

HMRC MILEAGE RATE INCREASED TO 55P – THE FIRST RISE IN 15 YEARS

The Approved Mileage Allowance Payment (AMAP) rate for cars and vans has increased from 45p to 55p per mile for the first 10,000 business miles — the first rise since 2011. Effective from 6 April 2026, the new rates apply to employees, directors, and sole traders using their own vehicles for business travel, and can be backdated to 6 April 2026 where applicable. If you reimburse mileage or claim it yourself, here is what you need to know.

WHAT ARE THE NEW RATES?

Cars and vans — First 10,000 miles: 55p per mile | Above 10,000 miles: 25p per mile
Motorcycles — First 10,000 miles: 24p per mile | Above 10,000 miles: 24p per mile
Bicycles — First 10,000 miles: 20p per mile | Above 10,000 miles: 20p per mile

Where an employee carries a fellow employee on a business journey, an additional passenger supplement of 5p per mile per passenger can also be paid tax-free.

WHY DOES THIS MATTER?

The 10p increase represents a 22% rise and is significant for anyone who regularly uses their own vehicle for work. For a director or employee driving 8,000 business miles in a year, the tax-free reimbursement they can receive rises from £3,600 to £4,400 — an extra £800 in their pocket without any income tax or National Insurance liability.

WHAT SHOULD EMPLOYERS DO?

Businesses that reimburse employees or directors for mileage should review their expense policies to reflect the new rates. Continuing to pay at the old rate of 45p is permitted, but it means employees can claim Mileage Allowance Relief (MAR) on the difference through their self-assessment tax return — and may understandably expect their employer to update its policy. Equally, paying above the AMAP rates triggers a taxable benefit obligation.

WHAT IF YOU ARE REIMBURSED BELOW THE NEW RATE?

If your employer pays you less than 55p per mile (for example, still paying 45p), you are entitled to claim tax relief on the shortfall directly from HMRC. This can be done via self-assessment or, for employed individuals not in self-assessment, through HMRC's online Mileage Allowance Relief claim service.

SOLE TRADERS AND SELF-EMPLOYED

Sole traders and partnerships using simplified expenses can also benefit from the higher rate. If you use the flat rate mileage method rather than claiming actual vehicle costs, you can now deduct 55p per mile for the first 10,000 business miles against your self-employed income.



A NOTE ON ADVISORY FUEL RATES

The AMAP rates covered here apply to employees using their own privately-owned vehicles. They are separate from HMRC's Advisory Fuel Rates (AFRs), which apply to company car drivers reclaiming fuel costs. If you use a company vehicle, different rules apply.

WE CAN HELP

Whether you need to update your business expense policy, understand your mileage relief entitlement, or check how the new rates affect your payroll, our team is here to help. Contact us on **01753 888211** or email info@nhllp.com.