STATUTORY INSTRUMENTS

2025 No. 1254

INCOME TAX

The Van Benefit and Car and Van Fuel Benefit Order 2025

Made - - - -	*1st December 2025*
Laid before the House of Commons - - - -	*2nd December 2025*
Coming into force - -	*6th April 2026*

The Treasury make the following Order in exercise of the powers conferred by section 170(1A)(c), (2), (5) and (6) of the Income Tax (Earnings and Pensions) Act 2003(**1**).

Citation, commencement and application

1.—(1) This Order may be cited as the Van Benefit and Car and Van Fuel Benefit Order 2025.

(2) This Order comes into force on 6th April 2026 and applies to the tax year 2026-27 and subsequent tax years

Amendments to the Income Tax (Earnings and Pensions) Act 2003

2.—(1) The Income Tax (Earnings and Pensions) Act 2003 is amended as follows.

(2) In section 150(1) (car fuel: calculating the cash equivalent)(**2**), for "£28,200" substitute "£29,200".

(3) In section 155(1B)(b) (cash equivalent of the benefit of a van)(**3**), for "£4,020" substitute "£4,170".

(4) In section 161(b) (van fuel: the cash equivalent)(**4**), for "£769" substitute "£798".

(**1**) 2003 c. 1; Section 170(1A) was inserted by paragraph 7(2) of Schedule 14 to the Finance Act 2004 (c. 12) then substituted by section 10(6) of the Finance Act 2015 (c. 11). Section 170(2) was amended by paragraph 7(3) of Schedule 14 to the Finance Act 2004. Section 170(5) was amended by paragraph 7(4) of Schedule 14 to the Finance Act 2004.

(**2**) The figure specified in section 150(1) was last substituted by S.I. 2024/1349.

(**3**) Section 155 was substituted by paragraph 5 of Schedule 14 to the Finance Act 2004. Section 155(1B) was substituted by section 10(2) of the Finance Act 2015. The figure specified in section 155(1B)(b) was last substituted by S.I. 2024/1349.

(**4**) Section 161 was substituted by paragraph 5 of Schedule 14 to the Finance Act 2004. The figure specified in section 161(b) was last substituted by S.I. 2024/1349.

Gen Kitchen
Stephen Morgan
Two of the Lords Commissioners of His Majesty's Treasury

1st December 2025

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends sections 150(1), 155(1B)(b), and 161(b) of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) ("the Act").

Where an employee receives fuel for a car or van as a result of their employment and they are chargeable to tax in respect of the vehicle under sections 120 or 154 of the Act, the cash equivalent of the benefit of that fuel is treated as earnings under sections 149 and 160 of the Act.

The cash equivalent of the benefit of the fuel for a car is normally calculated by applying the "appropriate percentage" (usually calculated by reference to the CO2 emissions of the car) to the figure in section 150(1) of the Act. Article 2(2) increases this figure to £29,200 for the tax year 2026-27 and subsequent tax years. The cash equivalent of the benefit of fuel for a van is set out in section 161(b) of the Act. Article 2(4) increases this figure to £798 for the tax year 2026-27 and subsequent tax years.

Where a van is made available by reason of employment to an employee for private use that is more than insignificant and not limited to ordinary commuting, section 154 of the Act treats the cash equivalent of the benefit as earnings. For vans that cannot in any circumstances emit CO2 by being driven, the cash equivalent of the benefit for the tax years 2021-22 or a subsequent tax year is nil.

For other vans, the cash equivalent of the benefit is set out in section 155(1B)(b) of the Act. Article 2(3) increases the figure to £4,170 for the tax year 2026-27 and subsequent tax years.

A Tax Information and Impact Note covering this instrument will be published on the website at https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins.