

infocus

the newsletter from Intelligent Fleet

March 2008 - Budget Special



Bad news for gas guzzlers (and beer guzzlers!)

For those of us who witnessed Alistair Darling's first Budget, and managed to stay awake, it was dreadfully dull with not a lot to cheer about. With Government borrowing increasing and Mr Darling taking a gamble on future economic recovery, there could be a rollercoaster ride ahead if he's got his sums wrong. For motorists and the fleet industry, there was quite a bit to chew over with the expected tax increases for vehicles with high CO₂ emissions, clarification on capital allowances for business cars and confirmation of future company car tax levels. **Read on for more.....**



Company Car Tax

The company car tax scale rates for 2010/11 will increase over the rates previously confirmed for 2009/10.

From 2010/11 the starting level of CO₂ emissions attracting the 15% tax charge will reduce from 135 g/km to 130 g/km. The new lower rate of 10% for vehicles with CO₂ emissions of 120 g/km or below will come into force in April 2008 as already announced.



With regard to tax on private fuel benefit, the amount on which private fuel benefit is calculated will be increased to £16,900 in April 2008 as previously announced.

From April 2009, the fuel benefit charge will increase annually, at least in line with inflation.

Road fuel duties



The 2p per litre increase in main duties, due in April 2008, has been deferred to October 2008. Rates will increase a further 0.5% above inflation in April 2010.

The biofuels duty incentive of 20ppl will cease in 2010/11 and be replaced by the Renewable Transport Fuel Obligation which will provide support for biofuels from sustainable sources.

Tax relief on business cars

At long last the new rules on tax relief for business cars have been announced, at least in outline terms.

With regard to capital allowances, the 100% first-year allowance for cars with the lowest CO₂ emissions will be extended to at least 2013 but the threshold will be reduced from 120 g/km to 110 g/km from April 2008. From April 2009, cars with emissions of between 110 g/km and 160 g/km are expected to be pooled together and given a 20% annual writing down allowance. Cars with emissions above 160 g/km are expected to be pooled and given a 10% annual writing down allowance.

With regard to leased cars, at present tax relief is restricted on the cost of leasing a car costing over £12,000. From April 2009, cars with emissions of 160 g/km or below will receive full tax relief. For cars above 160 g/km, 15% of the lease costs will not be eligible for tax relief. The result of this change is that for cars costing over £12,000 with emissions of 160 g/km or below, leasing will become more attractive.

Shake up of Vehicle Excise Duty



From April 2009, VED for cars registered after 1 March 2001 is to be reformed to include 6 new bands with no charge for cars with emissions up to 100 g/km and a £440 charge for cars over 255 g/km.

From April 2010, a first year VED rate will be introduced with a view to influencing car purchasing decisions. The first year rate will range from £0 for cars with emissions up to 130 g/km and £950 for cars over 255 g/km.

The new bandings will mean that any car registered after 1 March 2001 with emissions of 150 g/km or below will see their VED rate frozen or reduced in 2009/10.

From 2010/11, all cars with emissions above 110 g/km we see their VED rate increase over the 2009/10 rate by between £5 and £15 per annum.

AMAPs to remain unchanged

The current mileage rates which can be paid tax-free to employees using their own car for work are to remain unchanged at 40p for the first 10,000 business miles and 25p thereafter.

VAT fuel scale charge

The VAT fuel scale charges, which apply where employers provide employees with fuel for private use in company cars, are to change in line with fuel price changes and the changes to the CO₂ emissions bands used for direct taxes.

About Intelligent Fleet

Intelligent Fleet is a specialist fleet consultancy aimed at providing leading-edge solutions to UK businesses. Our consultants are professionally qualified and have many years of fleet experience. We can advise in most areas of fleet provision, including:

- Fleet policy, including car benefit effectiveness, cash allowances, environmental impact and carbon footprint measurement
- Cost efficiency, tax optimisation, funding arrangements including employee car schemes
- Management of occupational road risk including appropriate policies and procedures
- Operational delivery including processes, service levels, tender support

For further details visit our website at www.intelligentfleet.co.uk. Whether you are a fleet operator or fleet supplier, our consultants have the qualifications and experience to deliver practical workable solutions to your business.

Colleague Cars

Colleague Cars is a unique employee benefit product offered by Intelligent Fleet which takes advantage of the tax breaks offered by low emission cars. As noted above, these tax breaks are set to increase in April 2008.



Colleague Cars enables any employee to obtain a company car via salary sacrifice and make substantial savings. For employers, it offers a significant enhancement to the employee benefit package with no cost or hassle. For more information, visit www.colleaguecars.co.uk.

www.intelligentfleet.co.uk

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