# Changes Affecting Business Vehicles

Fact Sheet 119 – Issued November 2016

logical. makes sense.

## The 'Good, the Bad and the Ugly' from the Autumn Statement


## The 'Good'

### New company car tax bands

In terms of company car tax, there will be a change to the appropriate percentage banding structure used in establishing the taxable benefit for ULEVs.

The appropriate percentages for zero emission cars are proposed at 2%, while those for cars with CO2 emissions between 1g/km and 50g/km will vary between 2% and 14% depending on the number of zero-emission miles the vehicle can travel.

| Emissions | Mileage Capability | CCT Rate |
|---|---|---|
| 0 | n/a | 2% |
| 1-50g | Up - 130 miles in zero emission mode | 2% |
| 1-50g | 70-129 miles | 5% |
| 1-50g | 40-69 miles | 8% |
| 1-50g | 30-39 miles | 12% |
| 1-50g | Under 30 miles | 14% |

Cars above 50g/km $CO_2$ will be charged as per the table below:

| $CO^2$ Emissions, g/km | Company Car Tax Appropriate % of car list price tax Tax year 2020-2021[1] |
|---|---|
| 51-54 | 15 |
| 55-59 | 16 |
| 60-64 | 17 |
| 65-69 | 18 |
| 70-74 | 19 |
| 75-79 | 20 |
| 80-84 | 21 |
| 85-89 | 22 |
| 90-94 | 23 |
| 95-99 | 24 |
| 100-104 | 25 |
| 105-109 | 26 |
| 110-114 | 27 |
| 115-119 | 28 |
| 120-124 | 29 |
| 125-129 | 30 |
| 130-134 | 31 |
| 135-139 | 32 |
| 140-144 | 33 |
| 145-149 | 34 |
| 150-154 | 35 |
| 155-159 | 36 |
| 160-164 | 37 |
| 165-169 | 37 |
| 170-174 | 37 |
| 175-179 | 37 |
| 180-184 | 37 |
| 185-189 | 37 |
| 190-194 | 37 |
| 195-199 | 37 |
| 200-204 | 37 |
| 205-209 | 37 |
| 210 and over | 37 |

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The measure also increases appropriate percentages by 1 percentage point to a maximum value of 37% for cars with CO2 emissions of 90g/km and above. The measure will be effective from April 2020.

**Adjustments to base percentage**

The appropriate percentage is based on the car's approved CO2 emissions figure. There are some supplements and reductions to take account of different fuels.

The table below summarises the rules from 2013 to 2020

| Type of Fuel | Code | Standard Adjustment |
|---|---|---|
| Petrol | P | None |
| Diesel | D | Supplement 3% (Subject to the overall maximum appropriate percentage of 37%). |

**Support for plug-in cars**

The Government will invest a further £390 million by 2020-21 - support ULEVs, renewable fuels, and connected and autonomous vehicles (CAVs). This includes £80m for ULEV charging infrastructure, £150m in support for low emission buses and taxis, £20m for the development of alternative aviation and heavy goods vehicle fuels, and £100m for new UK CAV testing infrastructure.

In addition to the tax incentives for ULEVs in company tax and salary schemes, from today to the end of March 2019 the Government will also offer 100% first-year allowances to companies investing in charge-points for electric vehicles.

**Fuel duty freeze**

There was also welcome news for fleets with the Chancellor announcing a continuing freeze on fuel duty.

It is the seventh successive year it has been frozen, saving motorists around £130 a year compared to what they would have been paying under the pre-2010 escalator.

## The 'Bad'

The Chancellor also announced that the standard rate of Insurance Premium Tax (IPT) will rise to 12% from June 1, 2017. IPT is a tax on insurers and so any impact on premiums depends on insurers' commercial decisions.

## The 'Ugly'

Following a consultation on salary sacrifice, The Chancellor said that the tax and employer National Insurance advantages of salary sacrifice schemes will be removed from April 2017, except for arrangements relating to pensions (including advice), childcare, Cycle to Work and ULEVs. "This will mean that employees swapping salary for benefits will pay the same tax as the vast majority of individuals who buy them out of their post-tax income," said the Treasury.

"Arrangements in place before April 2017 will be protected until April 2018, and arrangements for cars, accommodation and school fees will be protected until April 2021."