

Tax and Travel

Car and fuel benefits

The taxable petrol and diesel car benefit is based on the car's CO₂ emissions. It is calculated using the car's UK list price and applying the 'appropriate percentage' as shown in the table below. The first line of figures in the table relate to the new category of qualifying low emissions cars (QUALECs).

The car fuel benefit is calculated by applying the same percentages to the fuel multiplier, which for 2008/9 is increased from £14,400 to £16,900.

The percentages are reduced for cars (except QUALECs) that can be driven on alternative fuels by:

- 2% for cars manufactured to be capable of being run on E85 fuel
- 2% for bi-fuel cars or those which run on LPG only
- 3% for hybrid electric and petrol cars
- 6% for electric only cars (in practice the taxable benefit will be 9% of the price).

VAT on fuel for private use in cars

Where businesses wish to reclaim the input VAT on fuel which has some degree of private use, they must account for output VAT on a scale charge. The table below shows the VAT chargeable for quarters commencing on or after 1 May 2008.

CO ₂ emissions (g/km)	Appropriate percentage		Quarterly VAT	
	Petrol %	Diesel %	Fuel scale charge £	VAT on charge £
120 and below	10	13	138	20.55
121 to 139	15	18	207	30.83
140 to 144	16	19	221	32.91
145 to 149	17	20	234	34.85
150 to 154	18	21	248	36.94
155 to 159	19	22	262	39.02
160 to 164	20	23	276	41.11
165 to 169	21	24	290	43.19
170 - 174	22	25	303	45.13
175 - 179	23	26	317	47.21
180 - 184	24	27	331	49.30
185 - 189	25	28	345	51.38
190 - 194	26	29	359	53.47
195 - 199	27	30	373	55.55
200 - 204	28	31	386	57.49
205 - 209	29	32	400	59.57
210 - 214	30	33	414	61.66
215 - 219	31	34	428	63.74
220 - 224	32	35	442	65.83
225 - 229	33	35	455	67.77
230 - 234	34	35	469	69.85
235 and above	35	35	483	71.94

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Mileage rates

Changes to the HMRC business mileage rates are announced from time to time. The current rates are as follows:

Vehicle	First 10,000 miles	Thereafter
Car / Van	40p	25p
Motorcycle	24p	24p
Bicycle	20p	20p

Car – fuel only advisory rates			
Engine Capacity	Petrol	Diesel	Gas
Up to 1400cc	11p	11p	7p
1401 - 2000cc	13p	11p	8p
Over 2000cc	19p	14p	11p

The fuel only advisory rates can be applied as a tax-free maximum rate for employees claiming for petrol used on business journeys and for employees reimbursing their employers with the cost of petrol used for private journeys.

HMRC will consider claims for a higher maximum rate, if it can be demonstrated that it is necessary for an employee to use a car with higher than average fuel costs.

Car costs – VED rates

Band	CO ₂ emissions g/km	Petrol & Diesel	Alternative Fuel Cars
A	100 and below	£0	£0
B	101 - 120	£35	£15
C	121 - 150	£120	£100
D	151 - 165	£145	£125
E	166 - 185	£170	£150
F*	186 and above	£210	£195
G**	226 and above	£400	£385

* Cars registered before 23 March 2006 ** Cars registered from 23 March 2006

Company vans

The taxable benefit for the unrestricted private use of vans is £3,000. There is a further £500 taxable benefit if the employer provides fuel for private travel.

Van and fuel charge	Van	Fuel	Total
Tax (20% taxpayer)	£600	£100	£700
Tax (40% taxpayer)	£1,200	£200	£1,400
Employer's class 1A NICs	£384	£64	£448

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