

Double-Cab Pick ups's are to be classed as cars

Hidden deep in the Budget report is the news that double-cab pickups are set to be taxed as cars, following a series of calamitous U-turns on the taxation of these vehicles earlier this year.

This news comes after a U-turn on the same decision in February, where HMRC announced double-cab pickups were to be classed as cars not vans for income tax, only to reverse that decision a week later – and double-cab pickups were back to being vans.

Eight months later, the dizzying double-cab roundabout has had another U-turn today with the new government's decision to steer the taxation of double-cab pickups back to being cars.

The interpretation of double-cab pickups has been revisited again after the court of appeal decision in *Payne & Ors (Coca-Cola) vs R & C Commrs (2020)*. The change of taxation will apply to these vehicles with a payload of one tonne or more. Those less than a tonne, are already being treated as cars.

The change in taxation will come into effect from **1 April 2025** for corporation tax and **6 April 2025** for income tax, where double-cab pickups will then be treated as cars for the purposes of capital allowances, benefits in kind, and some deductions from business profits.

The Budget Red Book confirmed that the existing capital allowances treatment will apply to those who purchase double-cab pickups before April 2025. Furthermore, the transitional benefit-in-kind arrangements will apply for employers that have purchased, leased or ordered a double-cab pickup before 6 April 2025. In this case, they will be able to use the previous treatment, until the earlier of disposal, lease expiry, or 5 April 2029.

The previous announcement had the less preferential treatment of double-cab pickups for benefit-in-kind purposes set to come into effect from 1 July 2024.

What is a double-cab pickup?

According to the employment income manual (EIM23150), a double-cab pickup vehicle has:

- *a front passenger cab that contains a second row of seats and is capable of seating about four passengers, plus the driver*
- *four doors capable of being opened independently, whether the rear doors are hinged at the front or the rear (two door versions are normally accepted to be vans), and*
- *an uncovered pickup area behind the passenger cab.*

The existing capital allowances treatment will apply to those who purchase DCPUs before April 2025. Transitional benefit in kind arrangements will apply for employers that have purchased, leased, or ordered a DCPU before 6 April 2025. They will be able to use the previous treatment, until the earlier of disposal, lease expiry, or 5 April 2029.

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