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## Update to company owned electric cars and vans

### Electric vans

Company owned electric vans that are used by an employee or director other than for business journeys and ordinary commuting give rise to a taxable benefit.

For the 2020/21 tax year the standard value for the electric van benefit in kind was £2,792, which was calculated as 80% of the benefit in kind of a traditionally powered van.

The Finance Bill 2021 will reduce the taxable value to nil with effect from 6 April 2021.

### Electric cars

The availability of a company owned electric car is treated as a taxable benefit in kind and the value of the benefit is calculated as:

$(\text{List price of car} + \text{cost of accessories}) \times$   
the emissions-determined rate.

For the 2020/21 tax year the emissions-determined rate was 0%, this has risen to 1% for 2021/22 and will rise to 2% for 2022/23.



### Reporting requirements

Although the electric car benefit in kind for 2020/21 is nil and the electric van benefit in kind will be nil from 6 April 2021, employers are required to report them on form P11D by 6 July following the end of each tax year during which the vehicle is available to the employee.

This will also update the employee's tax code to collect the tax due on the electric car benefit from 2021/22 onwards via the payroll and avoid a lump sum being payable by the employee by 31 January following the end of the tax year.

This document is intended as a general guide and although Chavereys have made every effort to ensure accuracy, they cannot accept liability for any errors of fact or opinion.

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