

Dear Chancellor,

Re: UK workers need certainty on their electric vehicle taxes

Salary sacrifice car schemes offered by employers are enabling workers across the UK to make the jump to electric vehicles.¹ We, the undersigned, represent firms providing more than two million employees with access to salary sacrifice electric cars, together with leading trade associations and NGOs that are working to support road transport decarbonisation.

The benefit-in-kind (BiK) tax rate for pure electric vehicles (EVs) is democratising access to these cars, enabling hard-working Britons to get into affordable zero emission transportation. Given the removal of the Plug-in Car Grant and soaring energy prices, low BiK rates are critical to make EVs as affordable as possible and to continue increasing uptake to the levels needed to achieve net zero.

A lack of foresight on future BiK rates beyond 2024/25 means that a growing number of drivers won't know their tax liabilities for most of the time that they have committed to their new car. With the cost-of-living crisis and a recession looming, now is the time to give drivers assurance that they will be able to afford their vehicles if they opt to go green.

EV uptake in the salary sacrifice market has risen by nearly 1000% over the past two years, with these vehicles now representing 80% of the order bank.² The 2% BiK rate for EVs has enabled large and small employers all over the UK to open access to greener, more efficient and cheaper salary sacrifice cars to their employees. Supermarket workers, airline staff, hospitality staff, doctors, nurses and many others who keep the UK running have now been able to make the switch to new, safe, zero emission cars.

EVs are still on average 36% more expensive than petrol or diesel equivalents and only three EV models cost below £20,000 new, compared to 57 petrol or diesel options.³ Low EV BiK rates play a massive role in bridging this gap for most of the population, to the extent that 60% of salary sacrifice drivers are basic rate taxpayers. For most people to be able to shift to EVs we need lower cost, accessible, finance options. With no deposit and a single monthly payment taken from pre-tax earnings, salary sacrifice schemes are providing this access to EVs for the masses. It is vital that we continue to progress to transport decarbonisation whilst also allowing employees to maintain their mobility in a cost-of-living crisis. Announcing more years of low EV BiK rates is a clear way to reduce the mobility tax burden on UK workers.

This investment in BiK incentives helps maintain an essential EV ecosystem that will see three and four-year-old cars supplied through salary sacrifice schemes recycled into the second-hand market. The used car market is three times the size of the new car market and this vital supply of second-hand EVs will make zero emission motoring an affordable reality for even more drivers in the near future.

We are urging you to **announce more years of low EV BiK rates in your Autumn Statement**. Drivers need certainty now and continuing this hugely successful world-leading policy is key to keeping the green transport transition and net zero agenda on track.

Yours sincerely,

<see overleaf>

¹ *Company-wide benefit where staff give up pre-tax income to pay for a car. Employees can choose any car they wish at the price point they desire (car must be a ULEV to be on a scheme), driver pays BiK on the value of the benefit*

² *BVRLA Member Data, Q1 2022*

³ *AutoTrader, Road to 2030, <https://www.autotraderroadto2030.co.uk/> (Based on new cars available and advertised price shown by retailers on AutoTrader)*



Gerry Keaney
Chief Executive Officer,
BVRLA



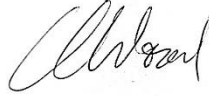
Kate Nicholls OBE
Chief Executive Officer,
UK Hospitality



Nina Skorupska
Chief Executive Officer,
Renewable Energy Association



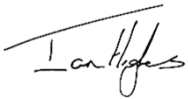
Sandra Roling
Director of Transport,
The Climate Group



Charles Wood
Deputy Director, Policy,
Energy UK



Paul Hollick
Chairman,
Association of Fleet Professionals



Ian Hughes
Chief Executive Officer,
Zenith Vehicles



Fiona Howarth
Chief Executive Officer,
Octopus Electric Vehicles



Paul Gilshan
Chief Executive Officer,
Tusker



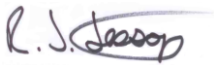
Mike Dennett
Chief Executive Officer,
Alphabet UK



Jon Lawes
Managing Director,
Novuna Vehicle Solutions



David Cooper
Managing Director,
Arnold Clark Finance



Richard Jessop
Director of Sales,
Ogilvie Fleet



David Hanson
Managing Director
NHS Fleet Solutions