

Exchequer Secretary Daniel Tomlinson MP

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By Email: XST@hmtreasury.gov.uk

Dear Minister,

We are writing to you as representatives of the EV charging, manufacturing and leasing sectors and private drivers to urge you to **delay the introduction of the Electric Vehicle Excise Duty (eVED) by a minimum of two years, to 2030**. As currently proposed, the policy will damage consumer confidence in EVs at a critical moment for the transition, create unworkable conditions for the leasing sector, and risk undermining the ZEV mandate it sits alongside. Signatories of this letter help support private drivers and fleets begin and continue their EV journey.

With the UK poised to be a world leader in EV adoption thanks to successive Governments' support for EV charging infrastructure and the wider transition, it is critical that any tax on EVs does not come at the expense of consumer sentiment, investment planning and emissions savings.

Critically this letter is drafted against the background of the ongoing crisis in Iran. We have seen significant rises in petrol prices and seeing more consumers look to purchase an EV as a result. However, the Treasury should not regard this as a predictable, long-term trend. In 2022/2023, dramatic petrol price rises caused by the invasion of Ukraine also stimulated a rise in EV sales, but this increase was not sustained once petrol prices receded once again. eVED is an underlying issue, not a transient one.

eVED is already causing a significant decline in driver sentiment towards EVs and a decline in drivers who would get an EV as their next car. EVA England's research shows that 70% of drivers are concerned with paying upfront and that almost 30% fewer drivers would be very likely to recommend an EV to a friend or family after eVED compared to EVA England's 2025 survey.¹ This is a critical problem as the UK Government mandates an increasing % of new vehicle sales to come from EVs.

Design of the proposed eVED tax must therefore take more time to be improved, with both consumers concerned about payment and leasing companies who would benefit from a pooling system to simplify the process. In Iceland the failure

¹ <https://www.evaengland.org.uk/wp-content/uploads/2026/03/The-drivers-view-on-pay-per-mile-eVED-for-EV-drivers.pdf>

to consider leasing companies in their pay per mile EV tax was the key reason for a significant decline in EV sales.

BEAMA's research shows that in Iceland and New Zealand where pay per mile/km schemes were deployed, new EV sales declined significantly.

| Territory | Policy Impact | Result |
|-------------|--------------------------------|--|
| New Zealand | Road User Charges (April 2024) | EV sales fell from 10% to 4% within months and have not recovered. |
| Iceland | Kilometer-based Fee (Jan 2024) | Resulted in a 75% decline in new EV sales in 2024. |

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In the context of the ZEV Mandate and the review scheduled to report by early 2027, car manufacturers who do not hit their EV sales targets will be fined. The Treasury is proposing to create adverse market conditions that makes hitting these targets very difficult. Evidence from similar tax schemes deployed elsewhere shows EV sales will fall in 2028, yet as it stands car manufacturers will be fined as a result of the market conditions that eVED imposes.

Given the ZEV Mandate is scheduled for a review this year amidst the uncertainty caused by eVED and the predicted impact on the sector, there is likely to be pressure from manufacturers and other stakeholders to weaken the mandate. A new Treasury policy should not be a contributing factor in having to weaken an existing government policy that has to date been working effectively.

The ZEV Mandate is set to end the sale of pure internal combustion engine vehicles (ICE) in 2030. If the Treasury uses the consultation period to reflect, and make appropriate changes, eVED could be deployed in 2030 at a time when any impact on new EV sales would be greatly reduced as a result of no new ICE vehicles being on sale.

The Treasury stands to lose around half of its projected revenue from eVED in year one (2028-29) and year two (2029-2030), if EV sales do collapse at a similar rate to New Zealand (>50% decline) and are instead replaced with ICE vehicle sales. New ICE Vehicles are around £6,000 less than the average cost of a new EV, so we estimate around £630 million less VAT revenue from the sale of ICE Vehicles vs the EV equivalent, assuming average prices of both remain similar to today. This VAT revenue loss could rise in year two. This is in addition to the **£260 million a year cost to leasing companies**³, meaning eVED could cost the UK economy a minimum of **£890 million a year** in the first two years alone. This is almost all the

² <https://www.beama.org.uk/portfolios/electrical-transport-systems/eved-don-t-tax-the-transition.html>

³ <https://www.gbnews.com/lifestyle/cars/car-tax-changes-businesses-labour-pay-per-mile>

projected revenue eVED is due to raise in 2028-2029. Depending on whether new car sales slow entirely or see EV sales slow or decline with ICE vehicles replacing those sales the total cost to the UK economy **could be over £4 billion a year**. The total revenue from eVED by 2031, is forecast to be just over £4 billion.

The Treasury can, therefore, choose to take on board the significant feedback already sent in regarding concerns around the implementation of eVED and its impact on the wider policy landscape and agree to a minimum implementation delay of two years, to 2030. Protecting EV sales by delaying eVED ensures investment across UK in reliable public and private charging infrastructure, as well as investment in UK manufacturing facilities, which create local, high skilled jobs across the UK. Investment in the UK by the charging sector is due to be far higher than eVED revenue by 2031, combined with VAT losses from new car sales, eVED must be delayed to 2030, protecting a growing EV sector, the transition to EVs and the UK economy.

With significant levels of engagement across multiple organisations on this important issue, we would welcome the opportunity to have a round table discussion with you and Treasury officials as a group of interested industry representatives. We seek the opportunity to continue discussing concerns of vehicle manufacturers, charge point manufacturers and operators, leasing businesses, and drivers to ensure any decisions made on eVED protects the electric vehicle transition, planned investment and the consumer.

Yours Sincerely,



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