

News

Drivers of electric family cars to be hit with 'luxury' tax bill

Ben Clatworthy
Transport Correspondent

People buying many mid-sized electric family cars will have to pay a new £2,125 luxury car tax that opponents said "risks slowing adoption" of the vehicles "at a critical time".

Motoring experts said owners of 70 per cent of electric cars, including many modest family models, would be affected by the tax, to be levied on those with a list price of more than £40,000.

The additional road tax is among a number of rising bills to hit consumers this week. Energy, water, council tax and telecoms bills are all rising by far more than the consumer price index measure of inflation.

Until now electric vehicles (EVs) have been exempt from additional vehicle excise duty. The government's expensive car supplement will cost £425 a year for five years from the start of the second year of ownership.

All electric car owners also now have to pay standard duty for the first time. It costs £10 in the first year of registration and then £195 a year. Anyone who bought their electric car after April 2017 will have to pay the £195, with no first-year discount, when they next tax their vehicle.

Rachel Reeves, the chancellor, had

been the subject of intense lobbying by motoring groups to either scrap the move, announced by the Conservative government in the 2022 autumn statement, or increase the threshold for electric cars. Campaigners point to the fact that many electric cars have higher upfront costs than similar petrol and diesel vehicles and that the £40,000 threshold was set in 2017.

Ginny Buckley, of the advice website Electrifying, said ministers' "failure to update the outdated luxury car tax threshold is yet another sign of poor leadership in the transition to electric vehicles".

She said many family-sized electric cars, including the Kia e-Niro, which costs from £30,000 to £42,000, and the Volkswagen ID.7, would be liable. "These added costs, at a time when household budgets are already hard-hit, risk deterring many from making the switch and represent yet another example of the mixed messaging being given to car buyers," she said.

Quentin Wilson, founder of Fair-Charge, a lobby group, said: "Car price inflation in the last eight years means the £40,000 threshold is wildly out of date. It unfairly penalises EV drivers who pay more for their cars... Ministers tell us to drive EVs [but] the Treasury creates barriers to force us not to."



MILES ALDRIDGE/SOTHEBY'S

Deadline to plug pension NI gap looms

Imogen Tew

A deadline for people to plug historic gaps in their national insurance record — and potentially top up their state pension by thousands of pounds — is approaching.

Until Saturday, it is possible to buy national insurance credits to top up a personal record back to April 2006. From April 5, it will be possible to do this for only the past six tax years.

A person's national insurance record determines whether they qualify for the state pension and, if so, how much they are entitled to. While the "new" full state pension will be worth £230.25 a week from next week, most people need 35 qualifying years on their record to get the full amount. At least ten years is needed to get any state pension at all.

According to HM Revenue and Customs, 83,000 people have topped up their record over the past year, each paying an average of £1,765.

The opportunity mainly applies to those aged between 40 and 73. If someone is under 40 it is likely that they will fill up their national insurance record naturally. Each full year costs £824 and adds up to £328 a year to a state pension.

If a person already has 35 qualifying years they will not get any extra state pension for going above this. Years caring for a child could also boost the record, as could statutory sick pay or maternity pay.

Hold me closer The photographer Miles Aldridge is inviting the public to step into Sir Elton John's shoes and

have their polaroid pictures taken by him at Sotheby's in London. It is part of a project for the singer's Aids Foundation.

People will get props at the "Warhol-type" event from April 8-11 that coincides with displays of Aldridge's work



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