

Euro 6e-Bis & VED Changes: Key Updates for Your Fleet

As your Fleet Management partner we wanted to advise you of recent changes that may impact your existing fleet and orders placed for new electric and hybrid vehicles.

On the 1st January 2025, the European Union introduced Euro 6e-Bis, a significant update to vehicle emissions regulations. This new standard builds upon Euro 6 by implementing stricter emissions testing to better reflect real-world driving conditions. For businesses managing fleets, company car drivers, and vehicle manufacturers, these changes bring new compliance challenges and potential cost implications, particularly for Plug-in Hybrid Electric Vehicles (PHEVs).

What Is Euro 6e-Bis?

Euro 6e-Bis is an enhancement of current emissions regulations, designed to further reduce pollutants from light-duty vehicles. The most notable change is the revision of emissions testing methodologies, particularly for PHEVs, to ensure that official CO₂ figures more accurately represent real-world emissions.

Key Changes Under Euro 6e-Bis

Stricter Testing Standards

- Vehicles will undergo more rigorous real-world emissions (RDE) testing, covering a wider range of temperatures and driving conditions.
- Plug-in hybrids will now be tested in two modes:
 1. Fully charged battery
 2. Depleted battery
- The results will be weighted using an updated Utility Factor (UF), which increases from 497 miles to 1,367 miles, better reflecting real-world driving patterns.

Higher CO₂ Emissions Figures for PHEVs

- The revised testing method is expected to increase official CO₂ values for most PHEVs.
- Many popular models could see their CO₂ emissions double or more, impacting their eligibility for Lease Rate Rental Restriction (LRR : 50g/km or below), Optional Remuneration arrangements (OpRA : 75g/km or lower) and company car tax bands.

Potential Increase in Benefit-in-Kind (BiK) Tax for Company Car Drivers

- BiK tax rates are based on official CO₂ emissions figures. As these figures rise, so will the tax liabilities for company car drivers.
- Employees who order PHEVs in 2025 could see unexpected BiK increases if their vehicle is re-homologated before delivery.



New Compliance Deadlines

- 1 January 2025** ● Euro 6e-Bis applies to all newly launched vehicle models.
- 31 December 2025** ● All existing PHEV models must be re-tested and re-homologated under the new standards.
- 1 January 2026** ● Euro 6e-Bis applies to all newly manufactured vehicles, regardless of launch date.

How Will This Impact Fleet Operators?

For fleet managers, these regulatory changes will require careful planning and strategy adjustments to minimise costs and ensure continued emissions limits compliance. Key considerations include:



Higher Total Cost of Ownership (TCO) – With higher official CO₂ values, fleets may see increases in Corporation Tax, National Insurance costs, and fuel expenses for PHEVs.



Re-evaluating PHEV Suitability – Many PHEVs will remain viable for fleets, but some models may no longer provide the expected tax advantages.



Potential Shift to Battery Electric Vehicles (BEVs) – With zero tailpipe emissions, BEVs will not be affected by these changes and may become a more attractive option for company car schemes.



Increased Demand for Alternative Powertrains – Fleets will need to explore BEVs, mild hybrids, and fully hybrid vehicles as potential alternatives to traditional PHEVs.

Looking Ahead: Preparing for Euro 7

While Euro 6e-Bis is an important regulatory update, the EU is already working towards Euro 7, expected to be implemented around 2030. This will introduce even tighter emissions limits and could bring additional compliance challenges for fleets.

By staying ahead of these changes, we will ensure that your fleet remains efficient, compliant, and cost-effective.



New VED Tax on BEVs: Expensive Car Supplement from 1 April 2025

In addition to Euro 6e-Bis impacting PHEV's, Battery Electric Vehicles (BEVs) will also be affected by a new Vehicle Excise Duty (VED) rule from 1 April 2025.

Expensive Car Supplement (ECS) on BEVs

- Currently, BEVs are exempt from VED, but from 1 April 2025, they will pay the standard rate of £190 per year.
- In addition, BEVs with a list price over £40,000 will be subject to the Expensive Car Supplement, which adds an extra £410 per year for five years from the second year of registration.
- This means premium BEVs will cost £600 per year in VED from year two onwards.

How Will This Impact Company Car Drivers?

- BEVs will no longer have a VED advantage over combustion-engine vehicles.
- No change for existing live vehicles with road tax included in the monthly rental.
- Electric vehicles without road tax included will incur an annual road tax charge from April 2025, billed as a one-off amount by DVLA.
- Cars on order with road tax included and expected to be registered before 1 April 2025 will be unaffected by additional tax rates.
- Cars expected by January 2025 should be registered before April 2025 and remain unaffected, with annual tax billed as a one-off amount.
- Cars arriving from February 2025 onwards (or the delivery date is unknown) with a list price over £40,000 may be subject to additional tax if registered from April 2025.
- Cars arriving from February 2025 with a list price under £40,000 could be affected if their price changes before registration.

How We Will Support Your Fleet Through These Changes

As your fleet management partner, we are committed to helping you navigate the impacts of Euro 6e-Bis and the ECS tax changes. Our support includes:

- **Fleet Policy Review & Optimisation** – We will assess how PHEV taxation and BEV VED changes affect your policies and suggest cost-effective solutions.
- **Vehicle Selection Guidance** – Our detailed emissions and tax analysis will help you choose vehicles that minimize BiK and VED costs.
- **Tax & Compliance Advisory** – We will provide regular updates on legislation changes, helping you make informed financial decisions.
- **Transition Strategy to BEVs & Alternative Powertrains** – We will support your shift towards low-emission and fully electric vehicles where beneficial.
- **Monitoring & Reporting** – Our advanced fleet management tools will track vehicle emissions, tax implications, and fuel usage, helping you make data-driven choices.



Next Steps: What You Should Do Now



Speak to your strategic account manager

We can provide a personalised fleet impact assessment.



Review your vehicle policy

We will help you evaluate your fleet's exposure to higher PHEV CO₂ emissions and BEV taxation.



Plan for the future

Consider the total cost of ownership and potential savings of shifting to BEVs

For more information or advice, please call us on 0344 567 8000 or visit www.fleetoperations.co.uk