

Report to Partnership Meeting 6th February 2026

CONSULTATION

Consultation on the Introduction of Electric Vehicle Excise Duty (eVED)

Purpose of Report

This report introduces the UK Governments Consultation on the Introduction of Electric Vehicle Excise Duty (eVED) and invites members to approve HITRANS response subject to any comments so that it can be submitted ahead of the consultation deadline.

Background

In November 2025, HM Treasury launched a consultation on the introduction of **Electric Vehicle Excise Duty (eVED)**, a new mileage-based tax intended to apply to electric vehicles (EVs) and plug-in hybrid electric vehicles (PHEVs).

The consultation follows announcements made at Autumn Budget 2025, which confirmed that eVED will be introduced from 1 April 2028 as part of wider reforms to ensure the long-term sustainability of motoring taxation.

The UK motoring tax system currently relies heavily on fuel duty, which is forecast to decline significantly as the transition to electric vehicles accelerates. The introduction of eVED is intended to provide a replacement revenue stream while maintaining incentives to switch to lower-emission vehicles.

Overview of eVED Proposals

The consultation proposes the introduction of a mileage-based tax, applied in addition to existing Vehicle Excise Duty (VED), for Electric vehicles (EVs) and Plug-in Hybrid Electric Vehicles (PHEVs).

Key features of the proposed scheme include:

- Application to all UK-registered EV and PHEV cars from April 2028;
- A rate of 3 pence per mile for fully electric cars;
- A reduced rate of 1.5 pence per mile for plug-in hybrid vehicles;
- Integration of eVED into the existing VED system, administered by the DVLA;
- Annual mileage estimation by motorists at VED renewal, with reconciliation against actual mileage;
- Mileage verification primarily through existing MOT processes, with additional checks for vehicles below MOT age; and
- Explicit confirmation that there will be no requirement for tracking technology, and no need to report where or when miles are driven.

The proposals confirm that **buses, coaches, vans, HGVs and motorcycles will be out of scope** of eVED at introduction, reflecting the less advanced state of electrification in these vehicle classes.

The consultation closes in March 2026 with responses informing the final design and implementation of eVED. The UK Government then intends to publish a formal response following the consultation period.

Relevance to the Highlands and Islands

Although eVED is a UK-wide proposal, there are particular considerations for the Highlands and Islands, including:

- Longer average journey distances and higher car dependency;
- Limited availability of alternative transport modes in rural and island communities;
- The pace and practicality of EV uptake in remote areas; and
- Potential impacts on households and businesses with high, unavoidable mileage requirements.

The consultation places emphasis on fairness, privacy and administrative simplicity, but does not currently propose geographic differentiation or rural exemptions.

HITRANS draft response is attached as Appendix A to this report and seeks to articulate the distinctive circumstances of the region, including any potential unintended impacts and appropriate mitigation measures.

Risk Register

RTS Delivery

Impact - neutral

Comment – The introduction of eVED may have a negative impact on the uptake of EVs in the HITRANS area.

Policy

Impact - neutral

Comment – More evidence is required to understand the impact of this policy

Financial

Impact – No direct impact

Budget line and value – No direct impact but the implementation of eVED will have a direct financial impact on users of EVs and PHEVs

Equality

Impact – potential negative impact

Comment –The potential negative impact from the proposed introduction of eVED is highlighted in HITRANS draft response.

Members are invited to;

1. Note the report
2. Approve HITRANS proposed response to the Consultation on the Introduction of Electric Vehicle Excise Duty (eVED) as outlined in Appendix A subject to any recommended changes agreed by members
3. Delegate responsibility for submitting HITRANS a finalised response on behalf of HITRANS to the Chair and Partnership Director.

Report by: **Neil MacRae**
Designation: **Senior Partnership Manager**
Date: **28th January 2026**

Appendix A.

HITRANS Draft response to the Electric Vehicle Excise Duty (eVED) Consultation

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

All things being equal, HITRANS would support the proposed design and scope of eVED. However, there is a significant risk that this proposal is likely to compound existing regional differences by further increasing the cost of living in rural and island areas within the UK.

Transport costs are already significantly higher for Scottish island and rural mainland residents when compared to urban UK transport costs.

This recent publication (2025) highlighting trends in Rural Scotland - <https://www.gov.scot/publications/trends-rural-scotland-working-paper-2025/pages/8/> - with transport costs in remote Scottish Mainland areas having the highest weekly travel costs and that those costs are increasing across all Minimum Income Standard (MIS) budgets.

Similarly, the percentage of the population within a 15-minute drive time by public transport to a shopping center in 2022 was lowest in accessible rural areas at 22%, followed closely by remote rural areas at 29%. This is significantly lower than the rest of Scotland figure at 81%.

The Highlands and Islands currently experience a number of factors common with other rural and island areas but are exposed to a greater degree given the scale of the area, low population density and distances to key services and amenities which in many cases (eg. health facilities, post offices, banks etc) have significantly increased as those providing these services have looked to reduce their own costs but in doing so transferred those costs disproportionately onto businesses and residents in those rural areas from where the services have been withdrawn:

These factors include:

- Longer average journey distances and higher car dependency;
- Limited availability of alternative transport modes in rural and island communities;
- The pace and practicality of EV uptake in remote areas; and
- Potential impacts on households and businesses with high, unavoidable mileage requirements.

The consultation places emphasis on fairness, privacy and administrative simplicity, but does not currently propose geographic differentiation or rural exemptions.

There is real risk that this policy and its likely direction as EV uptake grows could have a significant negative impact on the economic competitiveness of the region and the cost of living within it unless there is a mechanism to ensure that on the one hand geographic variance is recognised and that the policy is used to encourage modal shift where provision of public transport alternatives is highest.

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

N/A

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

HITRANS would support the use of technology to develop Vehicle Excise Duty solutions that help promote wider transport policy. i.e road charging that is linked to where congestion is highest or where there are public transport alternatives

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

Yes – technological solutions have already been adopted by many other countries

5. What should the government consider when designing the system for managing under and over payments of eVED?

The adoption of a technological solution would remove the administrative cost of such solutions

6. The government intends to engage with garages on MOT fees and the costs of mileage checks. Are there other steps the government should take to support MOT garages to prepare for eVED?

As per our response to question 5 we would encourage the Government to implement a technological solution that would remove the need for this provision

7. Do you agree that MOT garages are well placed to be accredited providers of mileage checks? Yes, in the absence of it been done automatically MOT garages would be a sensible alternative solution.

8. Are there alternative approaches for checking mileage in the first three years after a car is registered (pre-MOT age)?

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

10. What should the government consider to minimise administrative burdens and complexity for these businesses?

11. What should the government consider to ensure the overall approach to tax reporting and collection is fair?

12. Which life events and other considerations should the government consider when building flexibility for changes in circumstances into the eVED scheme?

13. Do you agree with the proposed approach for car lifecycle events?

14. Is there anything further the government should consider when designing the arrangements for car lifecycle events?

15. What should the government consider when developing an overall compliance approach to prevent user error, avoidance and fraud?

16. What should the government consider when designing the penalties regime within eVED, to ensure fairness to all motorists?