

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 (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
- any capital contribution to the cost of the car up to a maximum of £5,000

You can find your taxable percentage for 2015/16 using the following table:

CO ₂ in g/km*	Taxable %		CO ₂ in g/km*	Taxable %	
	Petrol	Diesel		Petrol	Diesel
0 up to 50	5%	8%			
51 to 75	9%	12%	150 to 154	25%	28%
76 to 94	13%	16%	155 to 159	26%	29%
95 to 99	14%	17%	160 to 164	27%	30%
100 to 104	15%	18%	165 to 169	28%	31%
105 to 109	16%	19%	170 to 174	29%	32%
110 to 114	17%	20%	175 to 179	30%	33%
115 to 119	18%	21%	180 to 184	31%	34%
120 to 124	19%	22%	185 to 189	32%	35%
125 to 129	20%	23%	190 to 194	33%	36%
130 to 134	21%	24%	195 to 199	34%	37%
135 to 139	22%	25%	200 to 204	35%	37%
140 to 144	23%	26%	205 to 209	36%	37%
145 to 149	24%	27%	210 and over	37%	37%
* The exact CO ₂ figure is rounded down to the nearest 5g/km					

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.smm.co.uk/co2/co2search.cfm

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 2015/16, is calculated by multiplying £22,100 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 CO₂.

If we assume the driver pays tax at 40%, the annual tax bill on the car is: £21,000 x 30% x 40% = £2,520.00

If the employer provides any fuel used for private journeys and is not reimbursed for the cost, the 2015/16 tax bill for the fuel is: £22,100 x 30% x 40% = £2,652.00.

Company vans

The taxable benefit for the unrestricted use of company vans is £3,150 (with no reduction for older vans) plus a further £594 of taxable benefit if fuel is provided by the employer for private travel.

Van and fuel charge	Van	Fuel	Total
Tax (20% taxpayer)	£630	£118.80	£748.80
Tax (40% taxpayer)	£1,260	£237.60	£1,497.60
Tax (50% taxpayer)	£1,575	£297	£1,872
Employers class 1A NICs	£434.70	£81.97	£516.67

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 £3,150 is reduced to nil for vans which cannot produce CO₂ engine emissions under any circumstances when driven. There is no fuel benefit for such vans.