

Employment Issues

Company cars

Where a company car is provided for an employee's private use, a taxable benefit arises which is based on the list price of the car and its CO2 emissions. The percentages range from 15% to 35% for most cars. There are currently discounts available for environmentally friendly cars.

From 2011/12:

- the lower threshold CO2 emissions figure (130g/km for 2010/11) will be reduced by 5g/km to 125g/km
- the £80,000 price cap that currently applies when calculating the cash equivalent of the car benefit will be abolished
- the reductions currently for electronic/petrol hybrid cars and cars propelled by bi-fuels, road fuel gas and bio ethanol will be abolished. The discount given for Euro IV standard diesel cars registered before 1 January 2006 will also be abolished
- electrically propelled cars will continue to be taxed at 9%.

Living accommodation

Where an employee is provided with accommodation there is a tax charge on the benefit to the employee of that accommodation. Where rent is paid by the person at whose cost the accommodation is provided the charge is based on the actual rent paid (less any amount made good by the employee), where that is more than the 'annual value'.

Legislation will be introduced to stop attempts to avoid tax on the benefit of living accommodation. The measure will apply in cases where accommodation is provided to employees by reason of their employment through the payment of a lease premium.

The legislation will ensure that where a lease premium is paid for a lease of 10 years or less, the same tax treatment will follow as if the lease premium were actual rent paid (spread over the period of the lease).

The legislation will apply to leases entered into or extended on or after Budget Day.