

## **Do you know and understand the changes that came into effect in 2025 for double and extended cab pick-ups?**

### **BASC Clarifies the TAX TREATMENT FOR DOUBLE & EXTENDED CAB PICK-UPS: VAT & ROAD TAX STILL UNCHANGED**

- **Since April 2025, double and extended cab pick-ups are now classed as company cars for Benefit-in-Kind and Capital Allowance purposes.**
- **With ongoing confusion across buyers, accountants, and dealers, manufacturers are trying to help the industry navigate these changes with clear guidance and tools.**

**They are 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 6<sup>th</sup> 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 CO<sub>2</sub> 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 6<sup>th</sup> April 2025 will retain their previous classification and benefit from the historic flat-rate commercial vehicle BIK treatment until disposal, lease expiry, or 5<sup>th</sup> April 2029.

Capital Allowance rules have also changed as of 1<sup>st</sup> April 2025 for corporation tax and 6<sup>th</sup> 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 CO<sub>2</sub> 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 1<sup>st</sup> October 2025 to fall under the old regime.

Industry feedback gathered has revealed widespread misunderstanding regarding the extent of these legislative changes. Manufacturer research and dealer insight show that over 71% of pick-up buyers, 68% of accountants, and 59% of 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.

The change in legislation originates from a Court of Appeal ruling, which found that double and extended cab pick-ups do not demonstrate a predominant suitability for transporting goods over passengers. As a result, HMRC has moved to classify these dual-purpose vehicles as cars for the purposes of BIK, CA, and deductions from business profits.

**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 <sub>2</sub> -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 <sub>2</sub>	Reduced tax efficiency for business asset write-offs
Vehicle Excise Duty (VED)	£345 per year for a commercial vehicle	<b>No change</b> , 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	<b>No change</b> , 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

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