

Vehicle Benefits

Chargeable on employees earning £8,500 or over (including benefits), and directors.

- Car Benefit
- Car Fuel Benefits
- Company Vans

Car Benefit

The tax you pay on your company car is governed by four factors:

- the list price of the car, on the day before it was first registered, plus certain accessories,
- the rate at which the car emits carbon dioxide (CO₂),
- the fuel type
(for most types of car, this is all the information you need to work out the taxable benefit)
- your highest rate of income tax.

You can find your taxable percentage for 2008/09 using the following table:

CO ₂ in g/km	Taxable %		CO ₂ in g/km	Taxable %		CO ₂ in g/km	Taxable %	
	Petrol	Diesel		Petrol	Diesel		Petrol	Diesel
120 and below	10%	13%						
121 to 139	15%	18%	170 to 174	22%	25%	205 to 209	29%	32%
140 to 144	16%	19%	175 to 179	23%	26%	210 to 214	30%	33%
145 to 149	17%	20%	180 to 184	24%	27%	215 to 219	31%	34%
150 to 154	18%	21%	185 to 189	25%	28%	220 to 224	32%	35%
155 to 159	19%	22%	190 to 194	26%	29%	225 to 229	33%	35%
160 to 164	20%	23%	195 to 199	27%	30%	230 to 234	34%	35%
165 to 169	21%	24%	200 to 204	28%	31%	235 and over	35%	35%

How to find out how much CO₂ your company car emits – see:

- the car's V5 registration document
- your dealer
- the data pages of car magazines (current models)
- the Vehicle Certification Agency – www.vca.gov.uk
- the website of the Society of Motor Manufacturers and Traders - www.smmt.co.uk/co2/co2search.cfm

Reliable emissions data is not widely available for cars registered before 1 January 1998. For them, the following taxable percentages apply, regardless of fuel type:

Engine capacity	Taxable
Up to 1400cc	15%
1401 - 2000cc	22%
Over 2000cc	32%

Car Fuel Benefits

If the employee pays for the full cost of all fuel for private journeys (usually including home to work) there will be no car fuel benefit. In **all** other cases the full tax charge will be due.

The taxable car fuel benefit, for 2008/09, is calculated by multiplying £16,900 by the same percentage as applies (or would apply) for the car benefit.

Example: A company car driver has a car which, on the day before it was first registered, had a list price of £18,000. It runs on petrol, and emits 177 g/km of CO₂.

If we assume the driver pays tax at 40%, the annual tax bill on the car is:
 $£18,000 \times 23\% \times 40\% = £1,656$

If the employer provides **any** fuel used for private journeys and is not re-imbursed for the cost, the 2008/09 tax bill for the fuel is: $£16,900 \times 23\% \times 40\% = £1,554.80$.

Company Vans

The taxable benefit for the unrestricted use of company vans is £3,000 (with no reduction for older vans) plus a further £500 of taxable benefit if fuel is provided by the employer 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

Van drivers can avoid a benefit charge if they agree not to use the van for personal journeys. Driving to and from work is acceptable so long as there is a reasonable amount of business use.

Newbury

James Cowper, Phoenix House
Bartholomew Street, Newbury
Berkshire RG14 5QA

Tel: +44 (0)1635 35255
Fax: +44 (0)1635 40500

Oxford

James Cowper, Willow Court
7 West Way, Botley
Oxford OX2 0JB

Tel: +44 (0)1865 200500
Fax: +44 (0)1865 200501

Reading

James Cowper, 3 Wesley Gate
Queen's Road, Reading
Berkshire RG1 4AP

Tel: +44 (0)118 959 0261
Fax: +44 (0)118 939 3385