

FACTSHEET: PICK-UP CABS

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SPECIAL ISSUE



If your business uses double-cab or extended-cab pick-up trucks, it's important to be aware of a major tax change coming into effect from April 2025.

From this date, HMRC will no longer treat most of these vehicles as vans for tax purposes. Instead, they will be classified as cars, leading to significantly higher tax costs for businesses and employees alike.

What's changing

Effective from:

- **1 April 2025** for Corporation Tax
- **6 April 2025** for Income Tax and Benefit-in-Kind (BIK)

Double-cab and extended-cab pick-ups will no longer benefit from the simpler and often more generous van tax rules. Instead, they will fall under car tax rules, affecting:

- BIK calculations for employees
- Employer National Insurance contributions
- Capital allowances for businesses

What does this mean for you?

Tax Area	Before April 2025	From April 2025
BIK for employees	Fixed van rate (approx. £3,960/year)	Based on list price and CO ₂ (up to 37%)
Capital Allowances	Full expensing/AIA may apply	Standard car rate of 18% per year
Employer NICs	Based on van benefit	Based on higher car benefit

Example: A pick-up with a £50,000 list price and high emissions could result in a taxable benefit of £18,500 per year meaning a 40% taxpayer might pay £7,400 in tax annually, compared to under £1,600 now.

Transitional Relief Available

If you purchase, lease, or order a qualifying double-cab or extended-cab before 6 April 2025, you can continue using the van tax rules until the earliest of:

- The vehicle being sold or disposed of
- The end of the lease agreement
- 5 April 2029

This applies even if the vehicle is reassigned to another employee within your business.

What you should do now

For employers:

- Review your company vehicle fleet.
- If you're considering purchasing or leasing a pick-up, doing so before 6 April 2025 will lock in current tax treatment until 2029.
- Reassess the tax-efficiency of using double-cab vehicles going forward.

For employees:

- Expect a potential increase in your personal tax if you drive a company-provided double-cab pick-up from April 2025.
- Speak to your employer or adviser about alternative vehicle options.

For all business owners:

- Consider whether single-cab or alternative vehicles offer a more tax-efficient solution for your operations from April 2025 onwards.

We can help

If you'd like help assessing the impact on your company vehicles or wish to discuss alternatives, please don't hesitate to contact us. Call us on **01753 888 211** or email info@nhllp.com we are here to help.