

CIHT response to consultation on the introduction of Electric Vehicle Excise Duty (eVED)

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

CIHT recognises the principle behind eVED - namely, the need to ensure long-term Treasury revenues remain sustainable as the vehicle fleet electrifies and receipts from fuel duty decline. However, the timing and structure of any scheme must not undermine the transition to electric vehicles, especially given that the key challenges associated with the transition centre on the lack of price parity with ICE vehicles and the financial burdens faced by those who cannot access home charging.

EVs are still typically more expensive than their petrol and diesel equivalents, and while the second-hand EV market is developing and concerns about diminishing battery life/reducing range are a deterrent to buying older EVs, it remains relatively immature and price sensitive. Introducing additional taxation too early risks discouraging uptake, weakening residual values, and effectively penalising early adopters who have supported the transition to date. This may slow overall progress toward decarbonisation and could potentially conflict with the objectives of the ZEV mandate and wider strategic frameworks such as the Integrated National Transport Strategy (INTS), as well as other transport planning reforms.

In particular, it would be premature to move to a mileage-based charging model before the wider vehicle charging environment is operating on a fair and equitable basis. At present, a significant disparity exists between those who can charge at home and those who rely on public infrastructure. Public charging is typically more expensive than home charging, in part because it attracts a higher rate of VAT than domestic electricity. Reducing VAT on on-street and public charging to align more closely with home charging should be addressed before introducing any per-mile charging mechanism.

More broadly, the enabling conditions for a fair transition are not yet fully in place. The availability, accessibility, booking systems and reliability of public chargepoints must improve further to give drivers confidence. The sequencing of policy interventions is therefore critical. Government should first reduce the structural disparities between drivers with off-road parking and those without before introducing additional road-use charges. Failing to do so risks embedding inequity into the system.

The proposed structure also raises concerns regarding fairness and distributional impacts. Rural drivers, who often have limited access to public transport, are more dependent on private vehicles and may have little practical alternative. Drivers without

access to home charging, including many living in flats or terraced housing, already face higher per-mile costs due to reliance on public charging infrastructure. The upfront cost of installing private chargepoints is also significant. As a result, a segment of EV drivers already pays more per mile than others. Layering eVED, particularly in mileage-based form, on top of these existing disparities risks compounding inequities and may contradict wider net-zero and social inclusion ambitions.

It is also worth noting that fuel duty already functions, in effect, as a distance-based tax, as motorists pay in proportion to the fuel they consume.

If revenue replacement is required in the near term, alternatives to per-mile charging could be considered. For example, a lump-sum annual charge linked to vehicle value could provide a simpler and more administratively proportionate approach during the transition period. Consideration could also be given to differentiated charging for second and subsequent vehicles within a household, which may better reflect ability to pay and vehicle ownership patterns without discouraging necessary mobility.

International mileage also requires careful handling to prevent perceived double taxation and ensure administrative practicality. A mechanism for declaring mileage accrued abroad may be necessary. One possible approach could involve requiring drivers to upload time-stamped photographic evidence of odometer readings to a government portal when a vehicle leaves the UK and again upon re-entry, alongside supporting documentation such as Channel Tunnel or ferry tickets. However, this approach would not be practical for travel between Northern Ireland and Ireland, where there is a free-flow border and no routine requirement for travel documentation. Any solution must therefore account for the specific circumstances of cross-border travel on the island of Ireland.

If eVED is to be introduced, CIHT considers it would be more appropriate to do so later in the transition - for example, closer to 2030 - when EV purchase prices are expected to be more competitive with ICE vehicles and the market more mature. Any scheme should be simple, proportionate, and transparent, with clear transitional arrangements that preserve incentives to switch and avoid cliff-edge effects.

Crucially, a stronger and more explicit link should be established between motoring taxes - including eVED and fuel duty - and investment in road maintenance and improvements. Drivers are more likely to view new charging mechanisms as legitimate if they can see a clear and tangible benefit from their contributions. This is particularly important given the increased deterioration of the UK's road network caused by more extreme weather events. As outlined in CIHT's manifesto, the road network provides essential access to employment, goods, services and opportunities, and plays a central

role in supporting economic activity. How society invests in, maintains and uses the road network also has significant implications for climate change mitigation, resilience, and public health outcomes.

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

When developing guidance to help motorists estimate their mileage, the government should recognise that vehicle use is not just about distance travelled, but also about vehicle characteristics and wider impacts. Heavier vehicles, for example, contribute more to road wear and tear, and all vehicles generate non-exhaust pollution such as tyre and brake dust.¹ Any guidance should therefore acknowledge that mileage is only one part of overall impact, and that vehicle size, weight, and type influence environmental and infrastructure costs.

The government should also be mindful that some drivers question whether mileage-based charging is the right approach at all, arguing that such systems can be complex, costly to administer, and potentially vulnerable to fraud. Guidance should therefore be simple, transparent, and clearly explain why mileage estimates are being requested, how the information will be used, and what safeguards exist. Clear communication about fairness will be especially important, including how different vehicle types - such as internal combustion engine vehicles versus electric vehicles - may be treated, particularly if environmental impact is a policy consideration or if behaviour change is being encouraged.

In practical terms, guidance can build on systems drivers already use. Motorists are accustomed to estimating annual mileage when renewing insurance and to having official mileage readings recorded during MOT tests.² A self-reporting approach, where drivers provide an estimate at the start of a period and later reconcile it against odometer readings, may feel familiar and proportionate. Guidance should explain how to make a reasonable estimate, how and when actual mileage will be checked, and what happens if there is a significant difference. Any compliance or penalty framework should be clearly described, with allowances for genuine mistakes and clear processes for resolving disputes. Developing an online application to allow prospective EV owners to calculate their estimated weekly, monthly and annual mileage, projected tax liability,

¹ Please note, while EVs are generally heavier than their ICE counterparts, their impact on road surfaces is minimal compared to larger, heavier vehicles such as HGVs and buses. However, EVs are reported to be disproportionately SUVs compared to the ICE fleet, meaning a dual increase in vehicle mass due to EV and vehicle type combined. This is still small compared to HGVs but is sufficient to cause more damage to footways which they more readily over-ride due to vehicle form.

² It is important to note that these are generally quite wide bands and there is no penalty for getting these wrong so people will generally underestimate.

and future adjustments based on Consumer Price Index (CPI) inflation would help promote transparency.

Finally, affordability and cash-flow should be central considerations. Many lower-income motorists manage costs week-to-week, for example by buying fuel in small amounts as needed. Guidance should therefore be sensitive to the financial realities of different households and avoid encouraging systems that require large upfront payments based on estimates that may later change. Flexible payment options, clear budgeting tools, use of algorithms and reassurance about how adjustments will be handled could help ensure that estimating mileage does not create additional financial stress for those least able to absorb it.

CIHT's White Paper [Charging for Road Use](#) provides a useful reference for implementing mobility pricing schemes, sharing lessons learned from across the world.³

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

Technology has the potential to make eVED compliance significantly easier and more efficient for both businesses and motorists, particularly through automated digital reporting systems. For example, a model similar to household utility metering - where usage data is recorded and transmitted electronically - could reduce manual administration, improve accuracy, and streamline reporting processes. Such systems could save time for businesses that manage multiple vehicles and simplify the overall compliance burden. Likewise, the potential to embed reporting processes within new vehicle design represents an important opportunity.

However, any technology-driven approach must be designed with care. Digital systems can introduce risks, including technical errors and vulnerabilities to cyber-attacks or hacking. Past large-scale IT failures demonstrate the importance of ensuring systems are robust, transparent, and subject to strong oversight and clear dispute resolution processes. There is a strong potential for mistrust, both for large scale businesses and individuals. Without these safeguards, technology could create new complications rather than removing existing ones.

A new British Standard for mileage-reporting software could help ensure robust system design, transparency, and user-friendly implementation.

Accessibility is another key consideration. While many businesses may have the capacity and resources to adopt new digital tools, some motorists could face

³ [Charging for Road Use – What is the Future of Mobility Pricing | CIHT](#)

challenges. Older people, disabled individuals, and those with limited digital skills or access to reliable internet may struggle with fully digital systems. To ensure fairness and broad compliance, any technological solution should be inclusive by design, with alternative channels and appropriate support available for those who need it.

Technological solutions must adhere to strong data privacy standards; allow multiple accredited providers; maintain genuine user choice and avoid mandatory tracking without further consultation and parliamentary scrutiny.

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

CIHT supports the consideration of technological solutions on an opt-in basis in the short-term, before transitioning to an opt-out approach. This approach builds in both a user-friendly approach, helping to increase confidence before shifting to a more technologically focused approach as technology matures and user confidence grows.

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

When designing the system for managing eVED underpayments and overpayments, the government should ensure it is fair, flexible, and transparent. Overpayments could be carried forward as credits against future mileage, with the option for reimbursement if the driver or owner stops driving. Underpayments should be settled promptly, with penalties applied for repeated or significant shortfalls, similar to those for late or incorrect tax returns.

The system should also provide flexibility in payment and repayment options. Drivers should have the choice of lump-sum reimbursements for overpayments, while underpayments could be addressed through adjusted regular payments over the following year. This approach balances accountability with fairness, ensuring drivers can manage their obligations without undue burden.

CIHT supports the adoption of a direct debit-based system, as is the case with utility bill payments. This allows people to budget more effectively, with debits adjusted as patterns emerge.

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?

While engaging with MOT garages on fees and the costs of mileage checks is an important first step, additional measures could help ensure garages are fully prepared

for eVED implementation. One approach would be to utilise existing MOT garages as the primary locations for eVED-related inspections and data reporting. These garages already possess the necessary infrastructure and expertise, making them a practical and efficient choice for recording and submitting vehicle data.

Consideration could also be given to extending certain MOT-type checks to new vehicles. Although new vehicles are currently exempt from MOTs (which would have included a mileage check), new vehicles could undergo a mileage check with their annual service and introducing a limited inspection could provide significant safety benefits by ensuring that critical components - such as tyres, lights, and wipers - are maintained in good condition from the outset. This would support road safety objectives while complementing the aims of eVED.

At the same time, any additional requirements should strike a balance between safety and practicality. Mileage checks conducted alongside standard MOTs or servicing are reasonable and reduce administrative burden however, mandating separate inspections within the first three years of a vehicle's life could impose extra costs and time burdens on garages and vehicle owners.⁴ Careful planning and clear guidance will be necessary to achieve the objectives of eVED without creating undue administrative or financial strain.

Engaging MOT garages to undertake checks should not compromise peoples' opportunity to self-report their mileage, to avoid incurring costs.

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

MOT garages are generally well placed to be accredited providers of mileage checks. They already carry out MOTs, which require attention to detail and adherence to regulatory standards, so in principle they have the infrastructure and expertise to perform mileage verification. If they are trusted to deliver MOTs effectively, it seems reasonable to extend that trust to mileage checks.

However, there is no robust system in place to monitor MOT stations specifically for mileage checking, or to rectify errors when they occur. In addition, unlike fraudulent MOT testing, inaccurate mileage reporting will prove harder to detect. In addition, additional workload impacts must be assessed, and some MOT garages are unfamiliar

⁴ There is also a safety benefit to introducing an inspection, which could include a basic assessment of tyre condition, brakes, and related components. Collision investigations frequently identify vehicles within their first three years of service as unsafe, as drivers may assume that newer vehicles do not require maintenance simply because a full MOT test is not yet mandatory. However, wear to brakes and tyres can still occur during this period and requires appropriate maintenance.

with EVs more generally. This raises questions about consistency and accountability and suggests that additional safeguards or oversight might be necessary before MOT garages could reliably take on this role nationwide.

CIHT advises that the government consults the Independent Garage Association⁵ to provide feedback on the policy design to MOT fees and cost of mileage checks.

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

Before a car reaches the age requiring an MOT, mileage can be tracked primarily through service records. Most cars in their first three years are regularly serviced at main dealers, many of which are MOT-accredited, providing reliable mileage documentation, although servicing may be after two years rather a year so mandating a yearly check of mileage for new vehicles may be required if they are not serviced annually. Manufacturer-connected EV apps that record mileage in real time may also offer a reliable solution, subject to privacy and standardisation safeguards. Other methods, such as relying on previous owner records or estimating typical usage, are less accurate and generally not recommended. Official service history from reputable garages remains the most practical way to verify mileage during this period.

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

Introducing new systems for eVED collection will inevitably present some challenges, as with any change in operational processes. The transition may require fleets and leasing businesses to adapt to new procedures, ensure staff are trained appropriately, and integrate the system with existing management frameworks. Paying per mile increases the cost for fleet operators who have already spent money investing in EV charging infrastructure and more expensive vehicles.

Based on international experience in government fleet management, if fleets are well managed and leasing businesses operate efficiently, effectively, and economically, the overall impact of the proposed eVED collection approach is likely to be marginal. For such organisations, the change should not significantly alter the day-to-day management requirements or operational workflows.

However, the introduction of eVED collection could add an additional dimension to financial arrangements between lessors and lessees. While the system itself may not radically change fleet operations, it could influence invoicing, payment tracking, and

⁵ <https://independentgarageassociation.co.uk/>

financial reconciliation processes, requiring clear communication and coordination between all parties involved.

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

To minimise administrative burdens and complexity for businesses involved in fleet management and leasing schemes, the government should ensure processes are simple, robust, and secure. Businesses in this sector are typically well-organised and capable of managing operations efficiently, so keeping requirements clear and straightforward allows them to deliver effective and economic outcomes without unnecessary administrative effort.

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

To ensure that tax reporting and collection are fair, the government should consider a system that accounts for the mass of vehicles, so that the system accommodates for the increased impact larger vehicles have on the road. However, a flat fee may be easier for people to understand, and simplicity is key to building user-trust and generating buy-in. Limited real-world alternatives to private vehicles in rural areas likewise raise an interesting question surrounding potential mileage grading, though it is important to recognise that rural drivers are already accustomed to paying increased fuel duty in response to their higher mileage needs. A disadvantage of a flat fee system could be the placing of additional financial burden on lower income earners who are more likely to run a smaller and hence lighter vehicle.

Transparency is critical: the government should clearly communicate how taxes collected are allocated and spent. Revenue should be hypothecated for road maintenance and improvement, and the government should provide annual breakdowns of revenues from electric vehicle duties (eVEDs), conventional vehicle duties (VEDs), and petrol and diesel vehicles, with a detailed allocation of specific projects. Without such transparency, it is difficult to justify the fairness of tax burdens on different vehicle types during the transition to greener transport.

Additionally, fairness requires inclusive engagement with stakeholders. Beyond fleet and leasing companies, the government should actively consult driver representative organisations and groups representing older and disabled people, such as Age UK, MIND, Motability, DPTAC, MACS, and IMTAC, to ensure that the tax system considers the needs and constraints of all road users. By combining equitable tax design, transparent reporting, and broad stakeholder engagement, the government can create a tax reporting and collection approach that is both just and defensible.

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

The eVED scheme should build in flexibility to account for life events and other factors that affect vehicle use and reporting. These could include changes in vehicle ownership, significant rises in energy costs, or changes to VAT on charging for vehicles not charged at home.

A non-exhaustive list of events that could justify variations in reported usage or delays includes vehicle collisions, long-term breakdowns, illness or injury, death, business closure, or employment loss. Such circumstances can impact driving patterns, usage estimates, or the timing of required returns.

Flexibility arrangements should align with those already in place for fossil fuel vehicles, ensuring consistency and fairness while accommodating real-world challenges faced by drivers and businesses. If reliant on direct debits, it's important to ensure that these can also be adjusted or cancelled to accommodate for changes in circumstances.

It's important that the system allows users to record change of address and change of payment method with ease.

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

CIHT supports the proposed approach to car lifecycle events. The changes being proposed do not represent a significant departure from the current Vehicle Excise Duty (VED) processes, as they mainly involve updates related to ownership and dates. The requirement to record mileage should not present a major challenge. Overall, the arrangements for vehicle lifecycle events should continue to reflect those currently in place for fossil fuel vehicles.

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

The proposed arrangements for car lifecycle events appear to be generally appropriate. Recording mileage during a change of ownership is likely to function effectively, as both parties have a clear incentive to ensure accurate reporting. However, scrappage may warrant additional consideration, as there may be limited motivation for accurate mileage reporting at the end of a vehicle's life. The government may wish to explore measures to encourage or verify reporting in these cases to ensure the integrity and reliability of the system.

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

When developing a compliance approach to prevent user error, avoidance, and fraud, the government should prioritise simplicity, fairness, and accessibility. Mileage-based reporting offers a straightforward method comparable to existing fuel taxes, while aligning with familiar taxation and reporting frameworks for self-employed individuals. Consideration may be given to targeted monitoring systems to detect odometer tampering, but such tools must be tightly regulated and proportionate. The system should leverage common digital technologies to facilitate compliance but also account for vulnerable users, such as older adults or people with disabilities, who may face challenges navigating online systems. Enforcement measures, including penalties or vehicle clamping, should be applied with flexibility and sensitivity, ensuring that all users are treated fairly and supported in meeting their obligations.

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

The government should design the eVED penalties regime to be clear, proportionate, and fair. Penalties must be easily understood, with transparent guidance on payment, mileage reporting, and appeals. Minor infringements should carry fines comparable to existing parking penalties, while more serious breaches, including under-reporting, could incur stricter measures aligned with tax enforcement. The system must also consider vulnerable users, such as older or disabled motorists, ensuring enforcement actions are applied with sensitivity. By combining clarity, proportionality, and inclusivity, the regime can promote compliance while treating all motorists fairly.

Ends