

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 2009/10 using the following table:

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

* The exact CO₂ 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

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 2009/10, 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 x 23% x 40% = £1,656

If the employer provides any fuel used for private journeys and is not reimbursed for the cost, the 2009/10 tax bill for the fuel is: £16,900 x 23% x 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.

The maximum tax payable on the use of a company van is £1,400 p.a., and the employer's Class1A NIC payable is £448 p.a.