE PERCENTAGES OF P11D VALUE: ALL COMPANY CARS.

WLTP CO ₂ EMISSIONS (G/KM)	ZERO CO ₂ EMISSIONS RANGE ¹	BIK (%) 2024 – 2025 ²	BIK (%) 2025/2026 ²	BIK (%) 2026/2027 ²	BIK (%) 2027/2028 ²
0	All	2	3	4	5
1 to 50	More than 130	2	3	4	5
1 to 50	70-129	5	6	7	8
1 to 50	40-69	8	9	10	11
1 to 50	30-39	12	13	14	15
1 to 50	Less than 30	14	15	16	17
51 to 54	-	15	16	17	18
55 to 59	-	16	17	18	19
60 to 64	-	17	18	19	20
65 to 69	-	18	19	20	21
70 to 74	-	19	20	21	21
75 to 79	-	20	21	21	21
80 to 84	-	21	22	22	22
85 to 89	-	22	23	23	23
90 to 94	-	23	24	24	24
95 to 99	-	24	25	25	25
100 to 104	-	25	26	26	26
105 to 109	-	26	27	27	27
110 to 114	-	27	28	28	28
115 to 119	-	28	29	29	29
120 to 124	-	29	30	30	30
125 to 129	-	30	31	31	31
130 to 134	-	31	32	32	32
135 to 139	-	32	33	33	33
140 to 144	-	33	34	34	34
145 to 149	-	34	35	35	35
150 to 154	-	35	36	36	36
155 to 159	-	36	37	37	37
160+	-	37	37	37	37

Source: HMRC. For all cars, drivers must add 4% to their appropriate percentage if the car is propelled solely by diesel (up to a maximum of 37%). Cars that meet the Real Driving Emissions Step 2 (RDE2) standard are exempt from the diesel supplement. The RDE2 standard sets a maximum permitted level of car NOx emissions in real world driving situations, and is measured through portable emissions-measuring equipment in a variety of real driving trips. Rates for fully electric cars (0g/km) are capped at 5%. Rates for ultra-low emission cars (1-74g/km) are capped at 20% for the tax year 2025 to 2026. They are capped at 21% for the tax years 2026/2027 and 2027/2028. Rates for bands 75-170g/km and above remain frozen for the 2026/2027 and 2027/2028 tax years. ¹In miles when driving. ²Rates apply until 31 March in each tax year

Company car BIK tax is based on a car's P11D price and CO₂ emissions. All company cars are taxed according to WLTP CO₂ emissions, with the BIK percentage rates shown in the table (right) applying until 31 March 2028.

From 1 April 2025, BIK tax rates for cars with zero emissions of CO₂ when driving, for example EVs, will rise by 1% a year until 2027/28. Rates for all other BIK bands will rise by 1% in 2025/26 and are then fixed in 2026/27 and 2027/28.

For cars with CO₂ emissions of 1-50g/km, their driving range with zero emissions of CO₂ has a bearing on tax liabilities. For non-RDE2 diesels, a 4% tax charge applies.

CO₂ emissions and fuel consumption information for all MINI models is available at www.MINI.co.uk, while data for all cars can be found on the Vehicle Certification Agency site at www.vehicle-certification-agency.gov.uk.

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CAPITAL ALLOWANCES & LEASE RENTAL RESTRICTION.

Company cars bought outright are eligible for write-down allowances, where capital outlay can be offset against tax. The allowance threshold between the 18% main and 6% special rates is based on CO₂ emissions, set at 50g/km in 2024/25. For cars with CO₂ emissions of 1-50g/km, the allowance is 18% a year, while for cars with CO₂ emissions of 51g/km or more it is 6%. A 100% first-year capital allowance applies until 31 March 2025 to cars with zero emissions of CO₂ while driving, although leasing companies are unable to claim the allowance.

Full expensing

The Budget announced capital allowances based on 'full expensing', following the success of the 130% 'super deduction' introduced in 2021. Full expensing enables businesses to deduct 100% of outright purchase expenditure from their profits before tax on new main rate equipment items – such as electric charging equipment, vans and trucks (provided the Plug-in Grant has not also been claimed) but excluding company cars. The measure is effective until 31 March 2026.

A 50% first-year allowance (FYA) for expenditure on new special rate assets also applies until 31 March 2026.

Lease rental restriction

Lease rentals on company cars can be offset against tax, with the threshold set at 50g/km of CO₂. New cars with CO₂ emissions of 50g/km or less are eligible for 100% of payments to be offset, while only 85% is claimable for those with CO₂ emissions of 51g/km or more.

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FUEL ALLOWANCES.

BUSINESS MILEAGE.
PRIVATE CAR.

The 2024/25 HMRC approved mileage allowance payments (AMAPs) for business mileage reimbursement in a private car are shown below.

The rates are the tax and NIC-free amounts claimable per mile by a driver using his/her own car on business.

HMRC APPROVED MILEAGE ALLOWANCE PAYMENT (AMAP) RATES 2024/25.

UP TO 10,000 MILES	OVER 10,000 MILES
45p	25p

The 'free' fuel benefit

BIK tax is payable by drivers receiving employer-provided 'free' fuel for private mileage in a company car. To calculate it, the Fuel Benefit Charge (FBC) is used – £27,800 in 2024/25.

Calculating tax due on employee provided 'free' fuel

A MINI Cooper C 3-door Sport has WLTP combined CO₂ emissions of 139g/km, giving a BIK tax percentage of 32% in 2024/25.

Its WLTP combined fuel consumption figure is 45.6mpg, (6.2 litres/100km). £27,800 x 32% gives a taxable value of £8,896. Multiplying by the driver's income tax rate derives annual tax of £8,896 x 20% = £1,779, or £8,896 x 40% = £3,558. With the average price of unleaded at £6.59/gal or £1.45/litre (June 2024), £1,779 will buy around 269 gallons (1,222 litres) for a 20% tax payer. For a 40% tax payer, it is around 540 gallons (2,454 litres).

Multiplying each by the MINI Cooper C 3-door Sport's combined fuel consumption of

45.6mpg gives 12,266 miles for a 20% tax payer, or 24,624 miles for a 40% tax payer – the minimum private mileages you need to cover to make the fuel benefit worthwhile.

If your private mileage is less than the calculated figure, paying for the fuel yourself will cost less than the tax. If it is greater, you are better off paying the tax.

As electricity is not a fuel it has no scale charge, meaning drivers of 100% electric cars are exempt from fuel benefit tax.

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CLASS 1A NATIONAL INSURANCE CONTRIBUTIONS.

The Budget announced a cut of two percentage points in National Insurance Contributions, but Class 1A NICs are still payable at 13.8% of taxable value by the employer on the company car benefit and employer-provided fuel for private use. As electricity is not classed as a fuel, there is no scale charge and 100% electric cars are NIC-exempt in 2024/25. For plug-in hybrid cars, the zero-emission mileage the car can travel affects the NIC payable in the same way as for BIK tax.

Class 1A NIC – petrol, diesel and plug-in hybrid cars:

A MINI Cooper C 3-door Sport, with a P11D price of £26,325 and WLTP CO₂ emissions of 139g/km, has a BIK tax percentage of 32% in 2024/25.

£26,325 x 32% gives a taxable value of £8,424. Multiplying by 13.8% derives annual Class 1A NIC of £1,163.

Class 1A NIC – employer-provided 'free' fuel in 2024/25:

For employer-provided fuel for private use, the Government Fuel Benefit Charge of £27,800 applies. Multiplying by the MINI Cooper C 3-door Sport's 32% tax charge gives a taxable value of £8,896. Multiplying by 13.8% gives Class 1A NIC of £1,227.

Click [here](#) for more information on car and fuel benefits.

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GOVERNMENT PLUG-IN GRANTS.

The Government Plug-in Car Grant of up to £2,500 is available only to wheelchair accessible vehicles priced up to £35,000* with zero CO₂ tailpipe emissions and a zero-emission range of at least 70 miles.

Motorcycles: Motorcycles priced up to £10,000, with zero CO₂ tailpipe emissions and a range of at least 31 miles between charges, are eligible for a maximum grant of £500.

Mopeds or scooters: Mopeds or scooters costing up to £10,000, with zero CO₂ tailpipe emissions and a range of at least 19 miles between charges are eligible for a maximum grant of £150.

Vans: Vans under 2.5t GVW with CO₂ emissions of 50g/km or less and a zero-emission range of at least 60 miles receive a grant of up to £2,500. Vans of 2.5-4.25t GVW receive a grant of up to £5,000. Grants are limited to 1,000 per customer per year and exclude leasing companies.

Plug-in Van Grant

Plug-in Van and Truck Grant availability was extended in 2022 until 2024/25, with the threshold for claiming the small truck grant of up to £16,000 increased from 3.5t to 4.25t GVW.

Vans up to 4.25t are eligible for the large van grant of up to £5,000. Drivers with

standard car licences can also drive electric vans of up to 4.25t, compared with a 3.5t limit for diesel vans.

Electric Vehicle Chargepoint Grant

The EV Chargepoint Grant has replaced the Electric Vehicle Homecharge Scheme (EVHS) and is available to people living in flats (including those with mortgages) and rental accommodation.

Those in single-unit properties such as bungalows and detached, semi-detached or terraced housing are no longer eligible for the grant. Click [here](#) for further information.

*The definition of recommended retail price includes VAT (including VAT reclaimable by a business) vehicle manufacturer or dealer's mandatory extras including delivery charges or administration fees, the battery cost (including where the battery is leased), any non-standard option fitted by the manufacturer or dealer affecting the capacity of the battery, drivetrain configuration or maximum net power, and excludes any non-standard option fitted by the manufacturer or dealer which does not affect the capacity of the battery, drivetrain configuration or maximum net power, modifications such as 'police packs', ambulance/fire engine modifications, modifications for disabled users, including WAV conversions, warranty/insurance and service packages etc, first registration fee and cost of first-year VED and any discounts (including rebates). UK model specifications may vary