



BEAMA welcomes the opportunity to respond to this consultation on the introduction of electric vehicle excise duty (eVED). We value the engagement shown by HMT to date with industry on this consultation but note that the timelines for implementation are not sufficient to make the relevant changes necessary to ensure this policy is a success. In addition, it makes difficult the Government's own ZEV Mandate, and it is for that reason we urge HMT to introduce eVED in 2030. This will demonstrate that the consultation process has been a success and that consistent feedback across industry around implementation concerns have been taken on board that would not have necessarily been known by HMT prior to consultation.

Our response reflects the perspective of manufacturers across the EV charging sector.

Our role

BEAMA represents manufacturers across heating, EV charging, appliances, electronics, and wider electrical infrastructure. With deep experience in standards, regulation, and security, BEAMA is well placed to support government and industry in shaping practical policy and regulation that makes sense for the wider sector and ensures a successful transition to electric vehicles.

BEAMA Response Summary

- BEAMA does not support the introduction of eVED in 2028.
- To align with the ZEV Mandate and mitigate an unknown impact on EV sales (internationally a disaster in the first year after implementation) eVED should commence in 2030 where no petrol or diesel cars will be sold.
- This protects vehicle manufacturers from being fined for not hitting ZEV Mandate targets when Government's own tax policies makes the argument for adoption less attractive.
- Any loss from eVED revenue in years 1 and 2 can be gained back through increases in fuel duty that the Government have committed too.
- Revenue from fuel duty and or eVED should be used on charging infrastructure and grid upgrades and flexibility rewards to incentivise consumers to make the most of flexibility offerings by their chosen flexibility service provider or energy supplier.

BEAMA Response

1. Do you have any views on the government's proposal for the design and scope of eVED?

Yes. BEAMA see the introduction of eVED in 2028 as contrary to the Government's own objectives and intentions to mandate an increasing number of new zero emission vehicle sales. By introducing eVED in 2028, the year there is the largest increase in sales targets for car manufacturers to hit ZEV Mandate compliance, it significantly increases the chances that manufacturers are unable to hit their targets due to more difficult market conditions created by this tax. HMT could introduce eVED in 2030 where it would be stronger and severely reduce the risk of impacting EV sales.

We know that eVED or equivalent per mile/km taxes introduced in Iceland and New Zealand resulted in new EV sales declining by between 50-75%. For New Zealand over a year after introduction in 2024 the market is still 50% smaller than it was pre-tax introduction.

International Case Studies:

New Zealand implemented Road User Charges in April 2024. At the end of 2023 EVs were averaging well over 10% of new car sales that year, which quickly declined to **around 4% by Feb 2024** and has since only risen to **around 5% by the end of 2025** highlighting that the market has simply not recovered¹. For wider context New Zealand also ended its subsidy on new EVs at the end of 2023, this coupled with the introduction of Road User Charges caused a near collapse of the market. It is also clear that EVs are now much harder to sell with heavy discounting and **a 50% decline in EV imports in New Zealand**, incidentally, non-plug-in hybrid running costs are now equivalent to many EVs seeing a rise in non-plug-in hybrid sales².

It is concerning that hybrid sales may well increase in the UK for the same reason. This is particularly problematic given the UK's own ZEV mandate consultation in 2024 highlighted the extra carbon emissions from real world usage of hybrid vehicles, undermining the Government's own emission targets for road transport.

Iceland Case Study:

In January 2024 Iceland introduced a Kilometre Based Fee for EVs and hybrids. At the end of 2023 Iceland was seen a leader in EV adoption but slipped down the rankings by the end of 2024 as a result of the tax change. It resulted in a **75%**

¹ <https://evdb.nz/ev-stats>

² <https://www.stats.govt.nz/news/electric-vehicle-imports-lose-charge-as-volumes-drop/>

decline in new EV sales in Dec 2024 vs Dec 2023³ and a 69% decrease from 2024 total new EV sales vs 2023 total new EV sales. It is suggested that a large part in this is the **increased administrative burden on leasing companies and costs associated with such a policy** who were leading the markets EV adoption and who abruptly responded to the tax change by stopping buying EVs in equivalent numbers to the previous year.

Any such policy brought to the UK should be mindful of the impact of the administrative burden on not just consumers but businesses who run and operate vehicles for their businesses.

An alternative approach:

Texas introduced a **flat fee annual renewal** rather than a distance-based tax. The **\$400 tax** when introduced in 2023 did not see a cliff edge scenario as above. Every year thereafter it is a \$200 tax. Indeed, EV sales continue to rise with Texas still considered one of the top States for EV sales⁴. Such a policy would be eminently less administratively burdensome, simple for the consumer to understand and ultimately easy to pay without concerns around having to contest the tax every year based on actual mileage at the end of the year. BEAMA would be highly supportive of this alternative approach to taxation and would urge Government to introduce it in 2030 to avoid any impact on the ZEV Mandate or its review. We would urge the Government to further review the evidence coming out of Texas, Iceland and New Zealand to ensure that lessons learned are transferred and that the same mistakes are not repeated such as the destruction of new EV sales, which we would warn is a possibility based off both New Zealand and Iceland's data.

We note Hawaii has also introduced an eVED equivalent tax in 2025, but with it being optional until 2028 and capped at \$50, the same as the alternative \$50 annual surcharge, meaning the policy had no financial impact and may have worked out cheaper should drivers drive less than \$50 worth of miles (\$8 per 1000 miles)⁵. So, we cannot draw any workable conclusions from this case study at present, particularly as there were a number of other policy variables changing at that time.

Is eVED proportionate?

³ https://www.acea.auto/files/Press_release_car_registrations_December_2024.pdf

⁴ <https://www.recurrentauto.com/research/states-leading-the-ev-revolution>

⁵ <https://www.cornellpolicygroup.org/post/hawaii-just-enacted-an-electric-vehicle-road-usage-surcharge-the-contiguous-states-should-be-next#:~:text=On%20July%201%2C%202025%2C%20Hawaii,to%20congestion%20to%20environmental%20damage.>

With less than 5% of drivers today driving electric, it is not an appropriate moment to introduce a tax that makes driving an EV more expensive and more complicated to own. No country has treated the EV transition in the same way as the UK. The UK is the only country to consistently cut support for EV adoption while it is still at a relatively low level of adoption, and it has always backfired. For example, scrapping the plug-in car grant before even 3% of drivers had moved to EV and then introducing the electric car grant a few years later, realising it was necessary to support the ZEV mandate. Or recently announcing a severe reduction in the Landlord and Renters grant making installation costs unaffordable.

The wider context must also be considered. With increasing discussion around yet another ZEV Mandate review now looking likely to start before the end of 2026 and conclude in 2027, there will be increasing concern that this tax will be a tax on not just drivers but car manufacturers. Car manufacturers who don't hit their ZEV mandate targets must either use flexibilities like banking or borrowing or pay a fine where they cannot do this. There is a high likelihood that by 2028/2029 more manufacturers will have to pay fines for non-compliance as a result of what will be a consumer market that is more sceptical of EV adoption as a result of the tax and the expiry of some of the flexibilities.

The context is therefore important because the tax may result in a review weakening the ZEV Mandate which would be disastrous for investor confidence in EV charging infrastructure. If there is yet another change to the mandate, some businesses may exit the UK market and look for more stable markets with more consistent policy or scale back investment plans.

We would therefore strongly urge HMT to align the introduction of this tax with the ZEV mandate and commence in 2030 where there will not be ICE vehicles sold, which will protect EV sales should the tax have as negative impact as equivalents abroad.

Likewise, we also see it important to ensure that existing EVs on UK roads are exempt from eVED, as it would appear, particularly in the first year to be only taxing early adopters who should not be penalised financially for owning an EV. Furthermore, for leasing companies this would prevent having to change the contract mid term for customers who would now have to pay additional fees to pay for eVED and avoid leasing companies having a significant sunk cost until such a time that they can change the contracts.

In practice, this would for now exempt less than 2 million EVs purchased in the UK but ensure that the vast majority of the vehicle fleet are eligible. EVs today make up less than 5% of the fleet. This may reduce tax returns from eVED in the first few years, but as those vehicles are taken off the road, scrapped, recycled or sold abroad eventually the whole UK car fleet would come into scope. We would

suggest that should eVED be introduced in 2030 and avoid a collapse in EV sales in the medium term this may even increase revenue should EV sales be stronger as a result of a delay, making up for losses in the short term.

Alternative Government funding instead of eVED in 2028&2029

Should Government fulfil its commitment to increase fuel duty, HMT would recover any temporary loss in eVED revenue.

Since the freeze on fuel duty started in 2011 and reduced by 5p during 2022 and maintained since it has cost around £100 billion according to the OBR⁶.

Should the the 5p reduction be reversed and fuel duty increased in line with inflation as the Chancellor has previously committed to then there would be significantly more funding available. The OBR estimate that receipts are expected to increase by £2.6 billion to £27.0 billion in 2026-27⁷, due to the reversal of the 5p cut and RPI uprating of the duty rate. Receipts then gradually increase to £27.3 billion in 2027-28 and 2028-29, then fall by £0.4 billion in 2029-30, as an inflection point is reached as successive RPI increases in the duty rate become increasingly offset by the continued decline in the volumes of fuel consumed driven by the shift to electric vehicles. Therefore, it logically follows that bringing in eVED in 2030 would offset this inflection point.

The total additional income vs maintaining the freeze is therefore £2.6 billion in 2026-2027, £2.9 billion in 2027- 2028, £2.9 billion in 2028- 2029. Total £8.4 billion additional income vs maintaining freeze. 2029-2030 is only £2.5 billion but still additional vs freeze.

This results in a total **£10.9 billion gain** from 2026-2030 financial years. Vs £2.5 billion loss from delay to EVED start date. This provides Government with an **additional £8.4 billion by 2030**.

Supporting the EV transition

Government has already committed some spending from future eVED revenue which could instead be used from fuel duty revenue from up and coming years.

At present Government has committed:

- Investing an additional £100 million in EV charging infrastructure, includes funding to support the installation of home and workplace charge points.

⁶ <https://commonslibrary.parliament.uk/research-briefings/cbp-10340/>

⁷ <https://obr.uk/forecasts-in-depth/tax-by-tax-spend-by-spend/fuel-duties/>

- Allocating £100 million of resource funding for local authorities and public bodies to support the training and deployment of specialist staff, accelerating the rollout of public charge points.
- Longer term spending across multiple years:
 - Introducing a 10-year 100% business rates relief for eligible EV charge points and EV-only forecourts, to ensure that they face no business rates liability. (£250 million - £1 billion value). Roughly £100 million a year value in the first year⁸, likely more as charging networks expand.
 - The government may also examine lowering the costs for public charging for consumers depending on 2026 review due to be published in Q3. This may also come from anticipated revenue from eVED.
- This would if only using eVED revenue from year 1 of introduction (2028/29) still leave £400 million for pothole repair, which seemingly will also come from eVED.

We would note that taxing a minority of road users to fund road repair is not helpful messaging, as it implies a minority of vehicles on the roads are responsible for the current state of the roads, rather than the growth of heavier vehicles across all vehicle types over the last 50 years.

Overall, with the increase in fuel duty providing it its first year more than twice the revenue of eVED in its first year, Government must commit to increasing fuel duty and utilise the increased revenue to continue to support the EV transition.

We note at present Government is consulting at the same time as this consultation on an HGV ZEV Mandate. We suggest that some of the revenue from the rise in Fuel Duty be used for a tried and tested and successful Government funding programme that ended in 2023.

Government should look to bring back the Green Recovery Fund which helped support last mile grid upgrades for rapid charging infrastructure. With DfT currently considering how to support rapid charging infrastructure rollout, providing new additional funding to a proven model would be a positive Government step. This funding could be used to provide those grid upgrades for HGV charging infrastructure along key transport corridors in the UK to ensure fleet operators (should they be mandated to purchase E HGV's) have the confidence

⁸ <https://www.theguardian.com/environment/2025/nov/02/uk-charging-industry-could-face-100m-bill-under-business-rate-changes#:~:text=ChargeUK%2C%20an%20industry%20body%2C%20said,been%20liable%20for%20the%20taxes.>

that their HGVs can charge on route. We would suggest this fund starts at £600 million to ensure its support can last multiple years. Note the cost of £600 million being spread over multiple years means that overall, it can be spread over years of fuel duty or eVED revenue. If it lasted 3 years, then it would only require £200 million to be taken from for example 2026/27 fuel duty revenue.

We'd also urge HMT to work with DfT to identify ways to reduce grid connection costs, to reduce continued asks for further support financial support for grid upgrades. At present one way that may help achieve this is by working with the ENA, Ofgem and DfT to examine requiring DNO's to offer two connection agreements, a fixed connection agreement (which they do now) and a flexible connection agreement as standard. A flexible connection agreement may lower grid upgrade costs or spread them over multiple years, and more quickly allow operators to electrify and schedule charging around grid availability, which for some sites may be advantageous. This is a free intervention by Government and may make the most difference to support rollout of charging infrastructure and make the money already committed by Government go further and enable electrification quicker.

We'd also advise HMT to examine committing further eVED or fuel duty revenue towards supporting consumer engagement with flexibility services, to support the adoption of Energy Smart Appliances, lower energy bills, enabling more disposable income and protect the grid.

In 2022 when it was first launched NESO set a price of £3.00 per kwh for the Demand Flexibility Service, meaning suppliers were guaranteed £3.00 for every unit of energy their customers saved, regardless of the wider market price. This allowed suppliers to offer generous rewards to customers.

In Winter 2024/25 the Demand Flexibility Service (DFS) was used 44 times last winter at a cost of **£1.2 million**⁹. Participants secured contracts for £1.2m from DFS to pass onto consumers in rewards, while the scheme saved wider energy consumers almost £500,000 in balancing costs. But automated assets delivered just 9 percent of 2023/4 DFS volume¹⁰. Likely due to the significant reduction in incentive to participate with pay outs being closer to £0.5 per kwh. Meaning consumer incentives themselves were almost non-existent. At its peak this service when most successful cost around £11 million a year to implement. We would urge HMT to work with DESNZ and NESO to secure funding to restore the £3.00

⁹ <https://www.neso.energy/nearly-2-million-households-and-businesses-registered-demand-flexibility-service-dfs-last-winter#:~:text=The%20report%20provides%20insights%20into,contingency%20enhanced%20action%20service%20to>

¹⁰ <https://www.energy-uk.org.uk/wp-content/uploads/2024/08/Energy-UK-response-to-Demand-Flexibility-Service-DFS-EBR-Article-18-consultation-August-2024.pdf>

kwh rate to incentivise consumer flexibility and ensure suppliers pass on the benefits to consumers.

Without this much of the Government's wider programmes like the Smart and Secure Electricity System may not yield the expected flexibility on the system should consumers not feel the small financial incentive is not compensation enough for a behaviour change and comfort sacrifice. At a small cost of **£11 million a year**, this can easily be funded by the significant £2.5 billion a year expected revenue from fuel duty or even the £1 billion in the first year of eVED.

2. What should the government consider when developing guidance that supports motorists to estimate their mileage?

Any guidance document must make reference to how a driver can request a refund or pay more tax should their mileage be greater. This guidance must be simple, and the refund process be digital to enable it to be as easy as possible.

As it stands eVED has two other clear weaknesses that any guidance document would need to provide clear guidance to overcome.

- Drivers who use their car abroad for example by driving to Europe will pay road pricing charge in Europe and still have to pay for their miles driven in Europe back in the UK through eVED.
- But European drivers, including freight operators who register their vehicles in Europe will not pay eVED but be using UK roads.

So, there must be guidance on how to exempt miles driven abroad and how to also ensure when tourists for example drive over from France that there are taxed fairly for using UK roads. Otherwise, it would appear as if it may be cheaper to lease a vehicle from France and use it in the UK, rather than leasing from a UK firm, which would be disastrous for fairness.

3) How could technology make eVED easier and simpler for businesses and motorists to comply with?

A full digital platform is needed, for both the MOT Garages and in particular vehicle leasing companies and fleet operators to ensure that a simplified, easy process is established, that is not time consuming or costly to administer. We are aware that this may be difficult to implement with adequate testing prior to 2028 and we would urge Government to push eVED implementation to 2030 to ensure that technical challenges like this are addressed ahead of implementation.

4) Would you support the consideration of technological solutions on an opt-in basis, in future?

We would support any such system, but they must be available from launch to ensure that there are no unintended consequences at the start of the policy. At

present there is a significant risk of an undesirable outcome like the pasty tax where policies had to be changed soon after legislation was introduced which would create more confusion.

5) What should the government consider when designing the system for managing under and over payments of eVED?

We would suggest the Government consider the staffing requirements given they could be processing up to 40 million tax disputes by 2050 as it will not be possible for any driver or business to accurately project their mileage with in the threshold required of them and most or all would likely have to dispute the tax at the end of the year, either to get a refund or to pay more and avoid a fine or worse.

Importantly they must also consider proportionality, is there a limit of additional miles that could be included as leeway, to lower the number of potential additional open tax under payment cases that might be problematic for some businesses. But the proposed credit mechanism may well mitigate the need for this, should HMT proceed with the proposed credit mechanism of adjusting the following years tax bill based off under or over reporting from the previous year.

For leasing companies we'd also see significant value in a pooling mechanism to ensure that leasing businesses are able to pool all their vehicles under one single payment. Otherwise, leasing companies would have to perform thousands of payments which ultimately are more likely to be wrong in terms of estimated mileage as it will ultimately be out of their control how many miles their vehicles do and down to a third party, their end customer. Pooling would ensure that at the end of the year the company could aggregate all the miles of the vehicles and contrast to what was paid and submit one request to HMT for either a refund or to pay more. This would have the added benefit of being less resource intensive for HMT. We would advise HMT to continue talking to leasing experts like the BVRLA to ensure special arrangements are in place for leasing businesses.

6) The government intends to engage with garages on MOT fees and the costs of mileage checks. Are there other steps the government should take to support MOT garages to prepare for eVED?

MOT garages would need guidance from HMT on how to guide customers through the refund/payment process at the end of the year, as they are most likely to be asked by the customer as the first point of contact.

7) Do you agree that MOT garages are well placed to be accredited providers of mileage checks?

Yes, for cars. For HGVs an MOT garage would not be appropriate and further work with industry would be required to identify a suitable location should they ever be

included in scope in future, as we note eVED inclusion will remain under review after implementation.

8) Are there alternative approaches for checking mileage in the first three years after a car is registered (pre-MOT age)?

One potential solution for leasing organisations would be for these organisations to submit their estimated mileage as a pool, rather than on a vehicle-by-vehicle basis. This would like excise vehicle duty then at vehicle disposal be tallied up against the aggregated value and the new owner paying a new VED charge. This would be far less administratively burdensome for both businesses and Treasury.

9) What impact will the proposed approach for eVED collection have on fleets and leasing businesses?

As we reflect in our answer to question 5, the current proposed system would be administratively complex for leasing organisations and HMT and would be improved by the use of pooling to ensure there is a single transaction rather than potentially several thousand that would likely require several thousand more payments back to the leasing organisation or to HMT once more at the end of the year. The potential for a credit mechanism and pooling may severely reduce the impact of eVED on these businesses too.

10) What should the government consider to minimise administrative burdens and complexity for these businesses?

Please see our answer to question 9.

11) What should the government consider to ensure the overall approach to tax reporting and collection is fair?

Overall Government must have an automated system ready by 2028 to minimise mistakes and ensure consistency in implementation.

12) Which life events and other considerations should the government consider when building flexibility for changes in circumstances into the eVED scheme?

In addition to those listed in the consultation, the fleet life cycle and disposal of fleet vehicles should be considered, as per our answer to question 8.

13) Do you agree with the proposed approach for car lifecycle events?

Yes.

14) Is there anything further the government should consider when designing the arrangements for car lifecycle events?

Please see our answer to question 8.

15) What should the government consider when developing an overall compliance approach to prevent user error, avoidance and fraud?

The Government must consider proportionality and being able to differentiate between criminal acts of altering the odometer and accidental misreporting through other means such as accidental fault by the MOT centre when inputting the data.

HMT and DfT must also urgently outlaw the sale and use of mileage adjustment services. They are the primary engine behind odometer fraud—a problem that will only accelerate with the introduction of eVED. To protect the integrity of the system, robust measures are needed to shut down these workarounds ahead of eVED implementation, further strengthening the need for eVED to be pushed back to 2030 to allow for such changes to be made and take effect.

16) What should the government consider when designing the penalties regime within eVED, to ensure fairness to all motorists?

The DVLA's existing powers appear to be sufficient to manage this process.