

## HMRC clarifies tax on home charging of company cars

**HMRC has amended guidance on the tax treatment of electric charging of company cars and vans at residential properties.**

The costs of charging are now treated as a tax-free benefit, whereas in the past HMRC said that where an employer reimburses their employee for the cost of charging a company-owned, wholly electric car that is available for private use, the reimbursement was taxable as earnings.

HMRC has now changed this position and has updated the EIM23900 manual to reflect their revised interpretation regarding home charging of electric company cars.

Section 239 ITEPA 2003 provides an exemption on payments and benefits provided in connection with company cars and vans. This legislative provision therefore exempts aspects such as vehicle repairs, insurance, and road tax.

HMRC previously maintained that the reimbursement of costs in relation to charging a company car or van at a residential property was not caught by this exemption.

‘Following a review of our position, HMRC now accepts reimbursing part of a domestic energy bill, which is used to charge a company car or van, will fall within the exemption provided by section 239 ITEPA 2003,’ HMRC confirmed.

This means that no separate charge to tax under the benefits code will arise where an employer reimburses the employee for the cost of electricity to charge their company car or van at home.

***The exemption will however only apply providing it can be demonstrated that the electricity was used to charge the company car or van.***

Employers will need to make sure that any reimbursement made towards the cost of electricity relates solely to the charging of their company car or van.

HMRC manual, [EIM23900 - Car benefit: special cases: issues relating to electric cars](#)

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