

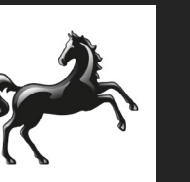


Tax Guide 2025/26

A summary of the key taxation facts

Updated post Autumn Budget 2025

LEX AUTOLEASE



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About US

The Chancellor delivered the Autumn Budget on 26 November 2025. The Lex Autolease Fleet Consultancy Team has analysed the contents and has summarised the implications for fleets and company motorists.

We have included the main personal and corporate tax rates in this interactive guide, we hope you find them useful. Lloyds Transport manages approximately 348,321* cars and vans on behalf of its customers and offers a full range of fleet funding options including Contract Hire, Contract Purchase and Finance Lease.

Lex Autolease Fleet Consultancy incorporates a specialist consultancy unit to help organisations gain greater value for their company vehicles. It specialises in conducting focused assessments of larger fleets to identify cost saving opportunities, performance improvement options and strategies for future car benefit and van provision.

Lex Autolease prides itself on bringing fresh ideas to organisations and helping them implement programmes to realise the benefits.

For more information:

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The tax values shown are based on tax legislation and rates as well as published vehicle information applicable at the time of publication and may be subject to change.

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* Figure as at November 2025
www.fleetnews.co.uk/fleet-leasing/fn50-data/

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Company car taxation

Under 75 g/km						
CO ₂ emissions sub 75 g/km	Electric range (miles)	Percentage of Taxable list price				
		2025/26	2026/27	2027/28	2028/29	2029/30
0		3	4	5	7	9
1 – 50	≥130	3	4	5	18	19
1 – 50	70 – 129	6	7	8	18	19
1 – 50	40 – 69	9	10	11	18	19
1 – 50	30 – 39	13	14	15	18	19
1 – 50	<30	15	16	17	18	19
51 – 54		16	17	18	19	20
55 – 59		17	18	19	20	21
60 – 64		18	19	20	21	22
65 – 69		19	20	21	22	23
70 – 74		20	21	21	22	23

New European Driving
Cycle (NEDC) test procedure
CO₂ values to be used for
vehicles registered before
6 April 2020.

Plug in hybrid electric vehicles (PHEV) easement - A temporary BIK tax easement for impacted PHEVs will apply for cars registered from January 1, 2025, to April 5, 2028.

During the easement period, the CO2 emission figure for those PHEVs will be deemed to be a nominal figure of 1g/km for the purposes of the BIK charge rather than the CO2 figure on the registration document.

The conditions that a vehicle must satisfy to be eligible for the easement can be found at [Plug-in hybrid electric vehicles — benefits in kind easement - GOV.UK](#)

75 g/km or over					
CO ₂ emissions 75 g/km +	Percentage of Taxable list price*				
	2025/26	2026/27	2027/28	2028/29	2029/30
75 – 79	21	21	21	22	23
80 – 84	22	22	22	23	24
85 – 89	23	23	23	24	25
90 – 94	24	24	24	25	26
95 – 99	25	25	25	26	27
100 – 104	26	26	26	27	28
105 – 109	27	27	27	28	29
110 – 114	28	28	28	29	30
115 – 119	29	29	29	30	31
120 – 124	30	30	30	31	32
125 – 129	31	31	31	32	33
130 – 134	32	32	32	33	34
135 – 139	33	33	33	34	35
140 – 144	34	34	34	35	36
145 – 149	35	35	35	36	37
150 – 154	36	36	36	37	38
155 – 159	37	37	37	38	39
160 and above	37	37	37	38	39

Diesel supplements: * add 4% for all cars not meeting Real Driving Emissions 2 standard (RDE2) subject to a maximum charge of 37% up to 2027/28 and 39% up to 2029/2030.

New European Driving Cycle (NEDC) test procedure CO₂ values to be used for vehicles registered before 6 April 2020.

Cars that meet the RDE2 standard are exempt from the diesel supplement.

For new leases/arrangements from 6th April 2025 double cab pick-up vehicles (DCPUs) with a payload of one tonne or more will be subject to company car (not van) taxation.

For full details see <https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim23151>

Car benefit charge

Since 6 April 2017, the benefit in kind on salary sacrifice cars, as well as company car schemes where a cash alternative is available, is based on the higher of the earnings foregone or the company car benefit in kind.

The calculation for a car benefit charge due is as follows:

Step 1

- a) Calculate company car benefit in kind – Taxable list price (plus the price of any accessories) and multiply by the appropriate percentage based on CO₂ emissions (used in the table). Adjust for any periods where the car is not available.
- b) Obtain annual earnings foregone*, making any deductions for trade downs.
- c) Compare **a** and **b** and select the highest figure to **move to step 2**.

Step 2

Take the **highest figure from step 1**, and deduct:

- a) Contributions made by the driver for the private use of the car; and
- b) Capital contributions by the employee multiplied by the appropriate percentage based on CO₂ emissions (used in the table).

Where a cash alternative is not available, or for arrangements entered into since 6 April 2017 relating to Ultra Low Emission Vehicles, currently defined as vehicles emitting 75g/km CO₂ or less, perform all the above steps except for 1b and 1c.

*The amount of earnings foregone in a company car arrangement is the gross salary sacrifice value/cash alternative available for your grade.

Mileage rates

Advisory Electricity Rate	Amount per mile*
Fully electric cars - Home charging	7p
Fully electric cars - Public charging	14p

Company car advisory reimbursement rates (pence per mile*)

Engine size	Petrol amount per mile	Diesel amount per mile	LPG amount per mile
1,400cc or less	12p	12p	11p
1,401cc to 1,600cc	14p	12p	13p
1,601cc to 2,000cc	14p	13p	13p
Over 2,000cc	22p	18p	21p

* Effective 1 December 2025

The rates are reviewed four times a year. Any changes will take effect at the beginning of each calendar quarter on 1 March, 1 June, 1 September and 1 December. These will be published on the HM Revenue & Customs (HMRC) website shortly before the date of change.

Hybrid cars are treated as either petrol or diesel cars for this purpose.

Approved mileage rates for private cars and vans (pence per mile)

Engine size	Up to 10,000 miles	Excess over 10,000 miles
All cars and vans	45p	25p

Company car private fuel

The Fuel Benefit Charge (FBC) multiplier for private fuel provided for company cars is £28,200 and £29,270 for 2025/26 and 2026/27 respectively.

The Fuel Benefit Charge is calculated by applying the appropriate percentage, as per the calculation for the company car benefit charge, to the FBC.

The Budget announced that it will increase by Consumer Price Index going forward.

Electricity is not considered to be a fuel for car fuel benefit purposes.

Value Added Tax (VAT)

Value Added Tax (VAT)	2025/26 & 2026/27
Standard rate	20%

Insurance Premium Tax

Insurance Premium Tax	2025/26 & 2026/27
Standard rate	12%
Higher rate	20%

Capital allowances

Vehicle type	CO ₂ emissions (g/km)	2025/26	2026/27
Car	0	100%	100%
	1-50	18%	14%
	51 and above	6%	6%
Commercial (Purchased)	Any CO ₂	100%*	100%
Commercial (Leased)	Any CO ₂	40%***	40%

* This change was made permanent by the chancellor in the Autumn Statement 2023

Businesses can claim a 100% first year allowance for new and unused electric cars with zero CO₂ emissions, as specified above (does not include expenditure on vehicles for leasing).

Businesses will be able to write off (“fully expense”) the full cost of qualifying main rate plant and machinery investment in the year of investment. This does not currently apply to cars or assets which are leased (i.e. only for commercial vehicles that have been purchased).

***With effect form 1 January 2026, businesses will be able to claim 40% FYA to assets qualifying for main rate plant and machinery (not including cars) bought for leasing or hiring.

** <https://www.gov.uk/government/publications/first-year-allowances-for-zero-emission-cars-and-electric-vehicle-chargepoints/capital-allowances-extension-of-first-year-allowances-for-zero-emission-cars-and-chargepoints>

Corporation Tax

Corporation tax	2025/26	2026/27
Main rate	25%	25%
Small profits rate	19%	19%
Lower threshold	£50,000	£50,000
Higher threshold	£250,000	£250,000

Businesses acquiring new and unused electric charge-points are eligible to claim a 100% first year allowance (FYA). This measure will expire on 31 March 2027 for corporation tax purposes and 5 April 2027 for businesses subject to income tax**.

Companies with profits above £50,000 but no more than £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

<https://www.gov.uk/government/publications/rates-and-allowances-corporation-tax/rates-and-allowances-corporation-tax>

Lease rental restriction

Lease rentals are normally an allowable expense for businesses which can be deducted against their corporation or income tax charge. From 1 April 2021 a 15% restriction applies to the finance element of the lease where CO₂ emissions exceed a threshold of 50g/km.

Interest-free loans

The threshold for interest-free loans provided by employers to employees is £10,000. The current official rate of interest is 3.75%.^{**}

As of 6 April 2025 the official rate of interest will be reviewed on a quarterly basis. Any changes in the rate will occur following a quarterly review, where appropriate.

This measure will enable the official rate of interest to increase in-year where appropriate, ensuring employment-related beneficial loans to employees are correctly valued.

^{**} Rate correct as at 1 December 2025, please visit <https://www.gov.uk/government/publications/rates-and-allowances-beneficial-loan-arrangements-hmrc-official-rates/beneficial-loan-arrangements-hmrc-official-rates> to confirm current rates.

Income Tax

Income tax bands	Taxable income 2025/26 to 2030/31	Tax rate
Personal Allowance*	Up to £12,570	0%
Basic rate	£12,571 to £50,270	20%
Higher rate	£50,271 to £125,140	40%
Additional rate	Over £125,140	45%

*The personal allowance reduces where the individual’s income is above £100,000 by £1 for every £2 of income above the limit.
This reduction applies irrespective of age.

For latest information on UK rates: www.gov.uk/income-tax-rates

For latest information on Scottish rates: www.gov.uk/scottish-income-tax

For latest information on Welsh rates: www.gov.uk/welsh-income-tax

National Insurance Contributions

National Insurance	6 April 2025 to 5 April 2027
Class 1 (employment) Weekly earnings primary threshold	£242
Weekly earnings secondary threshold	£96
Weekly Upper Earnings Limit (UEL)	£967
Employee's rate	
£242.01 – £967 p/w	8.00%
Excess over £967 p/w	2.00%
Employer's rate	
Excess over £96 p/w	15.00%

VAT fuel scale charge

Where employers provide free private fuel for an employee’s company car, and recover input VAT on the purchase of the fuel including the private element, the employer is required to pay output VAT using the scale charges, as set out below.

CO ₂ emissions (g/km)	Fuel scale charge 12 month period	CO ₂ emissions (g/km)	Fuel scale charge 12 month period
120 or less	£661	175	£1,652
125	£990	180	£1,721
130	£1,059	185	£1,784
135	£1,122	190	£1,853
140	£1,191	195	£1,917
145	£1,255	200	£1,985
150	£1,323	205	£2,049
155	£1,387	210	£2,118
160	£1,456	215	£2,182
165	£1,520	220	£2,250
170	£1,588	225 or more	£2,314

Rates applicable from
1 May 2025 to 30 April 2026.

Vehicle Excise Duty (VED)

Cars registered on or after 1 April 2017. The amount you pay for the first 12 months (First year rate) is based on CO₂ emissions:

CO ₂ emissions (g/km)	Tax year 2025/26		Tax year 2026/27	
	First year rate	Standard rate	First year rate	Standard rate
0	£10*	£195	£10	£200
1 – 50	£110	£195	£115	£200
51 – 75	£130	£195	£135	£200
76 – 90	£270	£195	£280	£200
91 – 100	£350	£195	£365	£200
101 – 110	£390	£195	£405	£200
111 – 130	£440	£195	£455	£200
131 – 150	£540	£195	£560	£200
151 – 170	£1,360	£195	£1,410	£200
171 – 190	£2,190	£195	£2,270	£200
191 – 225	£3,300	£195	£3,420	£200
226 – 255	£4,680	£195	£4,850	£200
Over 255	£5,490	£195	£5,690	£200

The changes to VED rates to take effect from 1 April 2026 are set out in the following tables.

Petrol and diesel cars with a list price of over £40,000 and zero emission cars with a list price over £50,000 in the registration year will pay an additional rate of £425 and £440 per annum in 2025/26 and 2026/27 respectively, on top of the standard rate, in the second to sixth years after the car’s first registration (known as the Expensive Car Supplement (ECS)).

New diesel vehicles registered on or after 1 April 2018 that do not meet the real driving emission step 2 (RDE2) standard will be charged a supplement on their First Year Rate to the effect of moving up by one VED band.

Vehicle registration date	Tax year 2025/26	Tax year 2026/27
All Vans Euro 6 onwards	£345	£360

* Zero emission cars will pay a first year rate at £10 until 2029-30

Electric Vehicle Excise Duty (eVED)

The government is introducing Electric Vehicle Excise Duty (eVED), a new mileage charge for electric and plug-in hybrid cars, with effect from April 2028. Drivers will pay for their mileage on a per-mile basis alongside their existing Vehicle Excise Duty.

Electric cars will pay half the equivalent fuel duty rate for petrol and diesel cars, and plug-in hybrid cars will pay a reduced rate equivalent to half of the electric car rate. The government has published a consultation which provides further detail on how eVED will work and seeks views on its implementation. The consultation will remain open until 18 March 2026.

Company van taxation

Van benefit charges where a van is used for private use (other than some home to work travel).

Tax year	Scale charge
2025/26	£4,020*
2026/27	£4,175*

*An additional £769 and £798 charge for 2025/26 and 2026/27 respectively applies if private fuel is also provided.

From 6 April 2021 the van benefit charge for zero emission vans will be £0.

Plug in Vehicle Grant

The Plug in Vehicle Grants, which focus on the cleanest vehicles, are as follows:

Category	Definition	Grant	Maximum grant
Cars costing £37,000 or less	Band 1 cars	-	£3,750
	Band 2 cars	-	£1,500
Small vans	These vehicles are less than 2,500 kilograms (kg) gross vehicle weight, have CO ₂ emissions of less than 50g/km and can travel at least 96km (60 miles) without any emissions at all	35% of cost	£2,500
Large vans	These vehicles are between 2,500kg and 4,250kg gross vehicle weight, have CO ₂ emissions of less than 50g/km and can travel at least 96km (60 miles) without any emissions at all	35% of cost	£5,000

The rates above relate to Plug In Vans only.
For the latest information on the Grant applicable to all eligible vehicle types:
<https://www.gov.uk/plug-in-vehicle-grants>

