

Cars, Vans and ‘Commercial’ Vehicles: How HMRC Sees Them

*Why the label on the vehicle matters far less than **how HMRC classifies it***

Why this matters

‘Commercial vehicle’ has no legal meaning in UK tax. What matters is whether HMRC treats a vehicle as a car, a van or something else, and that answer can differ between capital allowances, benefit in kind (BiK) and VAT. Get it wrong and the difference can run to thousands of pounds a year per vehicle.

How HMRC draws the line

For capital allowances, a car is any mechanically propelled road vehicle other than a motorcycle, a vehicle unsuitable for ordinary private use, or one constructed primarily to carry goods. Vans, lorries and trucks therefore get ordinary plant and machinery treatment. The BiK rules work in a similar way: a van is a vehicle primarily suited to carrying goods, and most other vehicles are cars.

The old shortcut was a payload test: one tonne or more meant a van, less meant a car. That test still frames many van discussions, but it is no longer the whole story for pickups.

Double cab pickups: the big change

- From 6 April 2025, double cab pickups are treated as cars for both capital allowances and BiK, because HMRC now asks whether the vehicle as a whole is primarily suited to carrying goods.
- Most double cabs are judged equally suited to passengers, so most fail the test and lose their ‘commercial’ treatment.
- Vehicles bought, leased or ordered before 6 April 2025 keep the old treatment until the earlier of disposal, lease end or 5 April 2029.
- VAT treatment was not changed by this reform.
- Combi vans, camper conversions and minibuses need a closer look at construction and primary purpose before you assume van treatment.

Vans compared with cars

Rates below are those reported for 2026/27. Please check the exact figures on gov.uk before relying on them.

Area	Van	Car
Capital allowances	AIA (£1m at 100%) and full expensing for companies; no CO2 pools	No AIA or full expensing; CO2-based pools, 14% main pool (50g/km or less) or 6% special rate pool
Zero-emission option	100% first-year allowance on new electric vans	100% first-year allowance on new zero-emission cars (check the current end date)
Private use (BiK)	Flat charge of £4,170, whatever the van's value	List price multiplied by a CO2-based percentage

Area	Van	Car
Fuel for private use	Flat £798 charge	Same percentage applied to £29,200
Electric	Nil van benefit charge	4% in 2026/27, rising 1 point a year
Employer cost	Class 1A NIC on the flat benefit	Class 1A NIC on a far larger benefit

What this looks like in money

One source's worked example uses a £60,000 high-emission pickup. As a van it gives about £4,000 of taxable benefit. As a car it gives about £22,000. That means substantially more income tax for the employee and more Class 1A NIC for the employer, every year.

A NOTE FROM HERMIT

A single cab or crew van with a clear load area, a genuine goods-carrying design and well-evidenced use is far safer than a double cab. If an employee does not need private use, a written no-private-use policy that is actually enforced can remove the van benefit charge entirely.

What to do next

- List every vehicle and note its type, purchase or lease date and who uses it privately
- Flag any double cab pickups and check whether the transitional rules apply
- Review private use policies and keep the evidence that supports them
- Check current rates and allowance end dates on gov.uk before filing
- Book a chat with us if you would like a hand reviewing your fleet