



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon Sir George Howarth MP
House of Commons
London
SW1A 0AA

10 March 2023

Dear Sir George,

Thank you for your email of 1 February to the Chancellor of the Exchequer enclosing correspondence from your constituents about Approved Mileage Allowance Payments (AMAPs). I am replying as the Minister responsible for this policy area.

I would like to take this opportunity to thank your constituents for the work they do, the Government recognises that public sector workers play a vital role in delivering our world class public services.

The overriding focus for the Government in recent months has, rightly, been the immediate challenge of inflation and supporting people with the cost of living. These are the key challenges facing millions of households and businesses across the UK currently, and the Government has taken decisive action to mitigate their impact, whilst remaining fiscally responsible, including the cost-of-living support for households worth £26 billion in 2023-24. Last Autumn Statement, the Energy Price Guarantee was projected to save £900 to the average household through the winter, and £500 from April 2023 to April 2024.

At Spring Statement 2022 the Government also announced a temporary 12-month cut to duty on petrol and diesel of 5p per litre. This is the largest cash-terms cut across all fuel duty rates at once, ever, and is only the second time in 20 years that main rates of petrol and diesel have been cut. This represents a tax cut worth around £2.4 billion in 2022-23, benefiting anyone who consumes fuel across the UK.

Your constituents specifically asked about AMAPs. These are used by employers to reimburse an employee's expenses for business mileage in their private vehicle.

AMAPs are intended to create administrative simplicity and certainty by using an average rate, which reflects vehicle running costs including fuel, servicing and depreciation. Fuel is therefore only one component.

The AMAP rate is advisory and employers can choose to pay more or less than the advisory rate. It is therefore ultimately up to employers, including public sector organisations, local government and the NHS to determine the rate at which they reimburse their employees.

Employees who receive less than the AMAP rate can claim tax relief on the difference. Employees who receive more would potentially be taxed on the difference, depending on their personal circumstances.

The reimbursement of travel costs for NHS employees is covered by the NHS Terms and Conditions, jointly agreed by employers and the NHS trade unions.

Like all taxes and allowances, the Government keeps the AMAP rate under review.

Please pass on my thanks to your constituents for taking the trouble to make us aware of their concerns.

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'JC', written in a cursive style.

James Cartlidge MP
EXCHEQUER SECRETARY TO THE TREASURY