

Your March 2012 Budget Tax Guide.

All the fleet facts at your fingertips.

This guide has been produced following the Chancellor's statement of 21 March 2012.

Chancellor George Osborne delivered this year's Budget speech on 21 March. The Lex Autolease Strategic Fleet Consultancy team has analysed its contents and has summarised the implications for fleets and company motorists.

We have included the main personal and corporate tax rates in this pocket sized guide, we hope you find them useful.

Lex Autolease manages over 280,000 cars and vans on behalf of its customers and offers a full range of fleet funding options including Contract Hire, Contract Purchase, Finance Lease and Employee Car Ownership schemes.

Lex Autolease Strategic Fleet Consultancy incorporates a specialist consultancy unit to help organisations gain greater value for their company vehicles. It specialises in conducting focused assessments of larger fleets to identify cost saving opportunities, performance improvement options and strategies for future car benefit and van provision.

Lex Autolease prides itself on bringing fresh ideas to organisations and helping them implement programmes to realise the benefits.

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Company car taxation.

0 – 129 CO₂ (g/km)

CO ₂ (g/km)	Taxable % of list price				
	2012/13	2013/14	2014/15	2015/16	2016/17
0	0	0	0	13	15
1 – 75	5*	5*	5*	13*	15
76 – 94	10*	10*	11*	13*	15
95 – 99	10*	11*	12*	14*	16
100 – 104	11*	12*	13*	15*	17
105 – 109	12*	13*	14*	16*	18
110 – 114	13*	14*	15*	17*	19
115 – 119	14*	15*	16*	18*	20
120 – 124	15*	16*	17*	19*	21
125 – 129	16*	17*	18*	20*	22

Emissions figures for vehicles are rounded down
 Diesel supplements: * add 3% ** add 2% *** add 1%

130 – 179 CO₂ (g/km)

CO ₂ (g/km)	Taxable % of list price				
	2012/13	2013/14	2014/15	2015/16	2016/17
130 – 134	17*	18*	19*	21*	23
135 – 139	18*	19*	20*	22*	24
140 – 144	19*	20*	21*	23*	25
145 – 149	20*	21*	22*	24*	26
150 – 154	21*	22*	23*	25*	27
155 – 159	22*	23*	24*	26*	28
160 – 164	23*	24*	25*	27*	29
165 – 169	24*	25*	26*	28*	30
170 – 174	25*	26*	27*	29*	31
175 – 179	26*	27*	28*	30*	32

Diesel supplement will be applied for all cars from until 5 April 2016.

180 – 220+ CO₂ (g/km)

CO ₂ (g/km)	Taxable % of list price				
	2012/13	2013/14	2014/15	2015/16	2016/17
180 – 184	27*	28*	29*	31*	33
185 – 189	28*	29*	30*	32*	34
190 – 194	29*	30*	31*	33*	35
195 – 199	30*	31*	32*	34*	36
200 – 204	31*	32*	33**	35**	37
205 – 209	32*	33**	34***	36***	37
210 – 214	33**	34***	35	37	37
215 – 219	34***	35	35	37	37
220 or over	35	35	35	37	37

From 6 April 2015, the five year exemption for zero carbon emission vehicles will come to an end, as legislated in Finance Act 2010.

Car benefit charge.

The calculation for a car benefit charge is as follows:

Step 1	Taxable list price (plus the price of any accessories) minus capital contributions by the employee
Step 2	Take the adjusted figure from Step 1 and multiply by the appropriate percentage based on CO ₂ emissions (used in the table)*
Step 3	Minus contributions by the driver for the private use of the car

* Adjust for any periods where the car is not available for private use.

Cars without an approved CO₂ figure.

Engine size	Pre 1/1/98 car	1/1/98 or later car
1,400cc or less	15%	15%*
1,401cc – 2,000cc	22%	25%*
Over 2,000cc	32%	35%

* 3% diesel surcharge applies.

Company car private fuel.

The Fuel Benefit Charge (FBC) multiplier for private fuel provided for company cars is £20,200 for 2012/13. The benefit-in-kind (BIK) charge is calculated by applying the appropriate percentage, as per the calculation for the company car BIK, to £20,200.

Furthermore, the Government commits to pre-announcing the FBC multiplier one year ahead on an ongoing basis.

There is a further commitment to increase the multiplier by 2% above the rate of inflation for the tax year 2013/14.

Company van taxation.

BIK charges where a van is used for private use (other than some home to work travel).

Tax year	Scale charge
2012/13	£3,000 [#]

[#] An additional £550 charge applies if private fuel is also provided.

For vans with zero CO₂ emissions the benefit charge will be zero until 5 April 2015. Zero emissions means vehicles incapable of producing CO₂ emissions under any conditions when driven.

VAT fuel scale charge.

Where employers provide free private fuel for an employee's company car, and recover input VAT on the purchase of the fuel including the private element, the employer is required to pay output VAT using the scale charges as set out below.

Rates applicable from 1 May 2012:

CO ₂ band (g/km)	Fuel scale charge 12 month period, £	CO ₂ band (g/km)	Fuel scale charge 12 month period
120 or below	665	175	1,670
125	1,000	180	1,735
130	1,065	185	1,800
135	1,135	190	1,870
140	1,200	195	1,935
145	1,270	200	2,000
150	1,335	205	2,070
155	1,400	210	2,135
160	1,470	215	2,200
165	1,535	220	2,270
170	1,600	225 or more	2,335

Capital allowances.

Vehicle Type	CO ₂ emission level (g/km)	Writing-down allowance	
		2012/13	2013/14
Car	95 and below	100%	100%
	96 – 110	100%	18%
	111 – 130	18%	18%
	131 – 160	18%	8%
	161 and above	8%	8%
Commercial	Any CO ₂	18%	18%

Businesses are able to claim 100% first year allowances for new zero carbon emission/goods vehicles (excluding expenditure on vehicles for leasing)*. This allowance will be in place until 31 March 2015.

* New zero carbon commercial or goods vehicles (excluding expenditure on leased vehicles) means vehicles which are incapable of producing carbon emissions under any conditions when driven.



Lease rental restriction.*

Lease rentals are normally an allowable expense for businesses which can be deducted against their corporation or income tax charge. For cars delivered after 1 April 2009 to companies or after 6 April 2009 to unincorporated businesses, a 15% restriction applies to the finance element of the lease where CO₂ emissions are greater than 160g/km, thus reducing the amount that can be offset against profits for tax. There is no restriction where CO₂ emissions are 160g/km or less.

From April 2013, the threshold above which the lease rental restriction applies will also reduce from 160g/km to 130g/km for cars delivered after 1 April 2013 for businesses chargeable to corporation tax or 6 April for businesses chargeable to income tax.

* This replaced expensive car lease disallowance.

Vehicle Excise Duty (VED).

With effect from 1 May 2012.

Cars registered pre 1 March 2001 (pre-graduated VED):

Engine size	2011/12	2012/13
1,549cc and below	£130	£135
Over 1,549cc	£215	£220

Vehicles registered on or after 1 March 2001:

VED band	CO ₂ emissions (g/km)	2011/12	
		First year rate	Standard rate*
A	Up to 100	0	0
B	101-110	0	20
C	111-120	0	30
D	121-130	0	100
E	131-140	120	120
F	141-150	135	135
G	151-165	170	170
H	166-175	275	195
I	176-185	325	215
J	186-200	460	250
K**	201-225	600	270
L	226-255	815	460
M	Over 255	1,030	475

* Alternative fuel car discount: £10 all cars.

** Band K includes cars that have a CO₂ figure over 225g/km but were registered before 23 March 2006.

Mileage rates.

Approved mileage rates for private cars and vans (pence per mile)

Engine size	Up to 10,000 miles	Excess over 10,000 miles
All cars and vans	45p	25p

Company car advisory fuel rates (pence per mile)

Engine size	Petrol	Diesel	LPG
1,400cc or less	15p	13p	10p
1,401cc – 1,600cc	18p	13p	12p
1,601cc – 2,000cc	18p	15p	12p
Over 2,000cc	26p	19p	18p

The rates are reviewed four times a year. Any changes will take effect at the beginning of each calendar quarter on 1 March, 1 June, 1 September and 1 December and will be published on the HM Revenue & Customs (HMRC) website shortly before the date of change.

In view of the increased frequency of review, HMRC will no longer consider changing the rates if fuel prices fluctuate by 5% from the published rates.



Main tax rates and allowances.

Main personal allowances	2011/12	2012/13	2013/14
Aged under 65	7,475	8,105	N/A
Born after 5 April 1948	N/A	10,500	9,205
Aged 65 to 74	9,940	10,500	N/A
Born after 5 April 1938 but before 6 April 1948	N/A	10,660	10,500
Aged 75 or over	10,090	10,660	N/A
Born before 6 April 1938	N/A	N/A	10,660
Income limit for aged related allowances	24,000	25,400	TBA

* The personal allowance reduces where the income is above £100,000 by £1 for every £2 of income above the £100,000 limit. This reduction applies irrespective of age.

Income Tax bands	2011/12 £	2012/13 £	2013/14 £
Basic rate (20%)	0 – 35,000	0 – 34,370	0 – 32,245
Higher rate (40%)	35,001 – 150,000	34,371 – 150,000	32,246 – 150,000
Additional rate*	Over 150,000	Over 150,000	Over 150,000

* Additional rate is 50% in tax years 2011/12 and 2012/13 but drops to 45% in 2013/14.

National Insurance	2011/12	2012/13
Class 1 (employment) Weekly earnings primary threshold	£139	£146
Weekly earnings secondary threshold	£136	£144
Employee's rate		
£146.01 – £817 p/w		12%
£139.01 – £817 p/w excess over £817 p/w	12%	2%
Employer's rate		
excess over £144 p/w		13.8%
excess over £136 p/w	13.8%	

Corporation tax	2011/12	2012/13	2013/14
Profits between £0 and £300,000	20%	20%	TBA
Profits over £1,500,000	26%	24%	23%

A marginal relief fraction of 1/100 applies to taxable profits between £300,001 and £1,500,000 in year 2012/13.

The main rate of corporation tax will see a further 1% reduction for the next two tax years, taking the rate to 22% by 1 April 2014.

Value Added Tax (VAT)	2011/12
Standard rate	20%

Other tax matters.

Reduction in the National insurance contributions (NIC) contracting out rebate .

From April 2012, a new rebate will apply to defined pension schemes which will mean that if an individual is contracted out of the State Second Pension, the employer and the employee will pay more NIC. This is because the employer's rebate will reduce from 3.7% to 3.4% and the employee's rebate will reduce from 1.6% to 1.4% for members of a contracted out salary related scheme. The employer's rebate for members of a money purchase scheme will be 1.6% in 2011/12 and be abolished from 2012/13, and the employee's rebate will be 1.4% in 2011/12 and be abolished from 2012/13.

Tax and NIC alignment

The Government will launch a detailed consultation on integrating the operation of income tax and NICs. This will be published after the Budget 2012 and build on extensive work undertaken with stakeholders through 2011. It will set out a broad range of options for the operation for employee, employer and self-employed NICs.

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