

Isuzu UK is committed to clarity and transparency following the significant tax changes introduced in April 2025. While Benefit-in-Kind (BIK) and Capital Allowances (CA) legislation for double and extended cab pick-ups have shifted, classifying them as company cars for tax purposes, Vehicle Excise Duty (VED, also known as road tax) remains at the commercial level of £345 per year, and VAT is still fully reclaimable on vehicles with a 1-tonne payload for VAT-registered businesses making fully taxable supplies.

Despite the shift in classification, VED for these vehicles continues to be charged at the commercial vehicle rate of £345 per year, offering continued affordability for business users.

Similarly, VAT remains fully reclaimable on all double and extended cab pick-ups with a payload exceeding one tonne, provided the purchasing business is VAT-registered making fully taxable supplies. These two core financial advantages provide essential ongoing support for businesses that rely on pick-ups for day-to-day operations.

As of 6th April 2025, newly registered double and extended cab pick-ups are now subject to company car BIK rates, which vary from 3% to 37% depending on CO₂ emissions. Zero-emission vehicles with payloads over one tonne begin at the lower end of this scale, with a 3% rate increasing by one percentage point annually until 2028.

However, a transitional period is in place. Pick-ups that were ordered, purchased, or leased before 6th April 2025 will retain their previous classification and benefit from the historic flat-rate commercial vehicle BIK treatment until disposal, lease expiry, or 5th April 2029.

Capital Allowance rules have also changed as of 1st April 2025 for corporation tax and 6th April for income tax. Double and extended cab pick-ups are no longer eligible for treatment as ‘plant and machinery’ and are now taxed in line with company car writing-down allowances, which are calculated based on CO₂ output. These rates can be 6%, 18%, or 100% for zero-emission vehicles. It is important to note that expenditure must be incurred prior to 1st October 2025 to fall under the old regime.

Industry feedback gathered by Isuzu UK has revealed widespread misunderstanding regarding the extent of these legislative changes. Internal research and dealer insight show that over 71% of pick-up buyers, 68% of accountants, and 59% of non-Isuzu dealers are still uncertain about how the changes affect VED and VAT. This has led to frequent and unnecessary concerns, especially among professionals in agriculture, construction, and other commercial sectors who rely on pick-ups as working vehicles.

It is important to clarify, however, that single cab pick-ups are unaffected by this change and will continue to be treated as commercial vehicles in all respects.

Taxation Changes for Double and Extended Cab Pick-Ups

Category	Before April 2025	After April 2025	Impact on Buyers
Benefit-in-Kind (BIK)	Flat rate: £4,020 (2025/26) as a commercial vehicle	Taxed as company car (CO ₂ -based, from 3%–37%)	Increased company car tax liability for business users
Capital Allowances (CA)	Treated as ‘plant and machinery’ for 100% or 18% relief	Reclassified as company cars; allowances based on CO ₂	Reduced tax efficiency for business asset write-offs
Vehicle Excise Duty (VED)	£345 per year for a commercial vehicle	No change , still £345 per year	Still a cost-effective annual road tax

VAT Reclaim	Fully reclaimable if the payload is over 1 tonne & VAT registered making fully taxable supplies	No change , still fully reclaimable if criteria are met	Maintains key benefits for VAT-registered businesses
Transitional Relief	Not applicable	Applies if the vehicle was ordered, leased or purchased before April 2025	Buyers retain old BIK/CA rules until April 2029, lease end, or vehicle disposal, whichever comes first
Single Cab Pick-Ups	Commercial vehicle status	No change , remains a commercial vehicle	Remain unaffected by BIK and CA changes

For Capital Allowances (CA), the changes came into place on 1st April 2025 for corporation tax and 6th April 2025 for income tax, whereas for Benefit-in-Kind (BIK), the changes were introduced on 6th April 2025.

For further guidance and frequently asked questions, please visit: www.isuzu.co.uk/bik.