

# 2009 Pre-Budget Report



PBRN27

9 December 2009

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## COMPANY CAR TAX: ELECTRIC CARS

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### Who is likely to be affected?

1. Employees and directors who are provided for their private use with a company car propelled solely by electricity and employers who bear Class 1A National Insurance Contributions (NICs) on the taxable benefit of company cars.

### General description of the measure

2. Legislation will be introduced in 2010 to reduce the appropriate percentage to 0 per cent for electric cars for the purposes of company car tax. This reduces the car benefit charge for electric cars to nil.

### Operative date

3. The measure will have effect on and after 6 April 2010 for five years.

### Current law and proposed revisions

4. Section 140(3)(a) of the Income Tax (Earnings and Pensions) Act 2003 sets out the basis for calculating the appropriate percentage for cars which are wholly electrically propelled.
5. The current appropriate percentage of 9 per cent will be reduced to 0 per cent with effect from 6 April 2010, and will apply for five years.

### Further advice

6. If you have any questions about this change, please contact the Employer Helpline on 0845 7143 143 or your local HMRC Enquiry Centre. Information about Pre-Budget Report measures is available on the HM Revenue & Customs website at [www.hmrc.gov.uk](http://www.hmrc.gov.uk)