Van drivers will be caught off guard by tax increase, survey suggests

More than three out of five tradespeople will be caught off guard by a £100 million tax raid, a new survey suggests.

Some 62% of respondents to a survey of more than 1,000 van drivers by online vehicle marketplace Auto Trader said they were unaware of the looming rise in company van tax quietly announced in Chancellor Jeremy Hunt's autumn statement.

Under the plan, basic rate taxpayers currently paying £720 as a benefit in kind to use company vans for personal journeys will pay an additional 10% or £72 a year from April 6 next year.

It might even be the straw that breaks the camel's back

Higher rate taxpayers face a £144 extra annual charge.

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measure of inflation – currently near 40-year highs – will raise an extra £15 million a year, according to Treasury forecasts.

That will be worth more than £100 million by the end of the decade.

April's tax rise follows soaring fuel costs driven by Russia's invasion of Ukraine.

The results of Auto Trader's survey, shared with the PA news agency, indicated that more than a quarter (27%) of van drivers have been hit by at least £500 in extra running costs this year.

Van purchase costs have also increased.

The average price of used vans on its marketplace has risen by £1,300, or 7%, to £19,429 since November 2021.

New vans have seen an even bigger rise – up £4,300, or 14%, to £33,821 amid supply problems.

An Auto Trader spokesman said: "Our findings show that the new fresh tax raid coming their way in April will be a complete shock to most van drivers, adding to the heavy burden that they've already faced this year.

"It might even be the straw that breaks the camel's back for many of them."

Mr Hunt also announced in his autumn statement that new zero-emission cars will no longer be exempt from vehicle excise duty from April 2025.

A Treasury spokesperson said: "Drivers who only use their vans for business are not subject to the Van Benefit Charge because it only applies to private use – and those who do pay it will not see a real-terms increase next year.

“In addition, this year’s £2.4 billion fuel duty cut continues to save van drivers around £200 each.”