HM Revenue & Customs

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Manuela Perteghella MP
House of Commons
London
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Date 5 September 2025
Our Ref CEDEL/2225071/2025
Your Ref MP05039

Dear Ms Perteghella

Thank you for your letter of 4 August 2025 to the Minister for Future of Roads on behalf of one of your constituents about electric vehicles (EVs). Your letter has been passed to HM Revenue and Customs and I am replying on behalf of the Chief Executive.

The government is fully committed to the transition to EVs which is key to meeting its net zero goals and will drive growth and productivity across the UK. The government is also providing £1.4 billion to support continued uptake of electric vehicles, including electric vans and HGVs and £400 million for the further rollout of charging infrastructure.

The Advisory Electric Rate (AER) is an administrative easement used to reimburse employee's for business travel in company cars. It also helps employees repay fuel costs for private travel. The rate is an average so may not reflect all circumstances.

The 45p mileage rate also relates to business use of a company car but covers all vehicle types (electric and combustion engine). The rate not only includes fuel costs, but all the major expenses associated with running a car, such as insurance, servicing and repairs. The AER relates solely to the cost of electric charging.

As of 1 September 2025, the AER is 8p per mile following the latest quarterly review. A new separate AER rate for public charging also started on the same date. This is set at 14p per mile and will be reviewed quarterly. Where employees use both home and public charging, employers can use a reasonable apportionment of both rates. Your constituent can find more information on AER and how they are calculated at: www.gov.uk/guidance/advisory-fuel-rates#full-publication-update-history.

Advisory rates are not administrative easements and are not mandatory. This means employers can use a different amount that better reflect how their employees use their vehicles. This can include when using a rapid fast charger. If an employer pays more than the advisory rate and can evidence that the charge cost per mile is higher, there will not be any Income Tax or National Insurance contribution charge.

The Department for Transport (DfT) continue to work with Ofgem and others on measures to keep the cost of EV charging affordable for consumers, wherever they live and charge. The number of operators and rapid growth of the charge point sector means pricing models are becoming competitive. Comparable prices can be seen across similar types of public charge points, for example, ultra-rapids.

The Public Charge Point Regulations 2023 require public charge point operators to provide pricing information in a consistent format of p/kWh. These regulations also require charge point operators to share public charge point data free of charge, including pricing information.

Both these requirements make public charge point tariffs more transparent and allow drivers to compare public charge point pricing to find the best tariff for their needs. The DfT expect these Regulations, enforced by the Office for Product Safety and Standards will encourage greater competition and improved pricing for consumers.

I hope this helps you to reply to your constituent.

Yours sincerely,

Cerys McDonald
Director, Individuals Policy Directorate