



Expensive Car Supplement – new £50,000 threshold for electric vehicles

February 2026

Guidance Factsheet v1.1

Summary

From 1 April 2026, there will be an **increase in the Vehicle Excise Duty Expensive Car Supplement threshold for zero emission cars**. This change will impact rental and leasing members who purchase or own zero-emission cars with list prices that exceed £40,000 and do not exceed £50,000.

These vehicles will no longer be required to pay the ECS charge when they take out a licence, which comes into effect on or after 1 April 2026, and is not a first vehicle licence.

The threshold will be maintained at its current level of £40,000 for all other cars.

Background

- For cars registered after 1 April 2017, the registered keeper must pay Vehicle Excise Duty (VED) when the car is registered (the first year rate) and annually thereafter (the standard rate).
- For higher priced cars above a particular threshold, the Expensive Car Supplement (ECS) is due on top of the standard rate.
- The ECS is due for five years, from the second year until the sixth year.
- Historically, the threshold for the ECS supplement has been £40,000¹ (see [Vehicle Excise Duty - GOV.UK](#)) irrespective of fuel type, though electric and zero emission vehicles did not have to pay VED until 1 April 2025.
- New electric and zero emission vehicles registered on or after 1 April 2025 with the list price exceeding £40,000 attract the standard rate, plus the ECS for the 5 years starting from the second licence. [Vehicle tax for electric, zero and low emission vehicles - GOV.UK](#)

What has changed?

The Autumn 2025 Budget introduced a separate higher threshold for the ECS for EVs. **From 1 April 2026, an EV will pay the ECS only if its list price exceeds £50,000.**

¹ The ECS threshold is slightly different to the P11D List Price. See page 6 of the DVLA Q&A webinar [PowerPoint Presentation](#)

The purpose of this fact sheet is to provide general guidance and information only. Although every effort is made to ensure that the content is accurate, the BVRLA cannot accept any liability whatsoever for any inaccuracy contained within it, nor for any damage or loss, direct or indirect, which may be suffered because of any reliance placed upon the information provided, whether arising in contract, tort or in any other way. Advice should always be obtained from your own professional advisers before committing to a specific action.



The standard rate of VED for new EVs registered remains fixed at **£10** until March 2030.

The standard rate of VED from the second year onwards will increase from £195 to **£200 from 1 April 2026** until 31 March 2027.

ECS is on top of the standard rate and was £425 in 2025, rising to **£440 from 1 April 2026** to 31 March 2027.

[Annex A: rates and allowances - GOV.UK](#)

What does the change in threshold mean in practice?

Where leasing members have included the cost of the ECS in existing contracts for vehicles with a list price between £40,000 and £50,000, customers should be refunded the ECS as it is no longer due. It is a commercial decision for each member to choose how to unwind the ECS and refund customers.

From a customer outcomes' perspective, BVRLA's Alternative Dispute Resolution service would assess any complaint in line with the expectations set out in the BVRLA Leasing Code of Conduct, with a particular focus on transparency, accuracy of charges, and fair customer outcomes.

In this scenario, where the change to the ECS threshold means a customer has overpaid, we would expect the leasing company to:

- **Provide clear and transparent communication** to the driver explaining the legislative change, how it affects their vehicle, and how this impacts their monthly rental going forward.
- **Explain how any overpayments will be corrected**, whether through a one off refund or by applying a credit to upcoming rental payments.
- If using credits, give a clear breakdown of how the adjustment will be applied. For example: "Your next three monthly payments will reduce by £X, and from [date] the rental will return to £XXX."
- **Issue the communication promptly** and with enough detail to avoid confusion or repeated queries.

The communication needs to be clear, timely and accurate. We would also recommend for contracts with individuals or salary sacrifice customers, members should avoid any approach that involves applying a credit to a future replacement vehicle. While this may appear commercially sensible from a customer retention perspective, it has the potential to generate disputes. Drivers may feel that this approach restricts their ability to choose a different supplier for their next vehicle, or they may not intend to lease another vehicle at all. Ensuring

The purpose of this fact sheet is to provide general guidance and information only. Although every effort is made to ensure that the content is accurate, the BVRLA cannot accept any liability whatsoever for any inaccuracy contained within it, nor for any damage or loss, direct or indirect, which may be suffered because of any reliance placed upon the information provided, whether arising in contract, tort or in any other way. Advice should always be obtained from your own professional advisers before committing to a specific action.



that any refund or credit relates solely to the current agreement is the fairest and cleanest approach.

Other practical considerations

- **Bulk taxing** – although most EVs registered after 1 April 2025 (when VED became due for EVs) will not be renewing their license before 1 April 2026 (when the higher ECS threshold applies), fleet vehicles are often taxed 6 weeks early through BERT (bulk electronic relicensing system). BVRLA has alerted DVLA to this and DVLA have now confirmed that the February 2026 run for an April renewal will no longer show the ECS. New V5s, without the ECS will be issued unless the V5 is suppressed. For further details, please see the BVRLA news article: [Clarity on Expensive Car Supplement](#)
- **List price** for VED purposes is similar but not identical to the P11D List Price for employment taxes and company car benefit-in-kind. For both taxes, the list price is based on the manufacturer's full advertised price before any discounts or grants. It includes any optional extras fitted by the manufacturer when the car is new, plus VAT. Any delivery charges and cost of pre-delivery inspection are also included. For the ECS though, the list price does not include the first licence and first registration fee or any options not fitted by the manufacturer.

Useful Resources

July 2015 – VED rules for cars registered from 1 April 2017 onwards [Vehicle Excise Duty - GOV.UK](#)

April 2017 – List price for VED: DVLA webinar [PowerPoint Presentation](#)

April 2024 – Government guidance [Vehicle tax for electric, zero and low emission vehicles - GOV.UK](#)

December 2025 – HMRC VED rates [Annex A: rates and allowances - GOV.UK](#)

January 2026 – BVRLA news: [Clarity on Expensive Car Supplement](#)

Contact

For any further questions, please contact Zohra@bvrla.co.uk

Disclaimer

This factsheet is to provide general guidance and information only and does not constitute tax or legal advice. Members should seek independent professional guidance to assess their specific circumstances.

The purpose of this fact sheet is to provide general guidance and information only. Although every effort is made to ensure that the content is accurate, the BVRLA cannot accept any liability whatsoever for any inaccuracy contained within it, nor for any damage or loss, direct or indirect, which may be suffered because of any reliance placed upon the information provided, whether arising in contract, tort or in any other way. Advice should always be obtained from your own professional advisers before committing to a specific action.