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Intelligent Transport Systems UK
Empowering Transport Technology

Response to the Consultation on the Introduction of Electric Vehicle Excise Duty
Intelligent Transport Systems UK

About Intelligent Transport Systems UK

Intelligent Transport Systems UK (ITS UK) is the national industry association for transport technology. In the UK, the ITS sector is valued at £3.2 billion in economic value, supports 45,000 jobs and contributes £500 million in tax revenue each year.

ITS UK provides a national platform to support the roll out of technology for a cleaner, safer and more effective transport network, both at home and abroad.

ITS UK has 200+ members, from both the private and public sector, covering all sizes and disciplines, with members working in areas like road user charging, smart ticketing, mobility as a service (MaaS), integrated transport, real time passenger information, public transport services, traffic management and enforcement, demand responsive transport, connected and autonomous vehicles, and much more.

We would be happy to provide further information the submission provided below. If this would be of use, please email ITS UK Public Affairs & PR Executive Eduardo Pitts, at eduardo.pitts@its-uk.org.

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

1.1 We strongly welcome the Government's proposal for the introduction of VED on Electric Vehicles in order that the Government maintains tax revenue as fuel duty receipts fall. As the Office of Budget Responsibility (OBR) highlighted in July 2025, "We [the OBR] expect revenues of around 0.8 per cent of GDP (£24.4 billion) in 2024-25 to halve by the 2030s and approach zero by 2050- 51. This is an average £15.5 billion a year lost in fuel duty receipts, driven by the assumption all new cars and vans will be zero-emission by 2035 and new HGVs by 2040".[1]

1.2 The following graphic, from the OBR, shows the impact over time:

Chart 4.10: Total revenue lost due to the net zero transition

Source: OBR
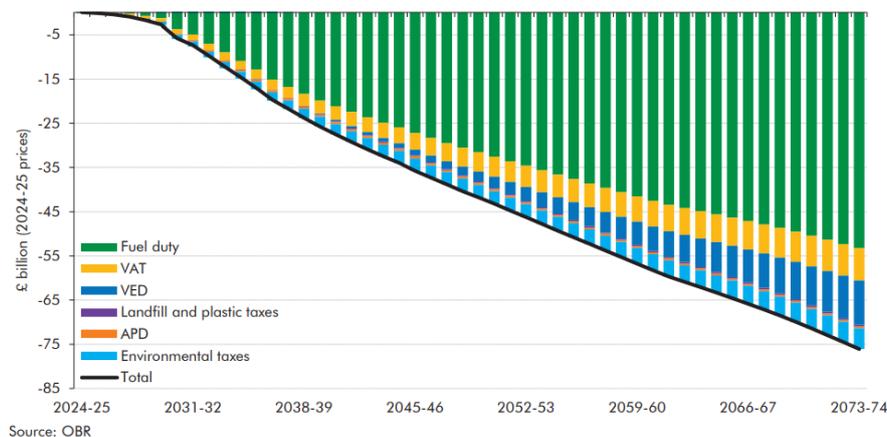
[1] https://obr.uk/docs/dlm_uploads/Fiscal-risks-and-sustainability-report-July-2025.pdf

1.3 Beyond recovering tax revenue, there are compelling reasons for the Government to introduce road pricing more extensively. This includes the ability to introduce policies that make fairer use of the road network. For example, the Government could choose to charge heavier vehicles (that have greater wear on the roads) more than lighter ones, or to charge based on periods of heavy congestion. Road pricing therefore gives policy makers (either at the national or local level, if the policy was devolved) greater powers over how their transport system is used.

1.4 However, it is ITS UK's view that the proposed design for eVED is a missed opportunity to deliver a smarter, technology-driven national road pricing scheme from the outset. This would include the option to choose innovative solutions from day one of the scheme. There are currently a number of ways eVED could be implemented with technology:

- **Satellite positioning combined with cellular network communications** (GNSS-CN), sometimes referred to as telematics, which enables vehicles to report their journey through a charged road network.

  This can be through onboard units, similar to those used by the insurance industry or in-vehicle technology. Given the majority of EVs will have been manufactured over the last five to ten years, many will already have connected vehicle technology that could be used for road charging without the use of additional equipment.

- **Roadside equipment** (including ANPR cameras) which is used to verify that vehicles within a charged road network have a valid means of payment. Roadside technology is particularly prominent in urban centres (where Clean Air Zones, Ultra Low Emission Zones and similar charging areas are already established), and on the major and strategic road network, for speed enforcement and tolling. However, for a national scheme, it would leave gaps in coverage for more rural and suburban areas and may require a significant investment.

  A back system could be set up to bring existing assets together to support a national scheme, requiring interoperability across charging zones and areas. This would require the political will of transport and highway authorities around the country, but would also have the benefit of bringing together an increasingly complex mix of charging and tolling zones across the UK (for example, allowing drivers to pay through one platform or app).

- These technologies could also be used together, in combination.

1.5 Methods of measuring and collecting road tax that leverage technology, whether through telematics or road-side technology, will be more effective at revenue collection and resilient to fraud, and provide opportunities to adapt road policy for the future. What's more, technological solutions will be more resilient to an odometer-based system.

1.6 The benefits of technology-based solution for eVED include:

- **Tackling fraud and ensuring compliance**
  Location-based road pricing is significantly harder to manipulate than self-reported

odometer readings, which can be electronically altered. A secure, technology-enabled system would increase confidence that all users are contributing fairly, protecting public revenues and maintaining trust in the system.

- **Efficiency and fairness**
  Unlike a flat per-mile charge, a technology-enabled system can differentiate charges by vehicle class, weight and emissions. This ensures that lighter and more efficient vehicles pay less, while vehicles that cause greater wear, congestion or pollution contribute proportionately more - improving both fairness and environmental outcomes.

- **Cross-border fairness and revenue attribution**
  A technology-enabled system can distinguish between miles driven in the UK and those driven abroad, ensuring UK motorists are charged only for use of the domestic road network. It also creates the potential to charge foreign-registered vehicles using UK roads, ensuring all UK road users contribute fairly.

- **Network planning and demand management**
  Location-based charging can vary rates by date, time and place, for example, delivering higher rates on congested urban roads at peak times, and lower rates on uncongested rural roads or off-peak periods. This provides policymakers with tools to actively manage demand, reduce congestion and improve journey time reliability.

- **Freight and logistics efficiency**
  For commercial operators in the freight and logistics sector, location-based charging can incentivise efficient routing and load consolidation, reducing empty running and unnecessary mileage. This supports lower emissions and improved logistics productivity.

- **Regional transparency and trust**
  Where revenues can be attributed to particular routes, cities or regions, road users can clearly see how their contributions fund maintenance, upgrades and safety improvements on those same networks, strengthening public trust in the road tax system.

- **Data for better transport outcomes**
  Telematics-based systems can generate anonymised but detailed traffic data, supporting improved network planning, digital twin development, real-time traffic management and more targeted safety interventions – all key as we move to a more connected and automated road network in years to come.

1.7 The Government has highlighted in their consultation document concerns around privacy. We do not believe this is a significant barrier to the use of technology as a system could be established with strong safeguards around user data and privacy.

1.8 Whilst it is important that Government ensures it takes due consideration of privacy, it is important to note that modern vehicles contain connected technology as standard, which provides meta data that is sold to transport authorities in order that they can improve road journeys. This includes information on driving behaviour, including speed,

acceleration and braking patterns, journey start and stop times, route patterns and driving style. It also includes real-time and historical trip routes.

1.9 This meta data is often shared with a wide variety of parties in both the public and private sector including manufacturers, transport authorities and with law enforcement and government agencies. A system could be established with strong safeguards around user data and privacy. The UK is already a leader in privacy legislation and regulation, with GDPR and the Information Commissioner's Office ensuring Government bodies are held to account on the data they collect, use and share.

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

2.1 Should the Government seek to pursue an eVED scheme based on odometer readings, the Government should consider how 'opt in' technologies could be used to support a more accurate calculation of a motorist's mileage from Day One of the scheme. There should be clear communication with the transport technology industry as to where 'opt-in' solutions could be developed.

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

3.1 Technological solutions could make eVED simpler for motorists and businesses to comply with, by allow for more bespoke account-based management of an individual or a businesses' road use.

3.2 For businesses, a technology-based charging system could reduce administrative burdens and allow businesses to more accurately track and forecast costs.

- Larger businesses with many vehicles could quickly track how many miles are driven across their fleets and create a single account to manage payments, streamlining the process. Government could then easily apply discounts to these accounts, if it wanted to support businesses or a particular industry.
- For small businesses reimbursing personal vehicle mileage, technology could help employees provide proof of miles driven and, through their online account, allow them to claim accurate reimbursement quickly, instead of waiting for the next MOT. This would ensure certainty for businesses, ensuring they didn't face larger than expected bills at the end of the year.

3.3 Many of these principles apply to individual motorists too, including the ability to provide ease of access to pay, manage, track and forecast eVED, making the tax easier to comply with and supporting certainty.

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

4.1 ITS UK strongly recommends the inclusion for technological solutions to be included on an opt-in basis. There are a number of opportunities to implement opt-in solutions, including:

- Providing technology for those looking to more accurately understand the distance they have driven (either through additional monitors or through existing technology found in modern EVs). Additional monitors are common in the insurance sector, with a widely cited study finding that around 455,000 British motorists had a 'black box device' installed in their car for insurance purposes — up from about 323,000 in the mid-2010s.[2]

- Monitoring road users driving overseas to be able to take off charges for miles not driven in the UK. It is likely that there are relatively few miles driven by overseas EVs (for example, UK vehicles driving in France), so it may be that vehicles can be monitored to deduct the mileage driven overseas. This will become more important if other countries begin introducing their own road pricing schemes, as there is a risk of double taxation for foreign vehicles driving abroad.

- The Government may wish to consider how eVED could benefit from a Smart Data Scheme. Following the passing of the Data (Use and Access) Act, the Department for Business and Trade (DBT) has been looking at sectors to introduce smart data schemes, including in transport. Smart Data is defined as "the secure sharing of customer and business data with authorised third parties, enabling innovative services that can improve outcomes for consumers and businesses."[3] eVED and road user charging generally, could be a potential candidate for the establishment of a Smart Data in transport scheme.

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

11.1 To ensure fairness in a smarter scheme, the overall approach to tax reporting and collection for a smarter scheme should aim to be:

- **Simple and convenient:** The system should minimise administrative burden on users. Payment processes should be clear, intuitive and integrated into existing vehicle ownership and road use. Digital tools should be easy to use, with support available for those who are digitally excluded.

- **Accurate and proportionate:** Using a smarter scheme, charges can reflect usage and the external impacts associated with that usage (for example vehicle weight and wear & tear, emissions and congestion effects). This ensures users contribute in proportion to the costs they impose on the network in an even fairer way.

- **Transparent:** Users should clearly understand how charges are calculated and how revenues are used. Transparency in revenue allocation — particularly where funds are shown to be reinvested in road maintenance and safety — will be critical in securing public acceptance.

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[2] https://www.insurancetimes.co.uk/analysis/the-time-for-telematics-is-now-but-the-industry-must-agree-on-education/1453996.article
[3] https://www.gov.uk/government/calls-for-evidence/smart-data-opportunities-in-digital-markets/smart-data-opportunities-in-digital-markets

- **Protective of privacy:** In a smarter scheme, data minimisation and anonymisation should be built into the system where possible, with clear safeguards and oversight arrangements.

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

15.1 An effective compliance approach should combine system design, enforcement capabilities and thorough public communication. Where possible, eVED should reduce reliance on manual self-reporting, which is prone to both double counting and deliberate manipulation.

15.2 Automated or technology-assisted reporting mechanisms can avoid user error, avoidance and fraud. On the matter of avoidance, consideration should be given from the outset for ensuring compliance from foreign-registered vehicles using UK roads and UK vehicles driving abroad to avoid pushback on unfairness and revenue loss.

15.3 Enforcement mechanisms should be proportionate to the scale of the discrepancy and supported by evidence. Clear penalties for deliberate fraud should be established, while genuine errors should be addressed through corrective processes rather than punitive measures, which could further disincentivise EV and PHEV uptake.

15.4 It is important Government provides straightforward guidance explaining user obligations on how to report miles driven, how to sign-up for smarter schemes (if allowed), deadlines and reconciliation processes. Early and ongoing public engagement will be critical to reducing confusion and increasing voluntary compliance with the policy.

Intelligent Transport Systems UK
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