

INTRODUCTION OF ELECTRIC VEHICLE EXCISE DUTY

CONSULTATION RESPONSE

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INTRODUCTION

1. BusinessLDN is a business membership organisation with the mission to make London the best city in the world to do business, working with and for the whole UK. BusinessLDN represents around 170 of London's leading employers across sectors including finance, professional services, property, technology, infrastructure, transport and logistics. BusinessLDN welcomes the opportunity to respond to the Government's consultation on the introduction of Electric Vehicle Excise Duty (eVED).
2. Despite an extensive transport network in London, the road network remains critical to the capital's economy. Businesses rely on roads for freight, servicing, construction, emergency response and workers whose roles require travel across the city. This includes a wide range of commercial and professional drivers – including private hire vehicles (PHVs) – whose vehicles are used intensively throughout the day to support economic activity and passenger mobility.
3. BusinessLDN supported the introduction of both the Congestion Charge and the Ultra Low Emission Zone (ULEZ) in London and has consistently highlighted the need for a simpler and more integrated road pricing framework that better reflects congestion patterns and supports efficient use of limited road space. We also recognise the need to ensure the long-term sustainability of motoring taxation as the transition to electric vehicles (EVs) accelerates, reducing revenues from fuel duty over the coming decades.
4. However, policy changes must avoid creating unnecessary complexity for motorists and businesses. Many businesses and households are navigating the transition away from petrol and diesel vehicles, including decisions on future fleet composition and investment. In London, this transition is taking place within a complex and evolving road charging environment. In particular, the 100% Cleaner Vehicle Discount (CVD) for EVs in the Congestion Charge ended in January 2026, meaning EV drivers now face daily charges when entering the charging zone. The introduction of eVED will therefore take place alongside a broader shift in the incentives facing EV users in London. The Government should consider the cumulative impact of these changes to ensure the overall policy framework continues to encourage EV adoption in and around the capital.
5. The consultation also presents an opportunity to introduce optional digital reporting mechanisms that could improve efficiency and support the development of more modern approaches to road pricing in the future.

6. We have answered the consultation questions that are relevant to our interests.

RESPONSE TO QUESTIONS

1. Do you have any views on the Government's proposal for the design and scope of eVED?

7. We recognise the rationale for introducing eVED as EVs become more widespread and fuel duty revenues decline. Integrating eVED within the existing Vehicle Excise Duty framework is a sensible approach that should help keep compliance straightforward for motorists and businesses. However, the Government should ensure the introduction of eVED does not weaken incentives to adopt EVs during the remainder of the transition period.
8. This issue is particularly important in London, where the 100% Cleaner Vehicle Discount (CVD) for EVs ended in January 2026, meaning that many EV drivers now face the Congestion Charge for the first time. The introduction of eVED will therefore come on top of this change, increasing the overall cost of EV ownership and use in the capital. The Government and the Mayor should carefully review the cumulative effect of these policies on the uptake of EVs at regular intervals.
9. It is also important to consider the impact of eVED on high-mileage zero-emission vehicle users, including PHVs and other professional drivers who operate vehicles intensively in urban areas. These vehicles can deliver disproportionately large emissions and air quality benefits when they transition to electric power because they replace a significantly greater number of fossil-fuel miles each year than the average private motorist. A flat per-mile charge risks weakening the business case for electrification for these high-utilisation users, particularly where the financial case for switching to EVs remains highly marginal and heavily dependent on charging access. The Government should therefore consider whether zero-emission PHVs and other high-utilisation commercial EVs warrant specific treatment – such as an initial exemption from eVED or a lower rate – to support continued rapid EV adoption.
10. More broadly, London's existing road charging mechanisms – including the Congestion Charge, Ultra Low Emission Zone (ULEZ) and tolls – are not fully aligned with congestion patterns. Over time, there may be scope to move towards a more integrated and dynamic road pricing system that better reflects when and where road space is most constrained. Such a system could encourage non-essential trips to shift away from peak travel times and the most congested corridors.

2. What should the Government consider when developing guidance that supports motorists to estimate their mileage?

11. Guidance should be simple and accessible for both private motorists and businesses. Many drivers will have limited experience estimating annual mileage, particularly where travel patterns vary year to year.

12. The Government should therefore provide:

- simple digital estimation tools
- example scenarios for different types of motorists
- guidance tailored for fleet operators and leasing companies

13. Businesses operating in cities such as London may also need to consider how national taxation interacts with local road charging schemes when forecasting vehicle costs.

3. How could technology make eVED easier and simpler for businesses and motorists to comply with?

14. Technology presents a clear opportunity to simplify the operation of eVED. Many vehicles already collect mileage data through telematics or fleet management systems, and enabling this data to be submitted electronically would significantly reduce administrative burdens.

15. The Government should therefore support a flexible approach to eVED compliance, which includes the option for integrated checks via the MOT or digital mileage reporting. This would ensure the system is proportionate, reduces administrative burdens, and reflects the capabilities of modern vehicles and fleet operations.

4. Would you support the consideration of technological solutions on an opt-in basis in future?

16. We support the Government exploring technological solutions on an opt-in basis. An optional approach would allow motorists and businesses who wish to use technology to simplify compliance while allowing others to continue using traditional methods.

17. Establishing secure digital reporting could also represent an important step in modernising the UK's approach to motoring taxation. Over time, improved data on how vehicles are used could support better policymaking – including more effective approaches to managing congestion. For example, in cities such as London, where road space is particularly constrained, improved data could help inform the development of more dynamic approaches to road pricing that better reflect congestion patterns and encourage non-essential trips to shift away from the busiest times and routes. Any such systems must remain voluntary, proportionate and transparent to maintain public confidence.

5. What should the Government consider when designing the system for managing under- and over-payments?

18. The system for managing under- and over- payments should prioritise simplicity and fairness. Small differences between estimated and actual mileage will be unavoidable. The objective should be to encourage accurate reporting rather than penalise minor estimation errors.

19. The Government should therefore introduce:

- reasonable tolerance thresholds
- straightforward reconciliation processes
- clear guidance for motorists and businesses

6. What are your views on the proposed role of MOT garages in verifying mileage?

20. Using MOT checks to verify mileage is a pragmatic approach, given that mileage recording already forms part of the process. However, relying solely on physical verification may create unnecessary administrative burdens. For example, many newer vehicles – particularly fleet vehicles – will not require MOT testing for several years. Requiring separate visits to garages purely for verification would create avoidable inconvenience. Digital verification options should therefore complement physical verification wherever possible.

7. What impacts of the proposed verification approach should the Government consider?

21. The Government should ensure the verification system does not create disproportionate burdens for businesses managing large vehicle fleets. Where possible, the system should allow mileage data already collected through existing fleet management systems to be used.

8. What should the Government consider regarding the implementation of the verification system?

22. Implementation should prioritise simplicity and accessibility. Clear guidance should be provided well in advance of the introduction of eVED to allow motorists and businesses to prepare. The Government should also ensure that verification processes do not create unnecessary delays or additional costs.

9. What impact will the proposed approach for eVED collection have on fleets and leasing businesses?

23. Fleet operators are among the earliest adopters of EVs. Businesses in sectors such as logistics, infrastructure maintenance, construction and professional services rely heavily on vehicle fleets. These fleets often include high-utilisation vehicles whose transition to EVs delivers significant emissions reductions.

24. Allowing digital mileage reporting would significantly reduce compliance costs for fleets. In London particularly, fleet operators already face multiple road user charging schemes. The Government should therefore closely consider how eVED interacts with existing road pricing mechanisms.

25. Current charging schemes in the capital – including the Congestion Charge, ULEZ and tolls – do not always reflect when and where congestion occurs. The Government should therefore use this opportunity to work with Transport for London and the Greater London Authority to explore how road pricing could evolve into a more integrated and dynamic system that better manages demand for road space.