



Tax Guide

2018/2019

A handy reference courtesy of

 **Fleet Alliance**

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Company Car Taxation

Current System

The company car taxation system is based on a percentage of the car's list price graduated according to its CO2 emissions.

Key features:

- The current minimum normal charge will be 13% of the list price of the car and the maximum charge is 37% for cars with high emissions.
- Diesel engine vehicles are subject to a 4% supplement on the petrol percentages, currently capped a 37% until April 2021, unless the vehicle reaches the Real Driving Emissions Step 2 (RDE2) standards in which case no supplement is applicable.
- Cars without an approved CO2 emissions figure are taxed according to engine size.

What is P11D?

P11D is the list price published by the vehicle manufacturer, importer or distributor as the inclusive price for a single car of that type on an open market retail sale in the UK. The list price to be taken is that applying on the day immediately before the date of the car's first registration. Cars without an actual list price will be taxed on a notional list price basis.

The following items are included in the list price:

- Delivery charges
- VAT
- Customs and import duties
- Standard accessories fitted when the car was supplied
- Optional accessories fitted after the car was first supplied and which cost over £100
- Replacement accessories which are superior to the originals
- Basic number plates

The following items are not included in the list price:

- Running costs such as petrol, road tax, and breakdown cover, etc.
- Warranties
- Optional accessories costing less than £100 after the car was supplied
- Replacement accessories of the same standard as the originals
- Accessories which have been replaced by accessories of a superior standard
- Adaptations for the disabled
- Any element of the list price or cost of accessories directly related to enabling the car to run on road fuel gases
- Personalised number plates
- Bluetooth hands free kits and Satellite Navigation (that are essential for the employee to carry out their duties)

The term 'Accessory' includes any type of equipment, but does not include an accessory necessarily provided for use in the performance of the duties of the employment.

The list price may be reduced by up to £5,000 if the employee makes a contribution to the capital cost.

The tax charge for a company car is reduced pro rata if the car is not available for the whole year. Periods of less than 30 days during which the car is unavailable (e.g. for repairs) are disregarded. The taxable value of a company car is reduced by any amount which the employee pays to the employer for the use of the car.

How car benefit is calculated for a car with an approved CO2 emission figure:

- The charge builds up from the minimum % of the car list price
- The minimum charge applies to cars emitting CO2 at or below a qualifying level measured in grams per kilometre (g/km)

- The charge normally builds up in 1% steps for every additional full 5g/km over that level

Disabled Employees

If the only car that a disabled employee can drive is one with automatic transmission, the car benefit charge will be calculated using the approved CO2 emissions of the closest manual equivalent.

Example

The following examples show how to calculate the car benefit charge. The figure described as the basic car benefit charge in the example may be reduced if the employee has to pay for private use of the car, or if the car is unavailable for part of the tax year.

Example - Petrol Car:

- Price of car is £15,000
- CO2 = 108g/km. Round down to nearest 5g/km
- Percentage for 2018/19 is 22%
- Basic car benefit charge is $£15,000 \times 22\% = £3,300$

Example - Diesel Car:

- Price of the car is £25,000
- Approved figure of CO2 emissions is 90g/km
- Percentage for 2018/2019 is 19% plus supplement of 4% (unless RDE2 compliant)
- Basic car benefit charge is $£25,000 \times 23\% = £5,750$

Where is the CO2 emissions figure found?

The approved CO2 emission figure for car benefit purposes is the figure which is recorded on the type approval certificate. The approved CO2 emission figure will be shown on the Vehicle Registration document (V5).

Car and Van Tax

CO2 emissions (g/km) Round down to nearest 5g/km	2018/19 - 2021/22 % of car's list price taxed (add 4% for diesel vehicles up to a max of 37%)				
	Range in zero emission mode (miles)	Tax Year 2018-2019 ⁽¹⁾	Tax Year 2019-2020 ⁽¹⁾	Tax Year 2020-2021 ⁽¹⁾	Tax Year 2021-2022 ⁽²⁾
0	N/A	13	16	2	-
1	>130	13	16	2	-
1	70 - 129	13	16	5	-
1	40 - 69	13	16	8	-
1	30 - 39	13	16	12	-
1	<30	13	16	14	-
51		16	19	15	-
55		16	19	16	-
60		16	19	17	-
65		16	19	18	-
70		16	19	19	-
75		19	22	20	-
80		19	22	21	-
85		19	22	22	-
90		19	22	23	-
95		20	23	24	-
100		21	24	25	-
105		22	25	26	-
110		23	26	27	-
115		24	27	28	-
120		25	28	29	-
125		26	29	30	-
130		27	30	31	-
135		28	31	32	-
140		29	32	33	-
145		30	33	34	-
150		31	34	35	-
155		32	35	36	-
160		33	36	37	-
165		34	37	37	-
170		35	37	37	-
175		36	37	37	-
180		37	37	37	-
185		37	37	37	-
190		37	37	37	-

Note:

⁽¹⁾ For diesel cars add a 4% supplement charge to these tax years (up to a maximum of 37%) unless the vehicle achieves Real Driving Emissions Step 2 (RDE2) standards (mandatory from April 2020) in which case no supplement is applicable.

⁽²⁾ 2021-2022 data is not yet available.

List price includes accessories and is not subject to an upper limit. The list price is reduced for capital contributions made by the employee up to £5,000. Special rules may apply to cars provided for disabled employees.

Lease Rental Restriction

For cars emitting 110g/km of CO2 or less, 100% of the finance element can be claimed against taxable profits. For cars emitting 111g/km or more, 85% of the finance element can be claimed. The 15% permanent restriction applies to the final business user in a chain of leases on any lease lasting longer than 45 days.

Short Term Rental

100% of the rental charge is allowable against taxable profits where cars are rented for less than 45 days.

Tax Year 2020-21

From April 2020 the company car tax bands are changing. Ultra low emitting vehicles will be further incentivised as follows:

Emissions	Mileage capability	CCT Rate
0	N/A	2%
1-50	Up to 130 miles in zero emission mode	2%
1-50	70-129 miles	5%
1-50	40-69 miles	8%
1-50	30-39 miles	12%
1-50	Under 30 miles	14%

Optional Remuneration Arrangements (OPRA)

From 6 April 2017 the way benefit in kind on salary sacrifice cars and company car schemes, where a cash allowance is available is calculated, has changed. Where a company car is taken, the tax due will be based on the higher of the cash alternative/salary sacrificed or the company car benefit in kind.

Company Car Private Fuel

Car fuel benefit 2018/19

£23,400 x 'appropriate percentage'

Car fuel benefit 2017/18

£22,600 x 'appropriate percentage'

*Percentage used to calculate the taxable benefit of the car for which the fuel is provided.

The charge does not apply to certain environmentally friendly cars. The charge is proportionately reduced if provision of private fuel ceases part way through the year. The fuel benefit is reduced to nil only if the employee pays for all private fuel.

Company Van Taxation

Van benefit per vehicle 2018/19

Van benefit £3,350 | Private fuel charge £633

The charges do not apply to vans if a 'restricted private use condition' is met throughout the year. From 6 April 2018 until 5 April 2019, the Van Benefit Charge (VBC) for zero-emission vans will be 40% of the charge for conventionally fuelled vans. This will be followed by 60% in 2019-20, 80% in 2020-21 and 90% in 2021-22 with the rates equalised in 2022/23. 'Zero emissions' means vehicles incapable of producing CO₂ emissions under any circumstances when driven.

Vehicle Excise Duty (VED)

With effect from 1 April 2017.

Cars registered before 1 March 2001 (pre-graduated VED)	
Engine size	2018/19
1,549cc and below	£155
Over 1,549cc	£255

Vehicles registered between 1 March 2001 and 31 March 2017		
VED band	CO ₂ emissions (g/km)	2018/19 (Standard rate)
A	Up to 100	£0
B	101 - 110	£20
C	111 - 120	£30
D	121 - 130	£120
E	131 - 140	£140
F	141 - 150	£155
G	151 - 165	£195
H	166 - 175	£230
I	176 - 185	£250
J	186 - 200	£290
K	201 - 225	£315
L	226 - 255	£540
M	Over 255	£555

Vehicles registered after 1 April 2017 The amount payable for the first 12 months (First Year Rate) is based on CO2 emissions			
CO2 emissions (g/km)	First year rate		
	Petrol and RDE2-compliant diesels	Non RDE2-compliant diesels	Alternative fuel cars
0	£0	£0	£0
1 - 50	£10	£25	£0
51 - 75	£25	£105	£15
76 - 90	£105	£125	£95
91 - 100	£125	£145	£115
101 - 110	£145	£165	£135
111 - 130	£165	£205	£155
131 - 150	£205	£515	£195
151 - 170	£515	£830	£505
171 - 190	£830	£1,240	£820
191 - 225	£1,240	£1,760	£1,230
226 - 255	£1,760	£2,070	£1,750
Over 255	£2,070	£2,070	£2,060

Vehicles registered after 1 April 2017 Annual payments after the first 12 months have elapsed			
Fuel type	Standard annual rate	Additional rate*	Total annual payment
Electric	£0	£310	£310
Alternative	£130	£310	£440
Petrol/diesel	£140	£310	£450

*Additional rate applies to cars with a list price of more than £40,000, for the first 5 years in which the standard rate is paid.

VAT Fuel Scale Charge

Where employers provide free private fuel for an employee's company car, and recover input VAT on the purchase of the fuel including the private element, the employer is required to pay output VAT using the scale charges as set out below.

CO2 emissions (g/km)	Fuel scale charge	CO2 emissions (g/km)	Fuel scale charge
120 or less	£562	190	£1,575
125	£842	195	£1,630
130	£900	200	£1,688
135	£954	205	£1,742
140	£1,013	210	£1,801
145	£1,067	215	£1,855
150	£1,125	220	£1,913
155	£1,179	225 or more	£1,967
160	£1,238		
165	£1,292		
170	£1,350		
175	£1,404		
180	£1,463		
185	£1,517		

Approved Mileage Rates

	Rate per mile
Cars and vans	
Up to 10,000 miles	45p
Over 10,000 miles	25p
Bicycles	20p
Motorcycles	24p

These rates represent the maximum tax free mileage allowances. If employees receive less than the statutory rate, tax relief can be claimed on the difference.

Income Tax Rates (except Scotland)

2018/19		2017/18	
Band	Rate	Band	Rate
£0 - £2,000	0%	£0 - £5,000	0%*
£0 - £46,350	20%	£0 - £33,500	20%**
£46,351 - £150,000	40%	£33,501 - £150,000	40%*
Over £150,000	45%	Over £150,000	45%*

Income Tax Rates – Scotland

2018/19		2017/18	
Band	Rate	Band	Rate
£0 - £2,000	0%*	£0 - £5,000	0%*
£0 - £13,850	19%	£0 - £43,000	20%**
£13,851 - £24,000	20%	£43,001 - £150,000	40%*
£24,001 - £43,430	21%	Over £150,000	45%*
£43,431 - £150,000	41%		
Over £150,000	46%		

*Only applicable to savings income. The rate is not available if taxable non-savings income exceeds £5,000. £1,000 of savings income for basic rate taxpayers (£500 for higher rate) may be tax free.

**Except dividends 7.5% *Except dividends 32.5%
 •Except dividends 38.1%

Other income taxed first, then savings income and finally dividends. The first £2,000 (2018/19) and £5,000 (2017/18) of dividends are tax free.

Income Tax Reliefs

	2018/19	2017/18
Personal allowance	£11,850	£11,500
Reduce personal allowance by £1 for every £2 of adjusted net income over £100,000.		
£1,190 (PY £1,150) may be transferable between certain spouses where neither pay tax above the basic rate.		

Individual Savings Accounts

	2018/19	2017/18
Overall annual investment limit	£20,000	£20,000
Junior account limit	£4,260	£4,128

Corporation Tax

Year to 31/03/19		Year to 31/03/18	
Profits band	Rate	Profits band	Rate
All profits	19%	All profits	19%

Different rates apply for ring-fenced (broadly oil industry) profit.

Capital Allowances

Plant and machinery

The Annual Investment Allowance (AIA) gives a 100% write-off on most types of plant and machinery costs, including integral features and long life assets but not cars, of up to £200,000 p.a. Any costs over the AIA fall into the normal capital allowance pools below. The AIA may need to be shared between certain businesses under common ownership.

Other plant and machinery allowances

The annual rate of allowance is 18%. An 8% rate applies to expenditure incurred on integral features and on long life assets. A 100% first year allowance may be available on certain energy efficient plant and cars.

Cars

For expenditure incurred on cars, costs are generally allocated to one of the two plant and machinery pools. Cars with CO₂ emissions not exceeding 110g/km receive an 18% allowance p.a. Cars with CO₂ emissions over 110g/km receive an 8% allowance p.a.

Writing-down allowances 2018/19		
Vehicle type	CO ₂ (g/km)	%
Car	75 and below	100%
	76 to 110	18%
	111 and above	8%
Commercial	Any CO ₂	18%

Capital Gains Tax

Individuals	2018/19**	2017/18**
Exemption	£11,700	£11,300
Standard rate	10%	10%
Higher rate*	20%	20%
Trusts	2018/19**	2017/18**
Exemption	£5,850	£5,650
Rate	20%	20%

*For higher and additional rate taxpayers.

**Higher rates (18%/28%) may apply to the disposal of certain residential property and carried interest.

Entrepreneurs' Relief and Investor's Relief

The first £10m of qualifying gains are charged at 10%. Gains in excess of the limit are charged at the rates detailed above.

Inheritance Tax

Death rate	Lifetime rate	Chargeable transfers 2018/19 and 2017/18
Nil	Nil	£0 - £325,000 (nil rate band)
40%	20%	Over £325,000

For 2018/19 a further nil rate band of £100,000 may be available in relation to current or former residences. Nil rate bands of surviving spouses/civil partners may be increased by unused nil rate bands of deceased spouses/civil partners.

Reliefs	
Annual exemption	£3,000
Small gifts	£250
Marriage	
Parent	£5,000
Grandparent	£2,500
Bride/Groom	£2,500
Other	£1,000

Reduced charge on gifts within seven years of death					
Years before death	0-3	3-4	4-5	5-6	6-7
% of death charge	100	80	60	40	20

Stamp Duty and Stamp Duty Land Tax

Land and Buildings in England, Wales and N.Ireland			
Residential*	Rate*	Non-Residential	Rate
£0 - £125,000	0%	£0 - £150,000	0%
£125,001 - £250,000	2%	£150,001 - £250,000	2%
£250,001 - £925,000	5%	Over £250,000	5%
£925,001 - £1,500,000	10%		
Over £1,500,000	12%		

Rates apply to the portion of the total value which falls within each band.

*Rates may be increased by 3% where further residential properties costing £40,000 or over are acquired. Stamp Duty Land Tax is charged at 15% on interests in residential dwellings costing more than £500,000 purchased by certain non-natural persons.

Land and Buildings Transaction Tax

Land and Buildings in Scotland			
Residential*	Rate*	Non-Residential	Rate
£0 - £145,000	0%	£0 - £150,000	0%
£145,001 - £250,000	2%	£150,001 - £350,000	3%
£250,001 - £325,000	5%	Over £350,000	4.5%
£325,001 - £750,000	10%		
Over £750,000	12%		

The rates apply to the portion of the total value which falls within each band.

*Rates may be increased by 3% where further residential properties costing £40,000 or over are acquired.

Shares and securities - rate 0.5%.

Statutory Pay Rates

Weekly Benefit		2018/19	2017/18
Basic retirement pension	Single person	£125.95	£122.30
	Married couple	£251.90	£195.60
New state pension		£164.35	£159.55
Statutory pay rates		Average weekly earnings £116 (PY £113) or over	
Statutory Sick Pay		£92.05	£89.35
Statutory Maternity Pay and Adoption Pay	First six weeks	90% of weekly earnings	
	Next 33 weeks	£145.18*	£140.98*
Statutory Paternity Pay		£145.18*	£140.98*

*Or 90% of weekly earnings if lower.

National Insurance

2018/19 Class 1 (employed) rates			
Employee		Employer**	
Earnings per week	%	Earnings per week**	%
Up to £162	Nil*	Up to £162	Nil
£162.01 - £892	12	Over £162	13.8**
Over £892	2		

*Entitlement to contribution-based benefits retained for earnings between £116 and £162 per week.

**The rate is 0% in relation to employees under 21 and apprentices under 25 on earnings up to £892 per week.

Class 1A (employers)	13% on employee taxable benefits
Class 1B (employers)	13.8% on PAYE Settlement Agreements
Class 2 (self-employed)	Flat rate per week £2.95 Small profits threshold £6,205 p.a.
Class 3 (voluntary)	Flat rate per week £14.65
Class 4 (self-employed)	9% on profits between £8,424 and £46,350 plus 2% on profits over £46,350

Value Added Tax

Standard rate	20%
Reduced rate	5%
Annual Registration Limit - from 1 April 2018	£85,000
Annual Deregistration Limit - from 1 April 2018	£83,000



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