

## Vehicle Benefits

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

### Car benefit

The tax you pay on your company car is governed by five 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 (CO<sub>2</sub>),
- 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
- any capital contribution to the cost of the car up to a maximum of £5,000

You can find your taxable percentage for 2011/12 using the following table:

CO <sub>2</sub> in g/km*	Taxable %		CO <sub>2</sub> in g/km*	Taxable %	
	Petrol	Diesel		Petrol	Diesel
			170 to 174	24%	27%
Up to 75	5%	8%	175 to 179	25%	28%
76-120	10%	13%	180 to 184	26%	29%
121-129	15%	18%	185 to 189	27%	30%
130 to 134	16%	19%	190 to 194	28%	31%
135 to 139	17%	20%	195 to 199	29%	32%
140 to 144	18%	21%	200 to 204	30%	33%
145 to 149	19%	22%	205 to 209	31%	34%
150 to 154	20%	23%	210 to 214	32%	35%
155 to 159	21%	24%	215 to 229	33%	35%
160 to 164	22%	25%	220 to 224	34%	35%
165 to 169	23%	26%	225 and over	35%	35%
* The exact CO <sub>2</sub> figure is rounded down to the nearest 5g/km					

How to find out how much CO<sub>2</sub> 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](http://www.vca.gov.uk)
- the website of the Society of Motor Manufacturers and Traders - [www.smmt.co.uk/co2/co2search.cfm](http://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 2011/12, is calculated by multiplying £18,800 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 £21,000. It runs on petrol, and emits 177 g/km of CO<sub>2</sub>.

If we assume the driver pays tax at 40%, the annual tax bill on the car is: £21,000 x 25% x 40% = £2,100.00

If the employer provides any fuel used for private journeys and is not reimbursed for the cost, the 2010/11 tax bill for the fuel is: £18,800 x 25% x 40% = £1,880.00.

### Company vans

The taxable benefit for the unrestricted use of company vans is £3,000 (with no reduction for older vans) plus a further £550 of taxable benefit if fuel is provided by the employer for private travel.

Van and fuel charge	Van	Fuel	Total
Tax (20% taxpayer)	£600	£110	£710
Tax (40% taxpayer)	£1,200	£220	£1,420
Tax (50% taxpayer)	£1,500	£275	£1,775
Employers class 1A NICs	£414	£75.90	£489.90

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.

The flat rate of £3,000 is reduced to nil for vans which cannot produce CO<sub>2</sub> engine emissions under any circumstances when driven. There is no fuel benefit for such vans.