

Rt. Hon, Nigel Huddleston MP
Financial Secretary to the Treasury
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

24 February 2024

Dear Minister,

Double-cab pickups – HMRC announcement on 12 February 2024 changing HMRC interpretation of tax treatment and subsequent reversal by Ministers

I am writing to you as the non-HMRC co-chair of the [Employment & Payroll Group](#) (EPG). The EPG is populated by senior level tax experts from professional bodies including ICAS, CIOT and ACCA as well as representatives from major sector and industry bodies around the UK and software houses. We work in a positive, respectful and collaborative way with HMRC income policy teams to achieve workable outcomes for employers and payroll businesses as well as agents on all matters related to employment taxation. The non-HMRC members give of their valuable time and considerable collective knowledge freely and generously, which I know is very much appreciated by our HMRC policy colleagues.

As the co-chair of this group, I am extremely proud of the achievements we have made over the years. The good work of the Forum should not be underestimated, given the thousands of employers, employees and businesses affected by the legislative provisions they are bound to abide by. I am also proud of the fact that we are seen by HMRC and other government departments as trusted stakeholders who are privileged to scrutinise draft legislation and guidance and offer suggestions as to how to make employment taxes as simple and effective as possible so that the wheels of the tax machine continue to turn and problems are minimised, saving work and cost on both sides and increasing fairness and transparency.

However, for the EPG's *raison d'être* to remain steadfast, I believe that it must not be undermined by events like that which took place between 12 and 19 February 2024. Events such as this only serve to erode the goodwill and mutual trust and confidence which we have collectively (including HMRC) worked so hard to maintain.

As you know, an announcement was made on 12 February 2024 which signalled changes to the HMRC guidance at [EIM23150](#) - and introduced a new page of guidance at [EIM23151](#). Following discussions with the representatives of the farming and automotive sectors (whose representatives also sit on EPG) after the first announcement, the guidance and interpretative position was taken down and reversed by way of your statement in the Commons on 19 February 2024. I am pleased to note that you have undertaken to "change the legislative provisions at the next available Finance Bill in order to avoid tax outcomes that could inadvertently harm farmers, van drivers and the UK's economy." I also understand from HMRC that the legislative changes will apply to double-cab pickups with a payload of one tonne or more, and that those with less than one tonne will continue to be treated as cars. Naturally, the EPG is pleased with this outcome, and pleased to note that the benefit-in-kind and capital allowances first year allowances treatment will not be affected for vans going forward.

The EPG has been in constant discussions with HMRC since the so-called "Coca-Cola" case ([Payne & Ors \(Coca-Cola\) vs R & C Commrs \(2020\)](#)) and we have been asking for clarification of the tax position ever since, with very little information coming back. The announcement on the change of guidance resulted in an enormous amount of what now transpires to be completely unnecessary widespread concern, together with substantial amounts of work being undertaken by all sectors affected by the new interpretation, as well as their professional advisers (tax, legal and accounting) and professional and sector bodies. The potential repercussions of the changes to benefit in kind and capital allowances treatment could have been devastating for many businesses and individuals.

The forum as a collective has no idea why the decision was taken to change interpretation as crucially, the matter was never put to us for discussion and came completely out of the blue. We

understand that HMRC had some round table discussions with a small number of stakeholders, but we were not privy the outcome of those discussions despite the confidential and Chatham House nature of our Terms of Reference.

The EPG simply cannot understand why HMRC/HMT reached the conclusions they did or in fact, what those conclusions were, but we assume that they were persuaded by the view that double-cab pickups are not primarily constructed to carry goods and burden (which might include towing capacity). Whilst we appreciate use may vary from sector to sector, surely it is not sufficient to determine the tax treatment by simply examining the ratio of passenger space to load space. Perhaps the EPG can now work with the policy teams to find an alternative approach.

The EPG members can offer the HMRC policy teams expert opinion based on years of practical application on the potential impact or adverse reaction to making radical changes such as this.

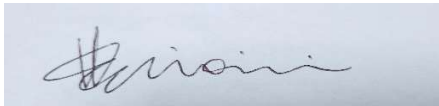
Whilst the EPG is extremely pleased with the outcome on this occasion, we are disappointed that, having surveyed EPG members in late 2022 on multi-purpose vehicles, HMRC chose not to have follow-on discussions with EPG members prior to reaching a final decision. The fact that the decision was then taken at Ministerial level to reverse the measures serves to emphasise the need to consult and ensure there are no showstoppers involved – which a consultative meeting with EPG members would have produced - and thereby saved everyone, including yourself, time and work. Indeed, we raised the subject at the December EPG meeting, and it was deferred until 22 February.

I sincerely hope that this letter highlights the passion and good faith that the EPG has in its constructive relationship with HMRC and other departments, and I hope that the good work we do together will continue for many years to come.

I and other members of EPG would be more than happy to meet you to discuss any of the above comments if you felt this was necessary.

Yours sincerely

Signed on behalf of the EPG Forum non-HMRC members,

A handwritten signature in dark ink, appearing to read 'J Riccomini', on a light blue background.

Justine Riccomini MSc FFTA AIPA Chartered MCIPD ChFCIPP
EPG non-HMRC Co-chair
Head of Tax (Employment & Devolved), ICAS