

2009 Pre-Budget Report



PBRN28

9 December 2009

VAN BENEFIT CHARGE: ELECTRIC VANS

Who is likely to be affected?

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

General description of the measure

2. Legislation will be introduced in Finance Bill 2010 to set a new, lower flat rate benefit charge for electric vans for the purposes of the van benefit charge. The rate will be set at nil for electric vans.

Operative date

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

Current law and proposed revisions

4. The basis for calculating the van benefit charge is set out in sections 154-159 of the Income Tax (Earnings and Pensions) Act 2003.
5. The current flat rate of £3,000 for all vans will be reduced to nil for electric vans with effect from 6 April 2010, and will apply for five years.
6. The van benefit legislation will be amended to include a definition of an electric van for this purpose.

Further advice

7. 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