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SUMER
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New UK Mileage Rates for 2026/27: What's Changed and What It Means



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HMRC has introduced updated mileage rates for the 2026/27 tax year, with a notable increase for those using their own vehicle for business travel.

These changes are particularly relevant for employers, employees and business owners who rely on mileage claims as part of their day-to-day operations.

The Key Change

For the first time in many years, the approved mileage rate for cars and vans has increased:

- **55p per mile** for the first 10,000 business miles
- **25p per mile** for each mile thereafter

This represents a 10p increase on the previous 45p rate for the first 10,000 miles.

Mileage rates for other types of transport remain unchanged:

- Motorcycles: 24p per mile
- Bicycles: 20p per mile

An additional **5p per mile per passenger** can still be claimed when carrying fellow employees on business journeys.

What Are Mileage Rates Used For?

HMRC's approved mileage rates (often referred to as Approved Mileage Allowance Payments, or AMAPS) are designed to simplify the process of claiming business travel costs.

Rather than tracking individual expenses such as fuel, servicing, insurance and depreciation, businesses and employees can apply a standard rate per mile travelled for qualifying journeys.

These rates can be used by:

- Employees using their own vehicle for work travel
- Business owners and directors claiming mileage through their company
- Self-employed individuals using simplified expenses

Own Vehicle vs Company Car: An Important Distinction

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It's important not to confuse mileage rates for personal vehicles with the rules that apply to company cars.

- Own Vehicle - Use HMRC's approved mileage rates (55p/25p structure)
- Company Car - Typically use HMRC's advisory fuel rates, which are calculated seperately and vary by engine size and fuel type

Using the correct system ensures reimbursements are treated properly for tax purposes.

What the Increase Means in Practice

The rise to 55p per mile reflects the increased cost of running a vehicle, including fuel, maintenance and general wear and tear.

For employees and directors who regularly drive for work, this increase could result in noticeably higher tax-free reimbursements.

For example, someone travelling 8,000 business miles in a year would see a higher reimbursed amount under the new rate compared to previous years. (Exact figures will vary depending on mileage.)

For businesses, the change may prompt a review of:

- Mileage reimbursement policies
- Expense budgets
- Internal processes for recording and approving claims

Keep Accurate Records

Regardless of the rate used, maintaining accurate mileage records remains essential.

HMRC expects records to include:

- Date of travel
- Start and end locations
- Number of miles travelled
- Purpose of the journey

Good record-keeping helps ensure claims are compliant and reduces the risk of issues in the event of a review.

Do You Need to Take Action?

If you or your employees claim mileage, now is a good time to:

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- Check reimbursement rates are up to date
- Review any existing expense policies
- Ensure mileage tracking processes are robust

Taking a proactive approach can help avoid errors and ensure you are making the most of the available reliefs.

How We Can Help

Understanding the correct mileage rates - and applying them consistently - can make a real difference to both compliance and cost management.

If you would like support reviewing your mileage policies or understanding how these changes apply to your business, our team would be happy to help.

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