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## Tax Efficient Private Motoring?

The provision of a company car has become less attractive in recent years particularly as the benefit in kind is now based on the level of CO2 emissions.

The Government have introduced a number of tax incentives to encourage company car drivers to switch to less polluting cars and, in particular, small cars producing less than 110g/km of CO2 emissions. These cars are small, and will not suit everyone's needs, but the new rules can be used to your advantage.

For those who wish to switch to a more environmentally friendly car the savings are clear. The provision of a Toyota AYGO will cost a basic rate taxpayer just £495 a year, or £990 for a higher rate taxpayer. These figures even include a benefit charge on the provision of fuel for private use!

The company will also benefit from a 100% Capital Allowance for the purchase of the car. It should be noted that under the new Capital Allowances regime cars do not form part of the Annual Investment Allowance.

You may wish to consider a small car for yourself or even for your spouse or children!

The provision of a second car for use by a member of your family can form part of your remuneration package. This means that the costs incurred by the company remain allowable for tax purposes and it is cheaper than funding your spouse or child's car out of your net income.

The provision of a benefit in kind to a member of your family or household should usually be declared on your own P11D although there are some limited exceptions.

There are approximately 54 cars with CO2 emissions of less than 110 g/km. These include, amongst others, cars from the following ranges:

- Toyota AYGO & Prius
- Citroen C1
- Peugeot 107
- Seat Ibiza Ecomotive
- VW Polo Blue Motion
- Mini Cooper D
- Honda Civic Hybrid

Where a car has CO2 emissions of less than 110g/km the benefit in kind is:

10% of list price for a Petrol Car  
13% of list price for a Diesel Car

A low emission company car will prove cost effective for many employees.

With such a range of cars available the provision of a company car for your spouse or children is once again an attractive option but this must be recorded as part of your agreed remuneration package from the company.

Rising fuel prices may also mean the choice of a smaller car will become more attractive.

For further advice on the provision of a Company Car please telephone your usual contact at Scrutton Bland.