

Q&A

WITH
ALISTAIR
WALLACE
FCCA CTA



The Electric Revolution

Anxiety is something we've all experienced. "Range anxiety" is a rather new phenomenon which only electric car drivers would probably have any familiarity with. Constantly checking that the battery has enough charge to get you home.

Tax is a huge driver, no pun, in encouraging car manufacturers to push the boundaries. Car emissions have now come down to about as low as they can feasibly go. So the government has set the car companies on a new agenda – and the future IS electric.

We previously had published the car benefit rates right up to 2019/20 and it appeared that the day of company cars had finished. But now we have draft legislation setting out the government's intentions beyond 2020, and electric cars are set to be revolutionised.

Between now and 2019/20, cars are based on a strict emissions figure so in theory, a full diesel car could be taxed in the same rate as an electric one. From 2020 though, the car tax on electric and hybrid cars will be based on its electric driving range.

Hybrid cars currently have an electric driving range of around 30 miles and from 2020 that level of range will be taxed at 14% of its list price. Few electric cars currently have ranges in excess of 130 miles and these ranges will attract the lowest 2% rates. This will be the future of company car tax and therefore expect car manufacturers to spend vast sums in R&D to seek the technological advantages over its rivals.

I attended a Dorset Chamber event recently and electric cars were being talked about as a good "around town" option for business. I would not be surprised if in ten years' time it is possible to drive as far in electric car as you currently can in a diesel car. The charging time of electric cars has also reduced greatly over the last few years and this is also something that no doubt will continue to improve.

I am looking forward to seeing what the manufactures create and with cars being the most common topic of conversation with our client's, we have something new to add to those discussions now.