**SMMT NEW CAR REGISTRATIONS**5 February 2025 (data for January 2025)  
**High-res charts and data available via Dropbox:** <https://www.dropbox.com/scl/fo/brur8vu1fdrjpdknjsrc5/ALgrQ5Srq1VgGx-rT3tzE78?rlkey=lwdkqtozoml5efm8mts3btbfw&st=m0atfbe3&dl=0>

**EV share rises despite contracting market but tax hikes threaten targets**

* EVs take more than a fifth of new car registrations as overall market contracts by -2.5% to 139,345 units.
* Slowdowns recorded by both fleet and private buyers against backdrop of weak economic confidence.
* Industry calls for halt to EV tax hikes as latest outlook anticipates 23.7% market share for 2025 – below government targets.

**Wednesday 5 February, 2025** The UK new car market fell by -2.5% to 139,345 units in January, according to data released today by the Society of Motor manufacturers and Traders (SMMT), as weak consumer confidence and tough economic conditions combined to deliver the fourth consecutive month of decline.

Registrations by both fleet and private buyers were down in the month, by -3.7% and -0.5% respectively. Business registrations rose by 2.4% although, as a very small portion of the market, this translated to just 55 additional units.

Reflecting a continuation of ongoing trends, petrol car registrations dropped by -15.3% to comprise just over half (50.3%) the market, with diesel down -7.7% to claim a 6.2% share. Both hybrid electric vehicles (HEVs) and plug-in hybrids (PHEVs) recorded volume growth and saw their market shares rise to 13.2% and 9.0% respectively. Battery electric vehicle (BEV) registrations, meanwhile, continued recent growth trends, with volumes up by 41.6% year on year to take a 21.3% market share.

Despite the increase in the month, BEV market share still remains short of the 22% target set by government for last year, and even further behind the 28% requirement for 2025. This gap between demand and ambition is why the review of the Vehicle Emissions Trading Scheme and its flexibilities is essential and must deliver meaningful changes urgently, else there will likely be significant negative consequences for the market, industry and, potentially, the consumer.

Significant manufacturer investment both in new products and, last year, more than £4.5 billion worth of discounts, helped many drivers make the switch, but more consumers are still reticent, looking for greater encouragement from government and elsewhere. Private retail buyers still lack a meaningful fiscal incentive to buy an EV and, moreover, the application of the Vehicle Excise Duty ‘Expensive Car Supplement’ (ECS) to BEVs in just two months comes at the worst time for the industry. It means EV models costing more than £40,000 – the majority on the market, given higher production costs – will incur a £3,110 tax bill over the first six years of ownership – compared with zero at present.1 The change will impact both the new and used car markets, undermining the goal of a mass market transition. As a result, the industry is calling for tax plans to be revised to ensure the system is fair and avoids dissuading those who want to buy an EV.

**Mike Hawes, SMMT Chief Executive**, said, *“January’s figures show EV demand is growing – but not fast enough to deliver on current ambitions. Affordability remains a major barrier to uptake, hence the need for compelling measures to boost demand, and not just from manufacturers. The application, therefore, of the ‘Expensive Car Supplement’ to VED on electric vehicles is the wrong measure at the wrong time. Rather than penalising EV buyers, we should be taking every step to encourage more drivers to make the switch, helping meet government, industry and societal climate change goals.”*

The threshold for the ECS – dubbed the ‘luxury car tax’ when launched – has remained unchanged at £40,000 since it was set eight years ago, when the overall market was 30% larger than today and BEVs barely featured. With more than twice as many BEVs registered this January than in the whole of 2017,2 raising the eligibility threshold for EVs – or exempting them from the ECS entirely – would send the message that EVs are essentials, not luxuries, and ensure vehicle taxation remains fair and appropriate for today’s market conditions.

The latest market outlook anticipates the new car market declining slightly in 2025 by -0.2% to 1.95 million units, with BEV uptake rising by 20.9% to 462,000 – a 23.7% market share, but still short of the mandated 28% target for the year. The gap is anticipated to widen in 2026, when BEVs are expected to comprise 28.3% against a target of 33%. The growing disparity between market demand and regulated targets further underscores the need for substantive market incentives that match ambition.

**Notes to editors**

1 BEVs are currently exempt from all VED. From 1 April, all BEVs will be subject to £10 VED in the first year of ownership, followed by annual VED of £195 currently in years 2-6 (£975), for a total of £985. For BEVs more than £40,000, an additional £425 is currently charged annually in years 2-6 (£2,125) on top of standard VED, to give a total of £3,110.  
2 2017 registrations: 2,540,617, of which 13,597 were BEVs.

**About SMMT and the UK automotive industr****y**

The Society of Motor Manufacturers and Traders (SMMT) is one of the largest and most influential trade associations, representing the automotive industry in the UK.

The automotive industry is a vital part of the UK economy, integral to growth, the delivery of net zero and the UK as a global trade hub. It contributes £93 billion turnover and £22 billion value added to the UK economy, and invests around £4 billion each year in R&D. With 198,000 people employed directly in manufacturing and some 813,000 across the wider automotive industry. Many of these automotive manufacturing jobs are outside London and the South-East, with wages that are around 13% higher than the UK average. The sector accounts for 12% of total UK exports of goods with more than 140 countries importing UK produced vehicles, generating £115 billion of trade in total automotive imports and exports.

The UK manufactures almost every type of vehicle, from cars, to vans, taxis, trucks, buses and coaches, as well as specialist and off-highway vehicles, supported by more than 2,500 component providers and some of the world's most skilled engineers. In addition, the sector has vibrant aftermarket and remanufacturing industries. The automotive industry also supports jobs in other key sectors – including advertising, chemicals, finance, logistics and steel.

More detail on UK Automotive available in SMMT's Motor Industry Facts publication at <https://www.smmt.co.uk/reports/smmt-motor-industry-facts/>

SMMT media contacts

Paul Mauerhoff                      07809 522181           [pmauerhoff@smmt.co.uk](mailto:pmauerhoff@smmt.co.uk)    
James Boley                          07927 668565           [jboley@smmt.co.uk](mailto:jboley@smmt.co.uk)   
Scott Clarke                         07912 799959           [sclarke@smmt.co.uk](mailto:sclarke@smmt.co.uk)          
Rebecca Gibbs                     07708 480 889         [rgibbs@smmt.co.uk](mailto:rgibbs@smmt.co.uk)         
Emma Butcher                       07880 191825           [ebutcher@smmt.co.uk](mailto:ebutcher@smmt.co.uk)   
Abigail Smythe 07708 480891 [amsythe@smmt.co.uk](mailto:amsythe@smmt.co.uk)