



## Car Taxation

### Company cars

Tax and National Insurance Contributions (NICs) are calculated on the benefit-in-kind (BIK) on a car, which is determined, principally, by the price of the car and its official carbon dioxide (CO<sub>2</sub>) emissions rating. The list price of the car when new (including accessories) is multiplied by the indicated percentage from the table below, using the official emissions rating for the appropriate fuel of the car to derive the BIK.

### 2009/10 Taxable benefits table

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

\* The exact CO<sub>2</sub> figure is rounded down to the nearest 5g/km

Discounts from the above percentages can apply for 'greener' cars running on alternative fuels, including Euro IV diesel cars first registered up to 31 December 2005.

## Fuel for private mileage

If an employer provides fuel for any private travel, the taxable benefit is calculated by multiplying £16,900 by the percentage used to calculate the benefit on the car, the employer pays NICs on the same amount at 12.8%.

## Baseline fuel mileage rates

Engine capacity	Rates per mile Petrol	Rates per mile Diesel	Rates per mile Gas
Up to 1400cc	10p	11p	7p
1401 – 2000cc	12p	11p	9p
Over 2000cc	17p	14p	12p

These rates are reviewed biannually depending on changes in the price of fuel, and changes (if any) take effect on 1 January and 1 July each year, so the next change in rates would be due on 1 July 2009.

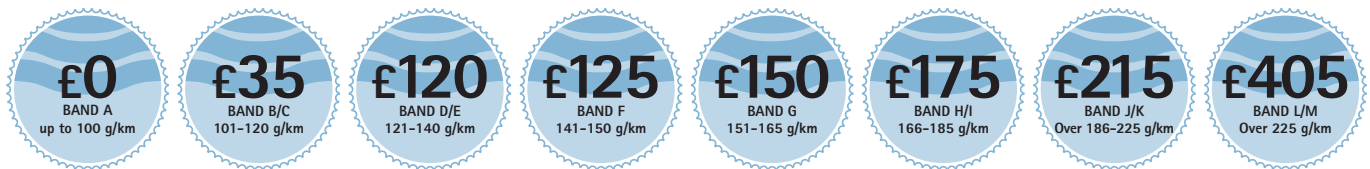
If the employee uses a privately owned car for business journeys, the employer may reimburse the costs at the following standard rates without the employee incurring a tax or NIC charge:

Vehicle	First 10,000 miles	Thereafter
Car/van	40p	25p
Motorcycle	24p	24p
Bicycle	20p	20p

If the employer reimburses at a lower rate per mile, the employee is permitted to claim tax relief on the shortfall. Although unchanged for some time, as a policy issue it has been decided to retain these rates for the future.

## Vehicle excise duty rates

On cars registered on or after 1 March 2001.



## Scrappage scheme

To help the car industry, a scrappage scheme is introduced next month giving drivers a £2,000 discount on new vehicles if they trade in cars which they have owned for more than 12 months and that are more than 10 years old. The scheme will run until March 2010.