

## Electric and Hybrid Cars Bulletin

Electric and hybrid vehicles are becoming a more popular choice of company car not only for environmental reasons. The taxable costs and savings of purchasing an electric or hybrid company car, to the business and to the individual, are outlined below:

### Impact on business

Businesses can claim **100% first year allowances** on the purchase of a **new electric car** through the business providing the CO2 emissions are below **50g/km**, this does not impact the annual investment allowance (currently £200,000). If the car purchased is second hand writing down allowances can be claimed at the main rate of 18%.

If you wish to install electric vehicle charging points you can claim 100% first year allowances on the equipment up to 31 March 2023.

Class 1A NICs at 13.8% are due on the benefit in kind of providing the car to the employee on an annual basis.

### Cost to employees

The individual will be taxed on the list price of the car multiplied by the appropriate percentage based on the CO2 emissions of the vehicle (see table below)

CO2 Emissions g/km	Percentage 2018/19	Percentage 2019/20
0-50	13%	16%
51-75	16%	19%
76-94	19%	22%
Above 94	Add 1% for every 5 g/km up to 37%	Add 1% for every 5 g/km up to 37%

If the car is owned by the business, facilities for charging electric vehicles at work and installation of charging points at employee's homes are not taxable benefit for employees. The company can also purchase a local authority charge card of £100 for employees without it incurring a taxable benefit.

If the car is owned by the individual and the above are provided they will constitute a benefit in kind and tax will be payable.

Employers can pay employees up to 4p per mile for business mileage in electric company cars if electricity is not provided. Company hybrid cars are treated as petrol/diesel and, if fuel is not provided, employers can pay up to the advisory fuel rates for business mileage as shown in the tables below:

<b>Engine Size</b>	<b>Petrol Hybrid – amount per mile</b>
1400cc	12p
1401cc to 2000cc	15p
Over 2000cc	22p

<b>Engine Size</b>	<b>Diesel Hybrid – amount per mile</b>
1600cc	10p
1601cc to 2000cc	12p
Over 2000cc	14p

The above amounts are the advisory rates as of February 2018 and are revised periodically.

Please do not hesitate to contact us should you have any queries.

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