HOW TO MANAGE ELECTRIC VEHICLES IN A COMPANY CAR FLEET

allstar

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The electric company car is here, and it's here to stay. With sales of new petrol- and diesel-only cars set to end in 2030, increasingly fleets and their employees are going to opt for electric alternatives.

This rate of growth will continue because, despite all the criticism of electric cars from some quarters, and the doubts of drivers yet to make the switch, increasing numbers of models are going electric and for employees already in them, their benefits are clear.

That's not to say the transition is entirely straightforward though. Moving into an electric company car successfully from a petrol or diesel one requires some modifications in behaviour, routine and mindset.

In this whitepaper, we'll look at this in detail: how your fleet management systems might need to change, and how drivers may need to adapt their approach to business travel.

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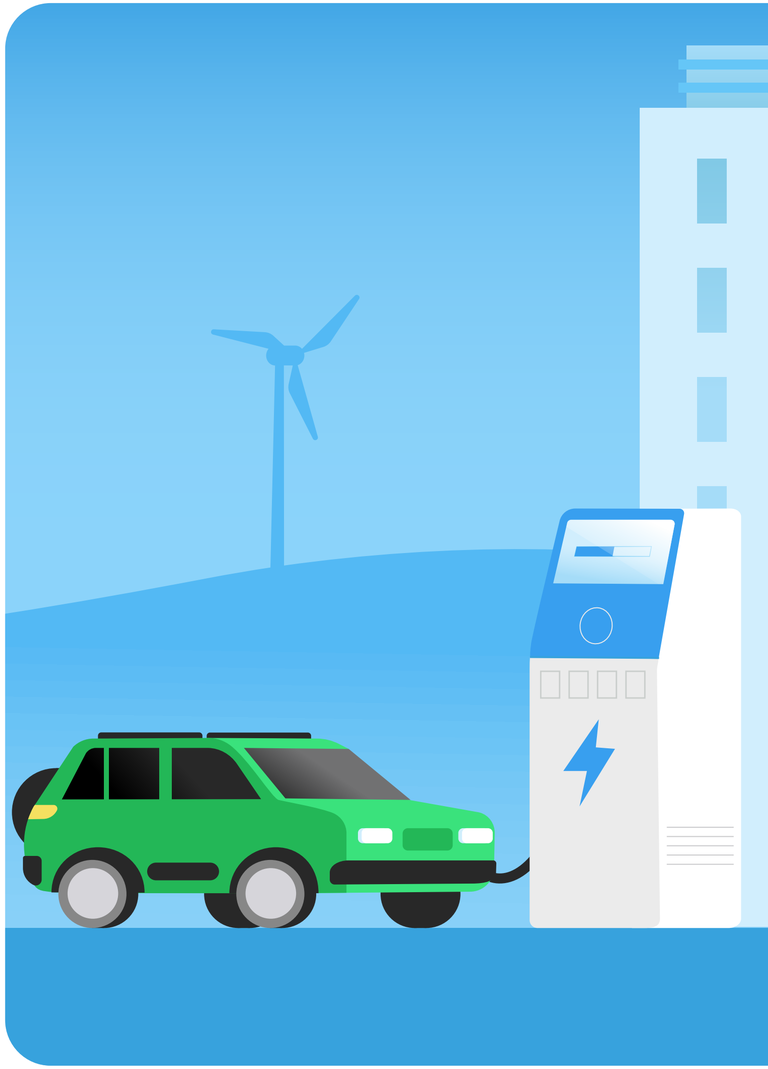

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Glossary

AER

The Advisory Electric Rate is the pence-per-mile amount, determined by HMRC, that employees can reclaim from their employer, the cost of energy for any business mileage completed in their electric company cars. The fuel equivalent is known as Advisory Fuel rate, or AFR.

BEV (battery electric vehicle)

A fully electric vehicle powered solely by rechargeable batteries,with no internal combustion engine.

BIK (benefit in kind)

A non-cash perk or benefit provided by an employer to an employee, such as health insurance or a company car. Tax is paid on the P11d value of these benefits.

CCS

A charging standard for electric vehicles that uses both AC and DC charging via a connector.

CHAdeMO

A fast-charging standard for electric vehicles that uses DC charging to replenish battery power.

Class 1A National Insurance contributions

Employer-paid contributions on most taxable employee benefits, such as company cars or health insurance. Note, Class 1 NIC is paid by both employees and employers on salary (earnings) but not benefits.

Company car tax

A benefit-in-kind (BIK) tax employees pay for using a company-provided car, calculated based on the car's P11d value, CO2 emissions, and income tax rate. For some cars (PHEVs), the tax is also based on the zero emission range.

Expensive car supplement (ECS)

An additional duty applicable on cars with a list price of over a certain threshold (currently £40,000), between years 2 to 6.

FYA (First Year Allowance)

An allowance which lets businesses claim 100% tax relief on qualifying capital expenditure in the year of purchase.

kWh

Kilowatt Hour (kWh) is the measure of battery capacity.

mi/kWh

Miles per Kilowatt Hour (mi/kWh) is the figure showing how many miles a vehicle can go on 1 kWh.

National Minimum Wage

The legal minimum hourly pay rate employers must pay workers in the UK, varying by age and employment status.

OpRA (Optional Renumeration Arrangements)

OpRA applies when salary or a cash allowance is given up in favour of a benefit. It doesn't apply to cars with emissions of 75g/km or below.

PHEV

A vehicle that combines an internal combustion engine with an electric motor, which can be charged via an external power source.

P11d Value

The taxable benefit-in-kind (BIK) value of a company car, which is calculated based on price list, CO2 emissions, zero emissions range for some PHEVs and fuel type.

RDE2 standard

An emissions regulation requiring vehicles to meet emissions limits for NOx under real-world driving conditions.

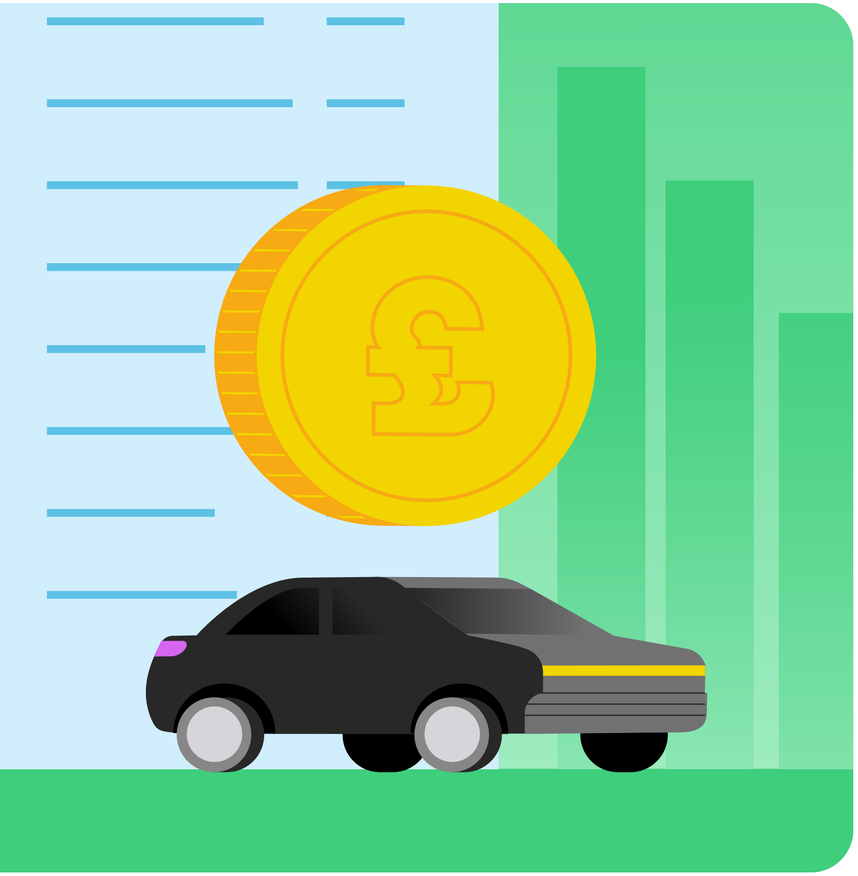
Salary sacrifice

An arrangement where an employee agrees to exchange part of their salary for a non-cash benefit.

Vehicle Excise Duty (VED)

An annual duty on vehicles driven in the in the UK, which for cars is calculated based on their CO2 emissions and fuel type. Also see expensive car supplement (ECS).

THE BENEFITS OF AN ELECTRIC VEHICLE IN A COMPANY CAR FLEET



With typical leasing cycles lasting three or four years, almost every company car driver in your business is only one change of vehicle away from having to choose a company car with some form of electric power, due to the phasing out of petrol- and diesel-only new cars in 2030.

For some drivers the transition to electric has, or will be, a smooth, positive experience. For others, less so.

But one thing to bear in mind is that whatever the opinions within your company might be, if managed correctly (and each driver's needs are understood), the change can be hugely beneficial to everyone involved.

Firstly, if run the right way, they can be much lower cost for both you and your employees. We take a closer look at tax later on in this paper.

For some drivers the transition to electric has, or will be, a smooth, positive experience.

FUEL AND ELECTRICITY

There are lots of tax savings for electric company cars and, if managed well, efficiencies can also be made elsewhere.

There are undoubtedly savings to be made with charging electric company cars, compared to fuelling petrol or diesel alternatives, if completed in certain ways.

While petrol and diesel forecourt prices can vary by 20-30p per litre depending on the retailer and location, they follow a similar pricing pattern.

The pricing models for electric are different, depending on delivery method. At home, in off-peak periods, the price could be as low as 1p per kWh*, while average peak may be 24p. In public, the cost can vary from 25p to £1.10p per kWh, as it's dependent on many factors including supplier and speed of delivery.

Also, bear in mind that domestic electricity has 5% VAT applied, while electricity from public chargers incurs 20% VAT.

Factoring the price of energy against fuel economy, it means you can make significant savings with electric, as these examples show, but also it can cost more than traditional fuels in some instances.[1 2 3]

*Some energy providers offer 'free energy' or prices as low as 1p per kWh for short periods of time.

1. https://www.gov.uk/guidance/vat-on-fuel-and-power-notice-70119
2. https://www.gov.uk/guidance/advisory-fuel-rates
3. https://www.gov.uk/guidance/vehicle-tax-for-electric-and-low-emissions-vehicles

Specialist off-peak

EV tariff	8p per kWh
Battery size	80kWh
Charge cost 100%	£6.40
Distance covered	300 miles
Pence per mile	2.1p

Typical Domestic

EV tariff	24p per kWh
Battery size	80kWh
Charge cost 100%	£19.20
Distance covered	300 miles
Pence per mile	6.4p

Typical Public

EV tariff	78p per kWh
Battery size	80kWh
Charge cost 100%	£62.40
Distance covered	300 miles
Pence per mile	20.8p

Typical Petrol

Petrol cost	£1.30 per litre
Fuel economy	40mpg
Fuel cost	£44.32
Distance covered	300 miles
Pence per mile	14.7p

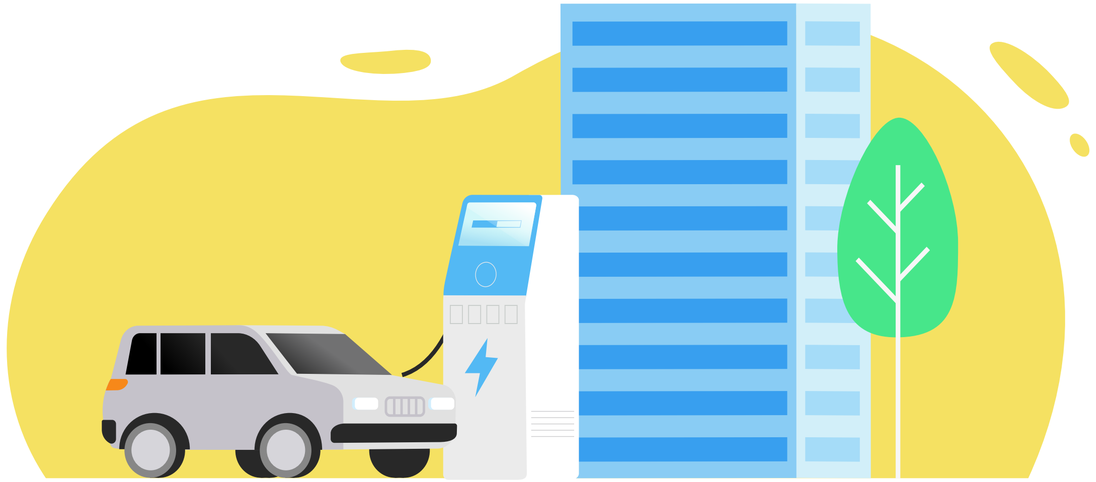
PAYING FOR CHARGING

A system for reimbursement of business mileage that is both fair and accurate is important, and HMRC has a recommended amount for electric cars, called the Advisory Electric Rate (AER)[4].

It is currently set at 7p per mile, but as our analysis on page 3 shows, where an electric car could be running at 2p or 20p per mile, it may not be the fairest or most accurate way to reimburse costs.

That's because:

1. The cost of electricity can be different from the rates used to set the AER.
2. It is not always an accurate representation of the cost of running an EV in real world conditions.
3. Each driver, charging from home and on public charge points, will be paying differing tariffs.



For more accurate ways to pay for home and public charging, which also provide you with actionable data that allows you to manage an electric company car fleet better, see **Sections 6 and 7**.

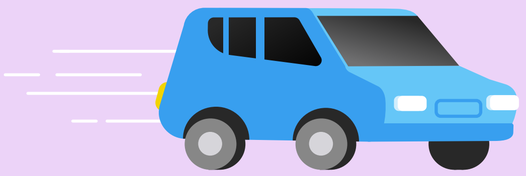
4. https://www.gov.uk/guidance/advisory-fuel-rates

SERVICE, MAINTENANCE AND REPAIR

The powertrains in electric cars have fewer moving parts than those in petrol and diesel ones, and require less maintenance. Industry analysis shows that in the third year, SMR spend on electric cars may be around half that on ICE versions.

Where there is not so much clarity is the cost as the vehicles get older than three to four years because of the lower number of electric cars over this age[5].

SMR spend on electric could be HALF of ICE over three years



Source: Epyx[6]

Vehicle Excise Duty (VED)

In April 2025, electric cars registered before April 2017 will be subject to a £20 annual charge. EVs registered between April 2017 and March 2025 will be subject to a £195 annual charge.

New cars registered from April 2025 will pay £10 for the first year and £195 annual charge thereafter. Those newly registered electric cars costing more than £40,000 will also be subject to a £425 annual expensive car supplement (ECS) from years 2 to 6.

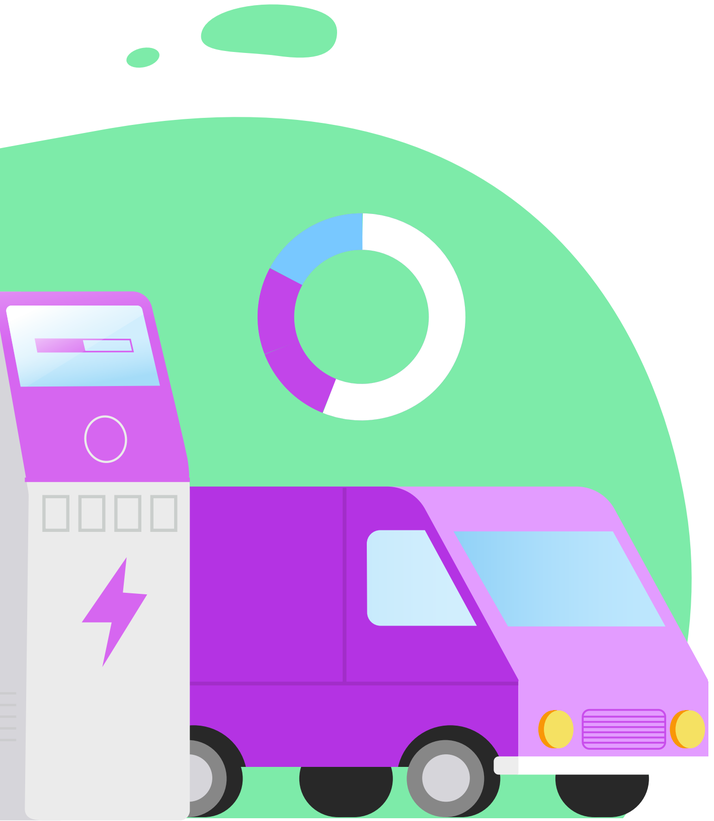
5. https://www.fleetnews.co.uk/news/opinion-how-fleets-have-learnt-to-forecast-electric-vehicle-smr
6. https://www.epyx.co.uk/2024/08/15/our-real-world-data-suggests-ev-smr-savings-are-starting-to-become-apparent/?utm_source=content&utm_medium=report&utm_campaign=fy25-01-uk-as-ev-whitepaper
7. https://www.rac.co.uk/drive/electric-cars/running/electric-car-road-tax-guide-do-i-need-to-pay/

Management action plan

Understand your costs now, and going forward.

1. To introduce electric cars you will need to consider the practicalities and costs to your business. Profile your fleet, how it operates and its current costs, and where savings may be made with electrification. But also identify the risks too.
2. Put in place new processes for payment of charging sessions, so you have clear data and processes from the start.
3. Speak to your vehicle supplier about maintenance packages. These can help to reduce costs for all vehicles.
4. Electric cars often need less servicing, but make sure it doesn't get forgotten and that regular inspections take place, especially to tyres.

THE JOURNEY TO BETTER (LONGER) ELECTRIC CAR DRIVING



UK new car buyers now have more than 125 different battery electric vehicle (BEV) models to choose from – an uplift of 38% in 2024 alone[8]. Electric cars have developed hugely in the last decade, from short range runabouts to the point where some can do 400 miles or more (based on WLTP data) on one charge, if driven efficiently. Also, many of the latest models can charge ultra-rapidly too, and are able to take 350kW input speed.

Range: from anxiety to assurance

2012 Nissan Leaf	70 miles
2016 BMW i3	190 miles
2020 Tesla Model S	375 miles
2024 Volkswagen ID.7	430 miles

Precondition

Before any journey and while plugged in, use the preconditioning mode in most electric cars to either heat or cool the cabin in order to spare energy on heating or cooling while driving. And It can also get the batteries to optimum temperature so they operate more efficiently.

Regenerative Braking

Regenerative braking is a feature in EVs which allows the vehicle to recover and store energy while slowing down (applying the brakes) or decelerating (releasing the accelerator pedal). Whereas EV coasting, is where the vehicle rolls freely without any accelaration or braking, but instead relying on vehicle momentum to maintain its speed.

8. https://www.smmt.co.uk/2024/11/ev-deliveries-rise-in-october-as-overall-market-shrinks/

MANAGEMENT ACTION PLAN

Climate control

If you don't need it, switch it off. The less the climate control has to work to cool or heat the car, the more range you'll have.

Plan routes

Once drivers understand how their car works best, they can plan routes that suit its characteristics. Some are far more efficient on the motorway, for example, while others might suit slower, but more direct and shorter routes.

Charge to 80%

In order to preserve battery life and capacity - and therefore range - most manufacturers recommend charging to 80%, not 100%. This is especially true if you're using rapid and ultra-rapid chargers a lot, as high speed charging can have a more detrimental effect on the batteries than slow charging.

Considerations with electric company cars

Residual values

Because the electric car market is rapidly evolving, and the volumes are lower than other, longer established, car types, residual values can be less predictable[9]. While this isn't a problem if you lease (other than the price offered may change), if you outright purchase your cars, you may need to plan for unstable used values.

Driver suitability

Spend some time assessing driver suitability. Ensure they do the right kind of journeys and have the infrastructure to use electric cars effectively, such as space for a charger and parking an EV at home. Finding you have unhappy employees who have a car they can't get on with, but are committed to for the next three or four years, may cause problems.

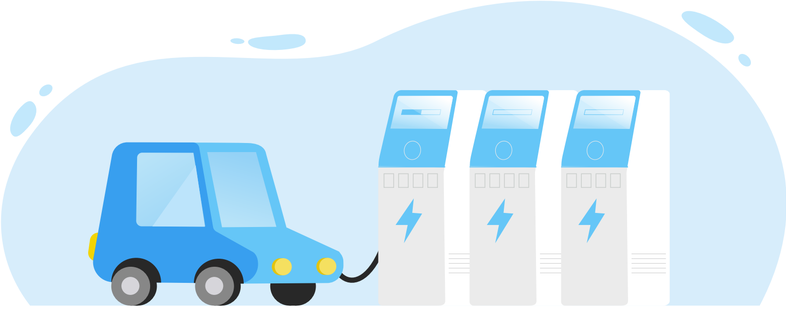
9. https://thevra.co.uk/healthy-used-car-market-could-deteriorate-in-q4-warns-vra/

PUBLIC CHARGING

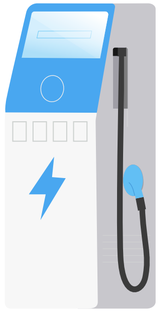
The public charging network is growing at a considerable rate[10]. In 2020, there were just under 21,000 charge points available to drivers in the UK - by the end of 2024 there were more than 70,000. More than 58,000 connectors are on the Allstar Chargepass network, with 82% fast, rapid & ultra-rapid chargers.

Implementation continues to accelerate each year too. Under 7,500 points were installed in 2021, while 17,500 were connected in the first 10 months of 2024 alone.

The number of ultra-rapid chargers (with power of more than 150kW) is growing as well, with more than 2,500 installed in 2024 - 70% more than there were in 2023.



10. https://www.zap-map.com/ev-stats/how-many-charging-points



Public Charging: Speeds

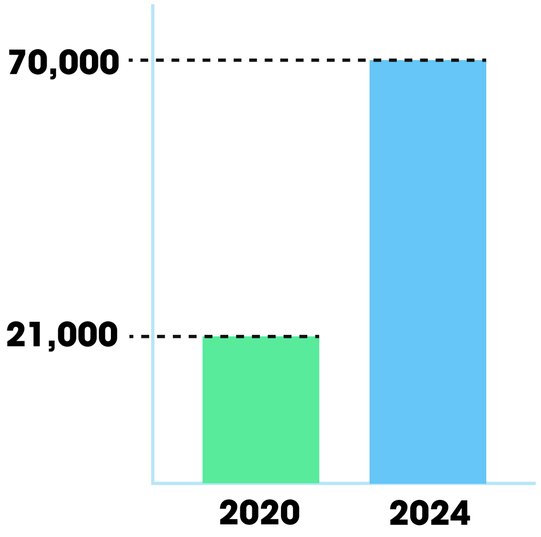
	Power	Approx. time to full charge*	80kW Battery**
Ultra-Rapid chargers	150 - 350kW	15 - 30 minutes	80kWh
Rapid chargers	50 - 150kW	30 - 90 minutes	80kWh
Fast chargers	22 - 50kW	90 minutes - 4 hours	80kWh
Slow chargers	7 - 22kW	4 - 11 hours	80kWh

*Times are approximate and may vary due to the vehicle's limitations and the charging speeds available below 20% and above 80% battery capacity.

**In electric vehicles, the battery's capacity – its ability to store energy – is measured in kWh. This is analogous to the size of a fuel tank in a petrol or diesel car. The higher the kWh rating, the more energy the battery can store, and generally, the further the vehicle can travel on a single charge. The capacity can range between 30-100kWh depending on the size.

COSTS OF PUBLIC CHARGING

How public charging has grown:



The average cost for business drivers charging their cars in public is 78p per kWh[11], and while this is noticeably more expensive than charging at home, it should be noted that it includes VAT at 20%, rather than 5% domestically.

That means with the right process around receipts and reclaim in place, many VAT-registered businesses could claim back a significant chunk of that VAT, usually related to business mileage.

It is worth noting that if you reimburse your company car drivers using the AER of 7ppm, your VAT recovery will be restricted according to the rate of reimbursement, and may well be less than the VAT actually incurred charging the car at a public charge point.

Added to the generally more expensive charging rates, fleets need to have oversight about where drivers charge, and how much they spend, or costs can spiral.

Usually, but not always, the cost is aligned to the speed of the chargers. The faster the charge, the higher the price.

Installing banks of ultra-rapid chargers and the necessary infrastructure to handle power demands costs a lot of money and so providers need to recoup that investment.

Drivers, and their managers, need to understand this balance, and what's needed to get their work done in the most time- and cost-efficient way. There's no point sitting on a cheap 7kW public charger for hours just to save money if that time would be better served working. Or, on the other hand, paying £1 a kWh for 350kW speeds when there's plenty of time to plug in and charge somewhere slower and cheaper.

11. https://allstarcard.co.uk/resources/ev-insights/allcosts-reveals-average-fuel-and-electric-vehicle-prices?utm_source=content&utm_medium=report&utm_campaign=fy25-01-uk-as-ev-whitepaper-costs-of-public-charging

MANAGEMENT ACTION PLAN

4 steps to better public charging

There are many things to consider when charging in public. Here are the main ones.

1 Will drivers need their own cable?

Because of their power requirements, chargers above 50kWh always have their own cable. For slower chargers, the driver will need to use their own cable.

2 What connectors are needed?

Almost every charger has a Type 2 connecter. The faster ones (above 50kW) also have two extra pins below as part of the CCS system. Some older, mostly Japanese cars need chargers with CHAdeMO connectors, but they are becoming less prevalent as manufacturers use the EU-approved CCS system.

3 Plan routes

A small amount of pre-route planning can save a lot of time in the long run. Once they become used to driving electric cars, drivers usually have preferred charging suppliers - ones they are confident offer a good balance of price, speed and availability. By planning routes to use these they can be far more productive.

4 Make the most of micro downtime

Even on the fastest chargers, drivers might have to spend time off the road regularly. Ensure they make the most of that downtime. After all, you're paying for it in charging costs and salary. If it's not in their allowed breaks, make sure you've put systems in place so they can catch up on work, emails, have meetings or make calls.[12]

12. https://www.zap-map.com/ev-guides/connector-types

GETTING THE BALANCE OF SPEED AND COST RIGHT

Say you have an employee earning £50,000 - the equivalent of around £24 an hour. They need to stop to charge and while doing so, can't continue to work. Here's a simplified cost analysis:

Charger 1	
Charger speed	150kW
Charger cost	82p per kWh (inc VAT)
Energy need	50kWh
Charging time	20 minutes
Charge cost	£40 (inc VAT)
Cost of employee	£8
TOTAL	**£48**

Charger 2	
Charger speed	22kW
Charger cost	40p per kWh (inc VAT)
Energy need	50kWh
Charging time	2 hours 15 minutes
Charge cost	£20 (inc VAT)
Cost of employee	£52.80
TOTAL	**£72.80**

In this case, it's a false economy to choose the cheaper charger because of the cost of downtime. Better to opt for a faster charge, get back to work and enhance productivity. While you're not likely to do this type of time and motion study in every instance, it's worth having an idea of the effect of downtime on the way your business operates, and have a plan in place.

HOW A HOME CHARGER WORKS

Unless you're a business that demands every driver has an EV no matter what, if a driver has chosen an electric company car themselves, there's a very high chance that the ability to charge at home has been factored in. In fact, more than 90% of drivers with an electric car can do this[13] . How they do this might vary slightly.

For a few, it may mean plugging a cable straight into a mains plug socket, but this is not ideal. Charging this way only allows speeds around 2kW, which means for most drivers, the car needs to be charging any time it is stationary. 2kW speeds to fully charge a modern battery of 70-80kWh could mean 35-40 hours plugged in.

Far more typical is a 7kW wall box. There are dozens of manufacturers of these and they provide far faster charging, as well as the ability to link to the internet, the car and household smart energy systems to provide data about charging and pricing.

For a 70-80kWh battery, a 7kW wall box could take approximately 10-12 hours to fully charge. These use either a cable permanently attached at one end to the wall box (called tethered), or the cable supplied with the car (called untethered).

The cost of these wallboxes can vary, but are typically around £800-£1,000 (although the final bill can depend on installation costs). Some car brands and leasing companies offer package deals to create savings for new drivers to electric.

There are also 22kW home chargers available, but they require three-phase electricity supply which is not typical in domestic energy networks.

13. https://www.gov.uk/government/publications/electric-vehicles-costs-charging-and-infrastructure/electric-vehicles-costs-charging-and-infrastructure#:~:text=Most%20EV%20drivers%20charge%20at,90%25%20of%20them%20charged%20overnight

MANAGING AN EV FLEET: CHARGING AT HOME

Speed

Speed isn't everything when it comes to charging EVs. Instead, it's all about having the right charger at the right time, with the right tariff. And home is ideal in most circumstances.

If a driver has hours of time overnight to plug in, then they don't need to be hooking up to high power, more expensive public chargers. A 7kW wall box, on an off-peak tariff, at least half the price, for six or seven hours overnight is likely to be sufficient for most needs.

Tariffs

There are quite literally thousands of home electricity tariffs, and prices can vary enormously. The average price of electric used for charging at home is currently 24p per kWh , according to Allstar's AllCosts report[14]. but on smart networks where the tariff changes every half hour depending on demand, it could plummet to 1p at certain off-peak times. Some energy providers even offer free electricity at times.

Often though, the house will need to be signed up to a smart energy meter to access the lower charges, and they need to be aware that while the electricity they use for charging their car in off-peak periods may be less, the consequence could be that peak electricity tariffs are higher than normal. Most energy providers now provide online tools to allow customers to calculate the best choice, based on all domestic energy usage.

14. https://allstarcard.co.uk/resources/ev-insights/allcosts-reveals-average-fuel-and-electric-vehicle-prices?utm_source=content&utm_medium=report&utm_campaign=fy25-01-uk-as-ev-whitepaper-home-charging

BEING SMART ABOUT CHARGING AT HOME

Planning is key when charging an EV. If this driver only needs 100 miles of range each day, then they could schedule charging (usually in the car or through its app) for the five hours every night that electricity is at it cheapest.

It's not enough time to fully charge the car in one go, but at 9p per kWh, It would cost less than £7 to get to 100%.

Even if they needed to charge in one go, with just under half of the battery (35kWh) charged at off-peak rates and the rest (42kWh) at the higher 24p rate, it would still only cost just over £13 to get from 0-100%.

EV: 77kWh / 300 mile range	
Average daily need	100 miles
Charger	7kW Wallbox
0-100% Charging time	13 hours
Tariff (off-peak)	9p
Tarrif (peak)	24p

*Peak /off peak times vary by provider, off-peak usually refering to overnight.

4 STEPS FOR INSTALLING HOME CHARGERS

If you've run petrol and diesel cars, the methods for filling them up are well-established and understood. It makes buying fuel easier to control, especially when you have fuel cards.

But charging brings new challenges, and one is how to manage employees plugging in at home, where the employer has less control.

When we know these challenges, it's simple to over-come them by ensuring clear policies and processes are in place about costs, logistics, suppliers and HR; so not every installation of a charger is a unique event requiring inordinate amounts of time to manage.

1 Have a process for assessing home charging capability

It might seem obvious, but before installing a charger (or even ordering an EV), have a process in place for ensuring drivers can have a wallbox put in. The last thing you want to do is order an electric company car and then find there's no way of charging it at home.

2 Decide on suppliers

While many leasing companies and car manufacturers work with approved charge point suppliers, it will make life a lot easier if you have a list of approved providers. This way, you can be sure that each installation follows prescribed processes and agreed costs, as well as invoicing, specification and technology within the charger (such as smart network connectivity) that supplies the right data you need.

3 Who pays for installations?

This a policy decision for each business to make, because the wallbox might outlast the driver's employment. It's worth doing some cost analysis of the potential savings and tax advantages from charging at home, which over time could outweigh the outlay on installation. Also, if the employer pays for the installation, then the employee isn't liable for Benefit-in-Kind on the cost[15].

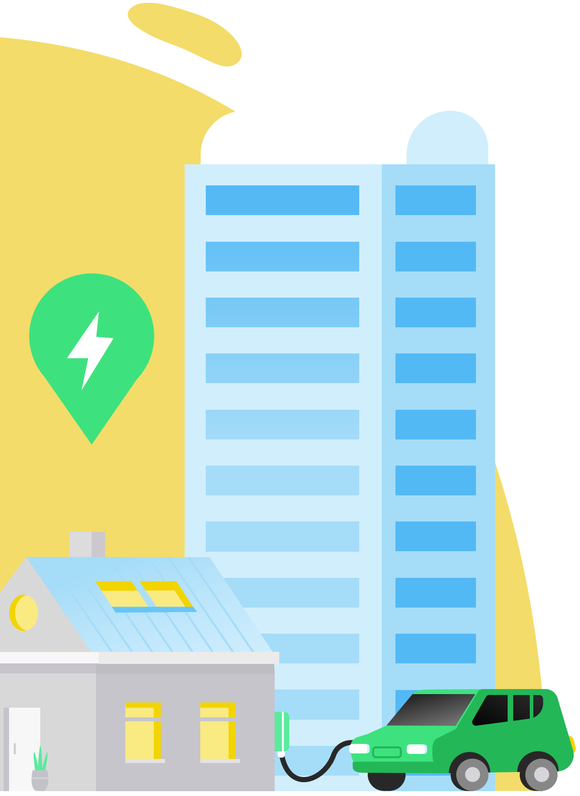
4 Personal use and end of employment

Businesses should make it clear that employees look after and use wall boxes as the supplier recommends, and that they report any damage or issues immediately. Also, set out at the start what will happen if they leave the business: whether they will get to keep the wall box (with or without paying for it), or whether it will be taken back – and who pays for this and any rectification work needed.

15. https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim23900

MANAGEMENT ACTION PLAN

Questions to ask an employee, to assess suitability for a home charging unit.



Space to charge

Do you have a driveway or space to park and plug in your work-supplied vehicle?

Ability to charge

Will you have adequate time to plug in at home?

Infrastructure

How easy will it be to fit a charger at your property?

Connectivity

Do you have WIFI near to the homecharger?

Energy provider and tariff

What energy provider do you have, and what's your tariff?

Property ownership

Do you own your property or will approval be needed to fit a wallbox?

MYTHS, QUERIES AND QUESTIONS: ANSWERED BY ALLSTAR

The biggest myth is the infrastructure isn't there yet. Implementing an EV fleet is likely to create conversations in the office: some myths that need busting and considerations to discuss, such as:

You can't charge in the rain

EV connecters and plugs are perfectly safe to use in the rain. They have Ingress Protection[16] measures to ensure they are sealed against most rain and spray.

Batteries don't last

Now that there are more, older EVs around, evidence[17] is growing that batteries are lasting far beyond even their warranties (usually around 8 years and 100,000) – and even up to twice that.

EVs don't have enough range

With more models now offering between 250-400 miles range, and the average daily mileage for a UK driver of 20 miles[18], the majority EVs can cover daily trips easily.

They're less clean than petrol and diesel

Even when electricity generation and vehicle production is taken into account, electric cars emit about a third the amount of CO2 of petrol and diesel alternatives[19].

There's no charging capacity

Capacity is expanding rapidly. There are now more than 98,000 charge points in the UK, with a new charge point going online every 25 minutes in the UK during 2024.

The electricity grid won't cope with EV charging

With most electric cars charged at night, there is currently enough capacity, and in future, the growth of offshore wind farms, other renewables and new nuclear power means National Grid[20] is confident of keeping up with demand.

16. https://blog.wallbox.com/en/what-do-protection-ratings-mean/
17. https://www.rac.co.uk/drive/electric-cars/charging/how-long-do-electric-car-batteries-last/
18. https://www.caranalytics.co.uk/guides/average-car-mileage/#:~:text=In%20the%20UK%2C%20a%20car,high%2Dmileage%20car%20is%20increased.
19. https://www.transportenvironment.org/articles/how-clean-are-electric-cars
20. https://www.nationalgrid.com/stories/journey-to-net-zero-stories/can-grid-cope-extra-demand-electric-cars

HOW TO SET UP HOMECHARGE

It's quick and easy to set up drivers on to Allstar Homecharge, here's how:

1 Activate Homecharge*

Select the drivers in your Allstar Online account and we'll contact them to get their charger and energy supplier info.

2 Charger connected

Once the info is received, Homecharge connects directly to the driver's home charger and energy supplier.

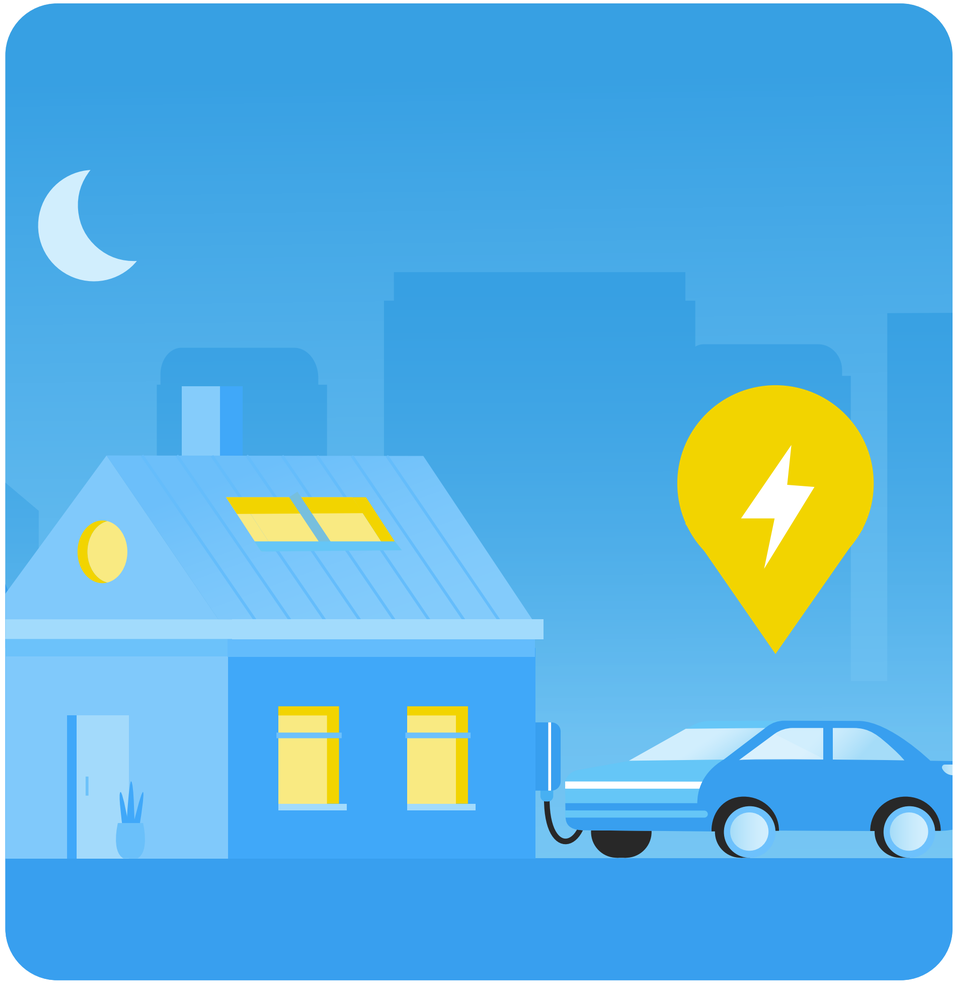
3 Automatic Tracking

Drivers can start charging from day one, Homecharge automatically receives the data and cost of each charging session.

4 Monthly payments

Allstar pays drivers' energy suppliers** each month for the cost of home charging. You get a HMRC-compliant invoice.

*Additional fees apply.
**In order to comply with HMRC Vehicle Fuel benefit, businesses may require a process to identify and reclaim payments for private use.



BENEFIT IN KIND (BIK) TAX

Tax is often cited as being a reason to switch to electric, both for drivers and their employers. But tax can often feel like a dark art to the non-specialist. We hope to explain some of the great benefits to be realised in this next section.

A benefit in kind is a non-cash perk or advantage provided by an employer to an employee, such as a company car or health insurance, which is often taxable. Usually, employees in electric company cars will have lower benefit in kind tax bills than in comparable petrol and diesel cars.

The current tax regime, now set in place until 2030, sees the driver of a zero-emission electric car paying tax on 3% of its P11d value in 2025/26. By comparison, they'll pay tax on 26% for a petrol car emitting 100g/km of CO2 in the same year.

The disparity does close slightly by 2030 (9% v 28%), but it is still a considerable advantage to choose an electric company car over a petrol or diesel one.

BIK Tax Bands

Year	Electric	Petrol 100g/km	Diesel 100g/km*
2025-26	3%	26%	26%
2027-28	5%	26%	26%
2029/30	9%	28%	28%

BIK Tax in the run up to 2030

Year	Electric	Petrol 100g/km	Diesel 100g/km*
2025-26	3% / £180	26% / £1560	26% / £1560
2027-28	5% / £300	26% / £1560	26% / £1560
2029/30	9% / £540	28% / £1680	28% / £1680

*Assumes diesel models meet RDE2 standard.
Example estimated tax costs per annum for a 20% taxpayer on electric, petrol and diesel car with £30,000 P11d. Estimated calculations for comparison purposes only. Seek specialist tax advice.

NATIONAL INSURANCE CONTRIBUTIONS

Employers pay Class 1A National Insurance[21] on each company car they supply. It's based on the P11d value of the car and its emissions (in the same way an employee would be paying a BIK tax charge on a company car), but instead of personal rates, the employer's National Insurance rate is applied (rising to 15% in 2025/6). Again, it means employers could pay far less for an electric company car.

Electric £30,000 P11d	
2025-26 BIK 3%	£900pa
NI charge @ 15%	£135pa

Petrol £30,000 P11d	
2025-26 BIK 26%	£7,800pa
NI charge @ 15%	£1,170pa

21. https://www.gov.uk/tax-company-benefits/national-insurance-on-company-benefits

SALARY SACRIFICE

The company car tax regime, and electric cars, can also be used for employees in salary sacrifice schemes. These schemes typically work only when the value of the tax paid on the car is less than would have been paid on income.

As a result, salary sacrifice works with cars offering a low tax burden – which under the current rules tends to be electric models or cars with emissions of 75g/km or below: those with emissions exceeding that level are caught by OpRA (Optional Renumeration Arrangements[22]) meaning any income tax or employer's NIC advantages are eradicated.

For larger businesses, these schemes are increasingly popular, with up to a third[23] now introducing them. Most employees will be able to make savings this way, as long as sacrificing an amount of salary does not mean their gross pay drops below the National Minimum Wage threshold[24].

22. https://www.gov.uk/government/publications/optional-remuneration-arrangements/optional-remuneration-arrangements
23. https://www.fleetnews.co.uk/news/leasing-news/2023/06/01/a-third-of-fleets-introduce-salary-sacrifice#:~:text=More%20than%20a%20third%20of,sustainability%2C%20cost%20and%20employee%20benefits.

24. https://www.gov.uk/national-minimum-wage-rates

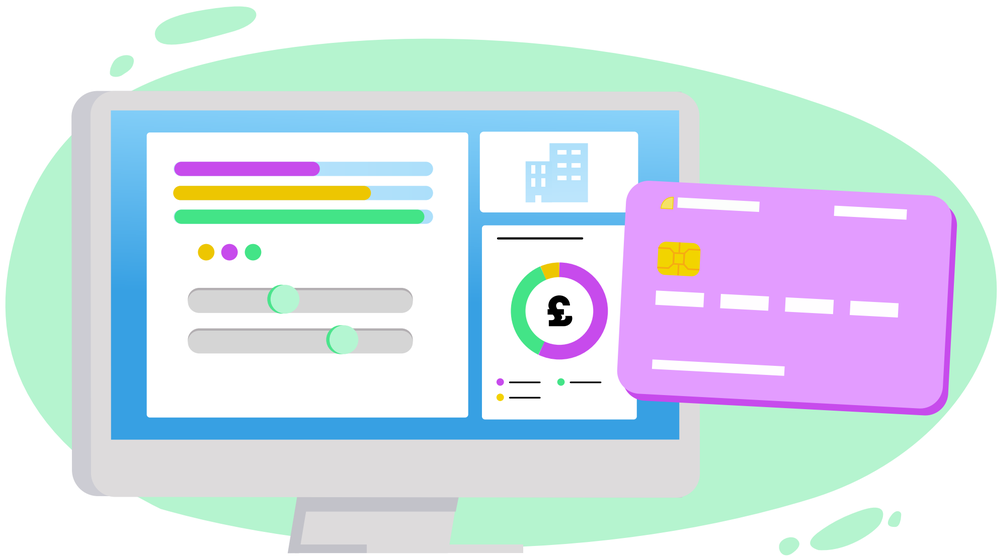
FIRST YEAR ALLOWANCE

First Year Allowance (FYA) - only applicable to purchased cars - of up to 100%[25] of the cost of qualifying low emission and electric cars is claimable.

25. https://www.gov.uk/hmrc-internal-manuals/capital-allowances-manual/ca23153

LEASE CAR RENTAL DISALLOWANCE

The effective finance rental for a leased electric company car can be wholly offset against the business' taxable profits, whereas there is a restriction applied for cars with CO2 emissions exceeding 50 g/km, meaning for the petrol and diesel cars quoted in the examples within this whitepaper, only 85% of the effective finance rental would be tax deductible.



Management action plan
Make tax less taxing

1. Provide drivers with a tax calculator to show indicative tax impacts of moving to electric. There are lots available and it's likely your leasing company, if you use one, will have their own.

2. Understand the NI position of your business, and the impact of moving to electric on your bills.

3. There are a number of specialist suppliers who can consult on whether salary sacrifice can work for your business, and help identify employees who may benefit from joining their employer's scheme.

ALLSTAR CHARGEPASS

The UK's only fleet payment solution that does it all... Fuelling, public charging, home charging, reporting, controls, and so much more.

All business vehicle driver spend can be seen in one single dashboard, so you can stay in control of costs with a HMRC-compliant invoice sent directly to you every month.

We've made fuel payments simple

Drivers can use Chargepass on the UK's largest fuel network. Allstar is accepted at 90% of the country's fuel locations, and includes all major oil brands and low-cost supermarkets.

Fast business needs fast charging

Chargepass is accepted on the UK's largest and fastest electric charging payment network for business. Drivers can also be back on the road in no time, as over 86% of the UK's rapid and ultra-rapid chargers are on Allstar's payment network.

Drivers need to charge at home? We've sorted that too

Your business needs Allstar Homecharge. Our solution makes expenses easier if drivers charge their business EVs at home. Our solution automatically – and accurately - pays for all your drivers' home charging costs directly to their energy supplier.* No more out-of-pocket drivers. No more complicated expenses claims.

*In order to comply with HMRC Vehicle Fuel benefit, businesses may require a process to identify and reclaim payments for private use.

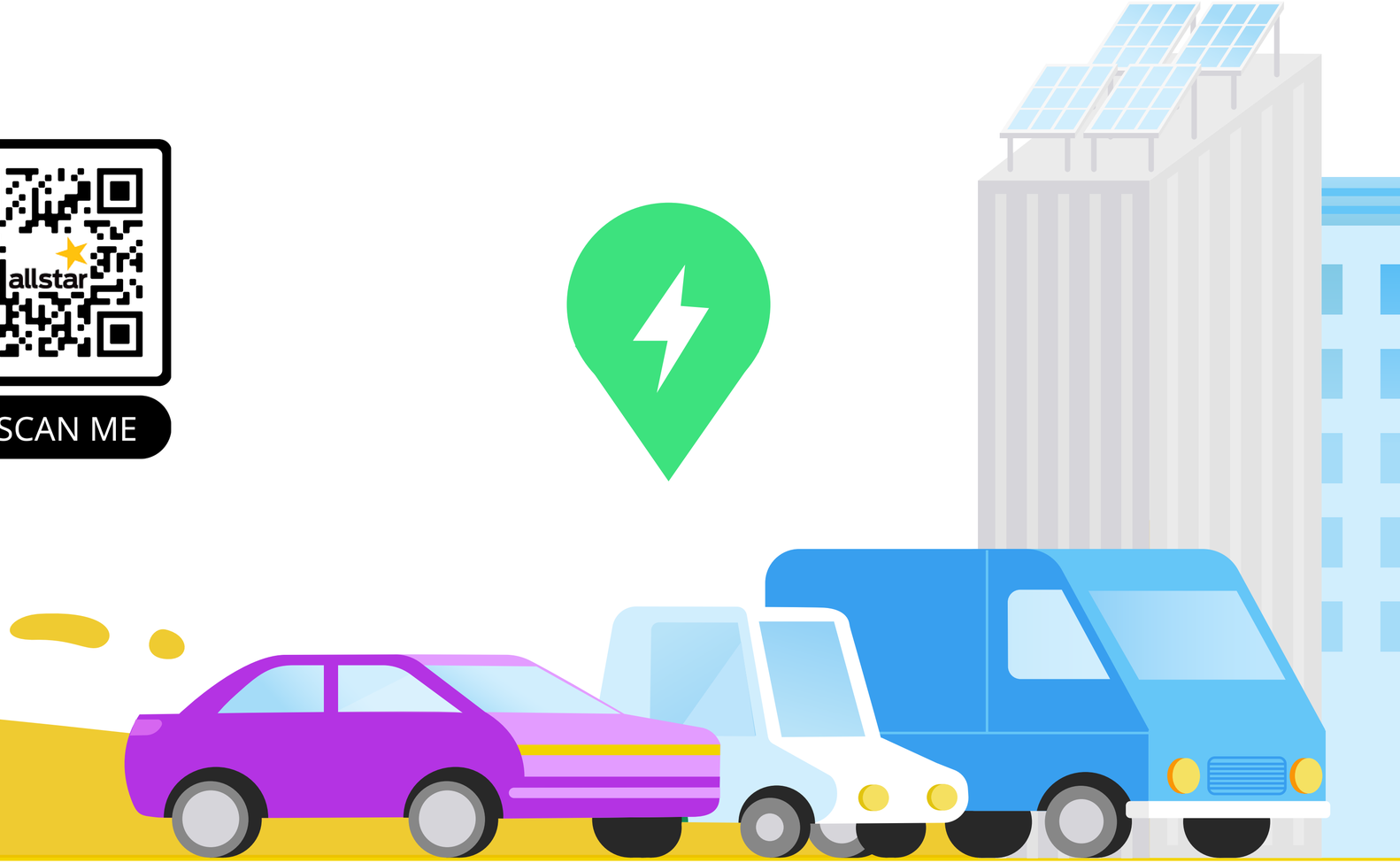
NEXT STEP...

Time to take advantage of a business payment solution you won't find anywhere else. Apply online or speak to a member of our team today:

0345 266 5101

allstarcard.co.uk

SCAN ME



Tax references have been reviewed by fleet tax and finance specialists BCF Wessex Consultants Limited.

This guide is based on UK, Scottish and Welsh legislation and announcements made up to 04 December 2024, the date on which the 2024 Scottish Budget was delivered.

The guide reflects our understanding of tax law and practice as at the date of publication but is not a complete and definitive guide and users are advised that UK tax law is subject to frequent and sometimes unpredictable change. This guide is published with the understanding that neither Allstar nor BCF Wessex Consultants Limited is not engaged in providing legal or professional services. The information contained in this guide does not constitute tax advice and users are advised that they should always obtain such professional advice before taking action, or refraining from taking action, on the basis of this information.

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