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THE BMW GUIDE

TO COMPANY CAR TAX AUTUMN 2024



INTRODUCTION



The Budget on 30 October 2024 headlined with announcements on a continued freeze on fuel duty, which is extended for a further year until 22 March 2026, BIK tax rates for 2028/29 and 2029/30 and a rise in National Insurance Contributions for employers. Retail Price Index-linked increases in standard VED rates and Car and Van Fuel Benefit Charges were also announced, taking effect from 6 April 2025, although subject to a RPI-linked rise in April 2025. An investment of £1.6 billion was also pledged by the Chancellor, Rachel Reeves, to tackle potholes on UK roads, a rise of £500 million over 2024/25.

For now, Benefit-in-kind (BIK) tax percentages for all company cars are fixed until April 2025, with the Electric Vehicle (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. In 2028/29 BIK rates for zero emission cars rise by two percentage points while rates for all cars emitting 1-50g/km are elevated to 18%. A 1% rise for all other cars in 2028/29 and 2029/30 takes the percentage rate to 39% for cars with CO₂ emissions of 160g/km or over.

Vehicle Excise Duty (VED) rates increase in line with the Retail Price Index in April 2025, with VED brought in on all EVs from 1 April 2025. The new rates fall into line with those for petrol and diesel cars, including the supplement for new cars costing £40,000 or more.

Capital allowance full expensing, or 100% first-year tax relief, on qualifying plant and machinery expenditure including vans and EV chargepoints (but excluding cars) is extended by a year. Initially introduced for three years from 2023/24, the Budget stated this could be extended to include leased assets when fiscal conditions allow.

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

Disclaimer: The information provided in this Guide is for general information purposes only and is correct to the best of our knowledge at the time of publication (October 2024). While we have made every effort to ensure the information in this document is accurate, neither BMW (UK) Ltd nor the author can be held responsible for any actions or consequences arising from acting on, or refraining from taking any action, as a result of reading this. You should seek your own independent financial advice in relation to any taxation or accounting matters referred to in this document. Figures for fuel consumption, CO₂ emissions and energy consumption for individual models are shown for comparability purposes. These figures may not reflect real life driving results, which will depend upon a number of factors including accessories fitted (post registration), variations in weather, driving styles and vehicle load. Figures for electric vehicles and plug-in hybrid vehicles were obtained after the battery had been fully charged. Figures for plug-in hybrid vehicles were obtained using a combination of battery power and fuel. More information is available at www.BMW.co.uk and at www.vehicle-certification-agency.gov.uk. **UK model specifications may vary.**



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. The following announcements were made in the Budget:

› **From 1 April 2025**, EVs and cars with zero emissions will pay the lowest first year rate at £10 in 2025/26 and an annual VED of £195. New EVs over £40,000 first registered from 1 April 2025 will also become liable for the additional rate.

- › **First year rates for cars emitting 1-50 g/km of CO₂**, including hybrid cars, will increase to £110 for 2025/26.
- › **First year rates for cars emitting 51-75 g/km of CO₂**, including hybrid cars, will increase to £130 for 2025/26.
- › **First year rates for all cars emitting 76 g/km of CO₂** and above will double from their current level for 2025/26.
- › **Zero emission vans** will move to the rate for petrol and diesel light goods vehicles – £335 a year for most vans in 2024/25, rising to £345 in 2025/26.

VED 2024/25 and 2025/26: for registrations after 1 April 2017

VED Band	CO ₂ emissions (g/km)	First year rate (2024/25)	Standard rate Yr2 on (under £40,000) ¹	First year rate (2025/26)	Standard rate Yr2 on (under £40,000) ²
		(£)	(£)	(£)	(£)
A	0	0	0	10	195
B	1-50	10	190	110	195
C	51-75	30	190	130	195
D	76-90	135	190	270	195
E	91-100	175	190	350	195
F	101-110	195	190	390	195
G	111-130	220	190	440	195
H	131-150	270	190	540	195
I	151-170	680	190	1,360	195
J	171-190	1,095	190	2,190	195
K	191-225	1,650	190	3,300	195
L	226-255	2,340	190	4,680	195
M	Over 255	2,745	190	5,490	195

¹ In 2024/25, cars with a list price over £40,000, except those with zero CO₂ tailpipe emissions when driving, pay an additional rate of £410 on top of the standard rate for five years following the first year rate, after which the rate reverts to the standard rate. In 2025/26, the additional rate rises to £425. 2024/25 rates apply until 31 March 2025. 2025/26 rates are subject to a RPI-linked in April 2025 and apply from 1 April 2025. Diesel vehicles registered after 1 April 2018 that do not meet the real driving emission step 2 (RDE2) standard will be charged a supplement on their first year rate to the effect of moving up by one VED band



COMPANY CAR TAX



Company car BIK tax is based on a car's P11D price and CO₂ emissions, with the BIK percentage rates shown in the table (right).

From 1 April 2025, BIK tax rates for cars with zero emissions of CO₂ when driving, for example EVs, will rise by one percentage point a year until 2027/28. Rates for all other BIK bands will rise by 1% increments in 2025/26 and are then fixed in 2026/27 and 2027/28. In 2028/29 and 2029/30, rates for zero emission cars rise to 7% and 9% respectively. For all cars with CO₂ emissions of between 1-50g/km, rates rise to 18% and 19% respectively, with 1% increments for cars with CO₂ emissions of 51g/km and above. For non-RDE2 diesels, a 4% tax charge applies.

Example: a 100% electric BMW iX2 xDrive30 M Sport (above) has a P11D price of £57,390* and CO₂ emissions of 0g/km. Its BIK band for 2024/2025 is 2%. £57,390 x 2% gives a taxable value of £1,148 and yearly BIK tax of £230 (£19/month) for a 20% taxpayer, or £459 a year (£38/month) at 40%.

Taxable percentages of P11D value: 2024/25 – 2029/30

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	BIK (%) 2028/2029 ²	BIK (%) 2029/2030 ²
0	All	2	3	4	5	7	9
1 to 50	More than 130	2	3	4	5	18	19
1 to 50	70-129	5	6	7	8	18	19
1 to 50	40-69	8	9	10	11	18	19
1 to 50	30-39	12	13	14	15	18	19
1 to 50	Less than 30	14	15	16	17	18	19
51 to 54	-	15	16	17	18	19	20
55 to 59	-	16	17	18	19	20	21
60 to 64	-	17	18	19	20	21	22
65 to 69	-	18	19	20	21	22	23
70 to 74	-	19	20	21	21	22	23
75 to 79	-	20	21	21	21	22	23
80 to 84	-	21	22	22	22	23	24
85 to 89	-	22	23	23	23	24	25
90 to 94	-	23	24	24	24	25	26
95 to 99	-	24	25	25	25	26	27
100 to 104	-	25	26	26	26	27	28
105 to 109	-	26	27	27	27	28	29
110 to 114	-	27	28	28	28	29	30
115 to 119	-	28	29	29	29	30	32
120 to 124	-	29	30	30	30	31	32
125 to 129	-	30	31	31	31	32	33
130 to 134	-	31	32	32	32	33	34
135 to 139	-	32	33	33	33	34	35
140 to 144	-	33	34	34	34	35	36
145 to 149	-	34	35	35	35	36	37
150 to 154	-	35	36	36	36	37	38
155 to 159	-	36	37	37	37	38	39
160+	-	37	37	37	37	38	39

Source: HMRC. Diesel cars that do not meet the Real Driving Emissions Step 2 (RDE2) standard are subject to a 4% tax charge. Rates for fully electric cars (0g/km) rise by one percentage point each year until 2027/28. For 2028/29 rates rise by two percentage points to 7% and by a further two points to 9% in 2029/30. Rates for cars with CO₂ emissions of 1-50g/km rise by one percentage point until 2027/28. In 2028/29, rates rise to 18%, and 19% in 2029/30. ¹ In miles when driving. ² Rates apply until 31 March in each tax year



CAPITAL ALLOWANCES AND 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 are 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 2026 for Corporation Tax and 5 April 2026 for Income Tax to cars with zero emissions of CO₂ while driving, although leasing companies are unable to claim the allowance.

Full expensing

The Budget announced a one-year extension to capital allowances based on 'full expensing', to 31 March 2027, 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 government will explore extending full expensing to assets bought for leasing or hiring, when fiscal conditions allow.

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.



FUEL ALLOWANCES



The employer-provided fuel for private use benefit

BIK tax is payable by drivers receiving employer-provided fuel for private mileage in a company car. To calculate it, the Fuel Benefit Charge (FBC) is used – £27,800 in 2024/25, rising to £28,200 on 6 April 2025/26.

Calculating tax due on employer-provided fuel for private use

A new BMW X5 xDrive 30d M Sport has WLTP-derived CO₂ emissions of 191g/km giving a BIK tax percentage of 37% in 2024/25.

Its WLTP¹ combined fuel consumption is 38.7mpg, (7.3 litres/100km). £27,800 x 37% gives a taxable value of £10,286. Multiplying by the driver's income tax rate derives annual tax of £10,286 x 20% = £2,058, or £10,286 x 40% = £4,114. With the average price of diesel at £6.36/gal or £1.40/litre (October 2024), £2,058 will buy around

323 gallons (1,468 litres) for a 20% taxpayer. For a 40% taxpayer, it is around 647 gallons (2,941 litres).

Multiplying each by the BMW X5 xDrive 30d M Sport's combined fuel consumption of 38.7mpg gives 12,500 miles for a 20% taxpayer, or 25,039 miles for a 40% taxpayer – the minimum private mileages you need to cover to make the 'free' fuel benefit worthwhile.

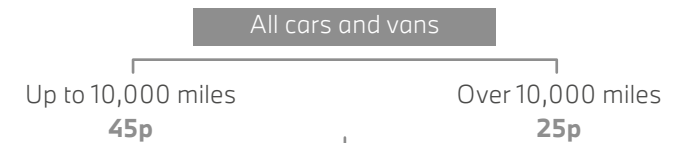
If your private mileage is less than the calculated figure, paying for the fuel yourself will cost less than the tax. If it is greater, you are better off paying the tax.

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

Business mileage, private car

HMRC Approved Mileage Allowance Payments (AMAPs) – the tax and NIC-free amounts claimable by a driver using his/her own car for business mileage – are shown below for 2024/25.

AMAP reimbursement rates per mile 2024/25





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CLASS 1A NATIONAL INSURANCE CONTRIBUTIONS

The Budget announced a 1.2% rise in employers' National Insurance Contributions from 6 April 2025. In 2024/25, class 1A NICs are payable at 13.8% of taxable value by the employer on the company car benefit and employer-provided fuel for private use. From 6 April 2025, the rate rises to 15%. 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 its taxable value and the NIC payable in the same way as for BIK tax. However, the Budget announced that, in April 2028, all cars with CO₂ emissions of 1-50g/km will have their taxable value based on a rate of 18%, rising to 19% in 2029/30.

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

A BMW X3 30e xDrive M Sport Plug-in Hybrid¹ (left), with a P11D price of £61,440* and WLTP CO₂ emissions of 22g/km, has a zero-emission range of up to 54 miles, giving a BIK tax percentage of 8% in 2024/25. The BIK tax percentage rises to 9% in April 2025. £61,440 x 8% gives a taxable value of £4,915. Multiplying by 13.8% derives annual Class 1A NIC of £678. From 6 April 2025, the NIC percentage rate rises to 15%.

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 in 2024/25, increasing to £28,200 in April 2025. Multiplying by the BMW X3's 8% tax charge gives a taxable value of £2,224. Multiplying again by 13.8% gives Class 1A NIC of £307. From 6 April 2025, the NIC percentage rate rises to 15%.

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

¹ The BMW X3 30e xDrive is a Plug-in Hybrid vehicle requiring mains electricity for charging. WLTP figures are shown for comparability purposes. Only compare fuel consumption, CO₂ and electric range figures with other cars tested to the same technical procedures. These figures may not reflect real life driving results, which will depend upon a number of factors including the starting charge of the battery, accessories fitted (post-registration), variations in weather, driving styles and vehicle load



DRIVING IN A CLEAN AIR ZONE

Clean Air Zones (CAZ) are in place in the following cities: Bath, Birmingham, Bradford, Bristol, Greater Manchester, Portsmouth, Sheffield and Tyneside (Newcastle and Gateshead). In London, daily Congestion Charges and the Ultra Low Emission Zone (ULEZ) apply.

For information on how to check if you'll need to pay a CAZ charge and create a business account, and what support or exemptions are available, click **here**.

London Ultra Low Emission Zone (ULEZ)

The London Ultra Low Emission Zone (ULEZ) operates in all Boroughs 24 hours a day, seven days a week, except Christmas Day. It excludes the M25 motorway.

If your vehicle doesn't meet ULEZ emissions standards and isn't exempt, you need to pay a £12.50 daily charge to drive in the zone. This applies to cars, motorcycles, vans and specialist vehicles up to 3.5 tonnes, and minibuses up to five tonnes.

The daily ULEZ charge of £12.50 is enforced based on the declared emissions of the vehicle rather than its age. It also applies to residents of the Zone. The Zone was expanded on 29 August 2023 to include all London Boroughs, but excludes the M25 motorway.

There is a penalty charge of £180, reduced to £90 if paid within 14 days. If you drive within the ULEZ area across two days, for example before midnight and after midnight, you need to pay two daily charges.



ULEZ minimum emission standards

Petrol vehicles: Euro 4 (NOx)

Diesel vehicles: Euro 6 (NOx and PM)

Petrol cars that meet ULEZ standards are generally those first registered as new with the DVLA after 2005, although cars that meet the standards have been available since 2001.

Diesel cars that meet ULEZ standards are generally those first registered with the DVLA as new after September 2015. For further information on the ULEZ, click **here**

London Congestion Charge

The London Congestion Charge is a £15 daily charge if you drive into the Congestion Charge zone between 07:00-18:00 Monday-Friday and 12:00-18:00 on Saturday-Sunday and bank holidays. There is no charge between Christmas Day and New Year's Day.

From 25 December 2025, EVs, which currently receive a 100% discount on the charge, will also become eligible for the full rate of £15 per day.

To check your car's ULEZ and Congestion Charge compliance go to <https://tfl.gov.uk/modes/driving/check-your-vehicle>

*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**