

Electric car – are you ready?

The most enthusiastic petrolhead may sneer at the prospect of going electric, however the Government continues to move forward with its green policies to phase out the production of new petrol and diesel models by 2030.

Over recent years there have been concerns of making that switch to electric vehicles such as access to charging points, the range, charging times and the cost of vehicle. It is fair to say that there have been massive improvements in these areas, although there is still plenty of work to do to improve the electric infrastructure in the UK.

To encourage early adoption the Government released big incentives for individuals and businesses to use clean energy.

First year allowance for businesses

Your business can claim 100% of the cost of an electric vehicle in the year of purchase against profits made in the accounting period.

The first year allowance is only available on new, or nearly new (e.g. demonstrator) vehicles and will be available for purchases made by 31 March 2025.

Used electric models are not eligible for this allowance.

For sole traders and partnerships, there will be an adjustment for private use.

This first year allowance may play a key part in reducing taxable profits for companies once the new Corporation Tax rates commence from 1 April 2023.

Road tax

The zero emissions produced by electric cars mean that there is no road tax to pay.

Benefit in kind – company cars

There is a 1% benefit in kind rate from 2021/22 on new and existing electric cars, which will rise to 2% for 2022/23, 2023/24 and 2024/25.

There is no fuel benefit as electricity is not classed as a fuel.

The company has to pay Class 1A National Insurance on the benefit at 13.8%.

Charging points

To further aid the uptake, grants are available for home owners to install electric charging points.



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If you are still sitting on the fence about making that switch, there are certainly benefits to make you think again. One thing is for certain, we will all be driving electric vehicles at some point!

If you require any further advice please call **01892 784321** or visit **www.honeybarrett.co.uk**.

Are you considering
an **electric** car?



Contact Honey Barrett today and our team can advise on the tax relief benefits and financial advantages of transitioning to a zero emission vehicle for you and your business.

Call 01892 784321
or visit
www.honeybarrett.co.uk



