

Tax on Company vehicles



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Overview

- Benefit in kind rules
- VAT reclaims
- Capital allowances
- Deductions against profits

Benefit in kind rules

- Calculation based upon
list price when new X percentage based upon CO2 emissions
- Taxable on the individual
 - Class 1A National Insurance on employer 13.8%
 - Taxed on individual at marginal rate via PAYE system

BMW M5 Competition:

List price £80,205

CO2 emissions 232g/km

Benefit £80,205 x 37% = £29,675

Class 1A NIC = £4,095

HRT = £11,870



VAT reclaims

- Outright purchase some private use then **no VAT reclaim**
- Outright purchase commercial vehicle **full VAT reclaim**.
- Leasing a vehicle for business purposes some private use **50% VAT reclaim**

Land Rover Defender (2018):

Est price £30,000 inc. VAT

VAT reclaim is £5,000.

Net cost £25,000.



Capital allowances and deductions against profits

- Annual investment allowance 100% against commercial vehicles, ie. Van's tractors, trucks etc.
- Cars have capital allowances based upon their CO2 emissions
 - 75g/km or less 100%
 - 75g/km-130g/km 18%
 - Over 130g/km 8%

Audi A6 2.0 Tdi SE

List price £36,100

CO emissions 129g/km

Capital allowances (18%) £6,498



Other deductions

- Leasing costs
 - Cars with CO2 emissions below 130g/km 100% deductible
 - Cars with CO2 emissions over 130g/km 85% deductible
- Insurance
- Servicing
- Repairs
- Company paying for car parking near office is not taxable benefit on individual but deductible for the company.

Tesla Model S

CO emissions: 0g/km

Lease deduction: 100%



Sitting is the new smoking

- Cycle to work scheme
 - Company purchase and employee hire of cycle
 - After 3 years company sells cycle to employee.

Diver Model A

CO emissions: 21g/km

Brownie consumption 0.1per/km



What we are currently advising

- Preparing tax returns to claim refunds and advising on 31 July payments on account.
- Advising on the disposal of businesses.
- Creating holding company to protect cash generated in business.
- Research & Development tax credit claims for very different businesses
- Persons of Significant Control register.
- Obtaining clearances on company purchase of own shares for a divorce settlement.
- Agreeing arrears of tax with HM Revenue & Customs regarding contractors loan schemes

Slides

www.beatons.co.uk/blog/cars



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