

## Clause 2: Exemption for benefit in form of vehicle-battery charging at workplace

### Summary

1. This clause introduces a new exemption to Chapter 3 of Part 4 of the Income Tax (Earnings and Pensions) Act 2003 (ITEPA) to encourage employers to provide charging facilities for all-electric and plug-in hybrid vehicles at or near the workplace. It removes any liability to income tax arising from the provision of charging facilities (including electricity) for individuals charging the batteries of vehicles other than taxable cars or vans at or near their workplace.

### Details of the clause

2. Subsection (1) introduces new section 237A (Vehicle-battery charging) to ITEPA. Subsection 237A(1) provides that the exemption will apply where facilities for charging a vehicle's battery are provided at or near an employee's workplace.
3. New subsection 237A(1) also provides that the exemption applies if the employee is a passenger in a vehicle using the charging facilities.
4. New subsection 237A(2) provides that the charging facilities must be made available generally to the employer's employees at that workplace. Where an employer has multiple workplace locations, they need not make charging facilities available at all of them.
5. New subsection 237A(3) sets out a number of definitions for the purposes of the section.
6. Subsection (2) provides that the exemption has effect from the start of the 2018-19 tax year onwards.

### Background note

7. One of the current issues limiting the adoption of all-electric or plug-in hybrid vehicles by the general public is the worry about where they can be recharged. Many residential areas have limited charging facilities, especially where only on-street parking is available.
8. If an employer provides battery charging facilities (including electricity) for a vehicle which is not a taxable car or van, the employee is provided with a benefit in kind which is liable to income tax and NICs. Taxable cars and vans are exempt from any charge under separate provisions in ITEPA.
9. The government announced at Autumn Budget 2017 that they would introduce an exemption to remove any income tax or NICs liability for charging electric vehicles at work with effect from 6 April 2018. This supports Air Quality and Climate Change initiatives by incentivising the take-up of all-electric and plug-in hybrid vehicles.

10. The legislation provides that the exemption can apply where facilities are made available “at or near the workplace”. The words “at or near the workplace” are not defined in the legislation. However, HM Revenue and Customs take the same approach as for section 237 (parking facilities), where the charging facilities made available are within a reasonable distance from the place of work having regard to the nature of the locality.
11. The exemption does not extend to the reimbursement by employers of costs incurred by individuals or the provision of charging facilities when recharging vehicles away from the workplace. Where a vehicle is used in the performance of the duties of the employment, approved mileage allowance payments and mileage allowance relief may apply.
12. If you have any questions about this change, or comments on the legislation, please contact Su McLean-Tooke on 03000 586404 (email: [su.mclean-tooke@hmrc.gsi.gov.uk](mailto:su.mclean-tooke@hmrc.gsi.gov.uk) or [employmentincome.policy@hmrc.gsi.gov.uk](mailto:employmentincome.policy@hmrc.gsi.gov.uk)).

