



Car and Van Benefit-in-Kind

2026/27

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Introduction

At the start of each tax year, payroll and bookkeeping professionals have changes of rates and allowances to familiarise themselves with. ICB consolidates many of these into one document and this will relate to all professionals.

This document relates only to the following benefits-in-kind in respect of company cars and vans and details:

- Company car appropriate percentages
- Company car fuel benefit (the multiplier), and
- Van and van fuel benefit

Payrolling

Knowing these values before the start of the tax year is increasingly important as employers need to know the values to recalculate taxable values where the benefit is payrolled, mandatory from April 2027.

Guidance

Note that this is a collation of data that is widely and publicly available from sources such as Gov.UK and the following are good sources of guidance:

- [Expenses and benefits: company cars and fuel](#);
- [Expenses and benefits: company vans and fuel](#);
- [Calculate tax on employees' company cars](#);
- [Check a car's CO2 emissions](#);
- [Company Car and Car Fuel Benefit Calculator](#);
- [Van benefit charge and fuel benefit charges for cars and vans for tax year 2026/27](#); and
- [Annex A: rates and allowances \(for 2026/27\)](#)

Company Cars

Diesel

Where the company car is fuelled by diesel, the below appropriate percentages are increased by 4% known as the diesel supplement. In tax year 2026/27, this continues to be capped at a maximum appropriate percentage of 37%, increasing to 38% in 2028/29 and 39% in 2029/30.

RDE2

The supplement does not apply to cars that meet the Real Driving Emissions Step 2 (RDE2) standard. This is a European Union (EU) emissions standard and mandatory in the EU for new vehicles. Despite leaving the EU, the UK continues to mirror this standard.

Appropriate Percentages General

All company cars are treated as a Benefit-in-Kind if they are available for private use. Where a company car is made available to an employee, the list price (including standard accessories, VAT, number plates and delivery) is multiplied by the appropriate percentage to obtain the benefit-in-kind value. The next step is to determine the car's CO₂ emissions.

There is a single set of appropriate percentages relevant to the car's CO₂ emissions. This applies regardless of the date the car was registered.

Zero-Emitting Cars (Fully Electric)

There is still a liability to a company car benefit-in-kind calculation even if the car is incapable of emitting CO₂, for example, cars that are powered solely by electricity.

Hybrid Cars

Where the car has CO₂ emissions between 1 – 50, there is the obligation to obtain the '*electric range*', defined as the number of miles that a car can travel in zero-emission mode.

There are 5 sub-bands:

1. 1 - 50 CO₂ where the car can travel 130 miles or more in zero-emission mode (the electric range);
2. 1 – 50 CO₂ where the electric range is between 70 and 129 miles;
3. 1 – 50 CO₂ where the electric range is between 40 and 69 miles;
4. 1 – 50 CO₂ where the electric range is between 30 and 39 miles; and
5. 1 – 50 CO₂ where the electric range is less than 30 miles

Plug-In Hybrid Vehicles (PHEVs)

Where PHEVs are first registered and made available from 01 January 2025 to 05 April 2028, under any emission standard other than Euro 6d-ISC-FCM or Euro 6e they have a deemed CO₂ emission of 1 g/km.

Appropriate Percentages Tax Year 2026/27

The appropriate percentages for tax year 2026/27 have increased from 2025/26, though note:

1. The increases apply to cars with CO₂ emissions of 75 g/KM (grams per kilometre) and above;
2. The maximum appropriate percentage is 37% applying to cars with CO₂ emissions in the range 155 – 159; and, as above
3. Diesel cars that are not RDE2 attract a 4% supplement (to a maximum of 37%)

CO ₂ emissions (g/km)	Electric Range	2025/26 Appropriate Percentage (%)	2026/27 Appropriate Percentage (%)
0	N/A	3	4
1 – 50	>130	3	4
1 – 50	70 – 129	6	7
1 – 50	40 – 69	9	10
1 – 50	30 – 39	13	14
1 – 50	<30	15	16
51 – 54		16	17
55 – 59		17	18
60 – 64		18	19
65 – 69		19	20
70 – 74		20	21
75 – 79		21	21
80 – 84		22	22
85 – 89		23	23
90 – 94		24	24
95 – 99		25	25
100 – 104		26	26
105 – 109		27	27
110 – 114		28	28
115 – 119		29	29
120 – 124		30	30
125 – 129		31	31
130 – 134		32	32
135 – 139		33	33
140 – 144		34	34
145 – 149		35	35
150 – 154		36	36
155 – 159		37	37
160 and over		37	37

Company Car Fuel Benefit

Where fuel is provided, there is an obligation to take the appropriate percentage (above) and apply this to the fuel '*multiplier*'. The UK Budget in November 2025 announced that the 2026/27 multiplier increased using the September 2025 Consumer Prices Index (CPI) rate of inflation:

Charge	2025/26	2026/27
	£	£
Car fuel benefit charge multiplier	28,200	29,200

So, for example, where a car has an appropriate percentage of 36% and fuel is provided, the car fuel charge for 2026/27 is £29,200 x 36% = £10,512.

Company Vans

There is no benefit-in-kind charge on an employer-provided company van where both of the following are met:

1. The van is made available mainly for business travel and commuting use; and
2. Private use is insignificant

Further, there is no benefit-in-kind charge on zero-emission vans.

Benefit Charge

Where there is a benefit-in-kind charge, regardless of the van's CO₂ emissions, the value is calculated with reference to the van benefit charge. The UK Budget in November 2025 announced that the 2026/27 charge increased using the September 2025 Consumer Prices Index (CPI) rate of inflation:

Charge	2025/26	2026/27
	£	£
Van benefit charge	4,020	4,170

Fuel

Where fuel is provided, the value is calculated with reference to the van fuel benefit charge. The UK Budget in November 2025 announced that the 2026/27 charge increased using the September 2025 Consumer Prices Index (CPI) rate of inflation:

Charge	2025/26	2026/27
	£	£
Van fuel benefit charge	769	798