Finance Bill 2026-27

Representation from the Association of Taxation Technicians (ATT)

Clause 52: Supply of electricity for electric vehicle charging

Executive Summary

Clause 52 establishes that electricity supplied through vehicle charging points available to the public, or to employees at a workplace, is deemed not to be of domestic use. The result of this is that the 20% standard rate of VAT applies, rather than the 5% reduced rate (or temporary zero rate).

The ATT is concerned that this is another example of a tax policy in conflict with the stated government objective of driving the adoption of electric vehicles and reducing the cost of charging.

1. Background

1.1. Under UK VAT law, supplies of domestic fuel and power qualify for a reduced rate of VAT of 5%. A temporary 0% rate also currently applies to supplies of domestic electricity, which it was announced at Budget 2026 would be extended until 30 June 2027.

1.2. HMRC's established view is that supplies of electricity from public vehicle charging points do not qualify for this reduced (or temporary zero) rate of VAT.[1] However, that position was challenged in the recent case of *Charge my Street Ltd [TC/2024/01983]* in which the First-tier Tribunal held that, depending on the exact fact pattern, the reduced rate of VAT could apply to supplies of electricity from public vehicle charging points.

1.3. Clause 52 effectively seeks to override this decision and ensure that all supplies of electricity from public charging points are standard rated for VAT going forwards. It amends the VAT legislation to be in line with HMRC's view of the rules, by specifically stating that electricity is not to be classed as a supply of domestic fuel or power (and therefore subject to the reduced or temporary zero rate) if it is supplied through either a public charging point, or one available at a workplace.

1.4. This change means that VAT must be charged at the highest rate of 20% on electricity provided through public charging points. By contrast, those who are able to charge their vehicle at home will continue to benefit from the lower rates of VAT applicable to domestic fuel. Clause 52 will therefore disproportionately affect those who do not have access to a private charger at home, such as those living in flats or with only street parking available to them.

1.5. As set out below, Clause 52 is also another example of a tax policy which appears to be in conflict with the Government's aim to drive greater adoption of electric vehicles.

[1] See https://www.gov.uk/government/publications/revenue-and-customs-brief-4-2026-vat-liability-of-supplies-of-electricity-from-public-electric-vehicle-charge-points/vat-liability-of-supplies-of-electricity-from-public-electric-vehicle-charge-points

2. Conflict between wider government policy and tax treatment of electric cars

2.1. The Government's stated policy continues to be to encourage the greater adoption of electric cars as part of their wider green agenda. Part of this is a focus on reducing the cost of public charging. At the Budget, the Chancellor welcomed the publication of Philip New's independent review of the cost of charging electric vehicles[2], which was commissioned by the Department for Transport, Department for Energy Security and Net Zero and HM Treasury. The Chancellor also announced, following this review, measures to try to tackle the cost of charging, including the establishment of a 'tariff porting taskforce' and £100m of investment to reduce costs for local, lower-powered public chargers.[3]

2.2. The decision to introduce Clause 52 and thereby ensure VAT is charged at the highest rate on electricity provided through public charge points appears to be directly in conflict with this focus on reducing the costs of charging.

2.3. Several other recent policy decisions have also increased the tax burdens associated with electric vehicles, including:

- Bringing electric vehicles within the scope of Vehicle Excise Duty (VED) from April 2025.
- The introduction of pay per mile pricing for electric and hybrid cars in the form of a new electric Vehicle Excise Duty (eVED) from April 2028.
- Increasing the benefit in kind appropriate percentage (which is used to calculate the tax payable on company cars) for electric cars from 0% in April 2021 to 10% by April 2030.[4]

2.4. We also note that, unlike in previous Budgets and Finance Bills, the dedicated 100% First Year Allowance (FYA) in s45D CAA 2001 for low emissions cars purchased for business use has not been extended this year. This relief will therefore expire on 31 March 2027 (for corporation tax purposes) or 5 April 2027 (for income tax purposes). After this date, instead of being able to deduct the cost of an electric car in full in the year of purchase, businesses will only receive tax relief on a much slower reducing balance basis via writing down allowances (which are themselves being reduced to 12% per annum from April 2027 by Clause 21)

2.5. Taken together, these higher tax burdens and reductions in relief risk deterring individuals and businesses from investing in electric vehicles, at a time when the Government's aim is to drive their adoption.

3. Recommendation

3.1. From a tax revenue perspective, we recognise that fuel duty revenues will need to be replaced as more people turn to electric cars, or even just more efficient petrol / diesel models. As VAT is charged on the fuel duty inclusive price of petrol / diesel, any reduction in future fuel duty revenues will also reduce VAT revenues.

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[2] https://www.gov.uk/government/publications/cost-of-public-electric-vehicle-charging-review
[3] See paragraph 3.16 of the Budget Red Book.
[4] See Clause 14 of this Finance Bill

3.2. However, the current approach to taxation of electric vehicles, including the introduction of Clause 52, risks damaging their uptake and imposing additional costs on drivers and businesses.

3.3. We believe that a more strategic, wider review of how we tax motoring and replace fuel duty revenues is needed, rather than measures which specifically target electric vehicle drivers and conflict with wider government aims.

Association of Taxation Technicians
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Note:

The Association of Taxation Technicians

The Association is a charity and the leading professional body for those providing UK tax compliance services. Our primary charitable objective is to promote education and the study of tax administration and practice. One of our key aims is to provide an appropriate qualification for individuals who undertake tax compliance work. Drawing on our members' practical experience and knowledge, we contribute to consultations on the development of the UK tax system and seek to ensure that, for the general public, it is workable and as fair as possible.

Our members are qualified by examination and practical experience. They commit to the highest standards of professional conduct and ensure that their tax knowledge is constantly kept up to date. Members may be found in private practice, commerce and industry, government and academia.

The Association has over 10,000 members and Fellows together with over 7,000 students. Members and Fellows use the practising title of 'Taxation Technician' or ‘Taxation Technician (Fellow)’ and the designatory letters 'ATT' and 'ATT (Fellow)' respectively