

Leigh Christou

POOLED CARS

Company Cars

An employee or director will pay tax if a company car is made available for their private use (this includes commuting) or if they are provided with free or subsidised fuel for private use in that car.

Pooled Car – Conditions

A car is not considered to be available for private use if it is a pooled car, so therefore no taxable benefit arises from its use.

A car only qualifies as a pool car if all of the following conditions are satisfied.

- *It is available to, and actually used by, more than one employee.*
- *It is not ordinarily used by one of them to the exclusion of others.*
- *Any private use by an employee is merely incidental to their business use of it. This will include a case where an employee takes the car home in order to make an early start on a business journey the following morning. Where the business journey could not reasonably be undertaken starting from the normal workplace, then the journey from work to home, although private, is merely incidental to the business use of the car.*

- *It is not normally kept overnight on or near the residence of the employees.*

Record Keeping

Employees need to be able to demonstrate that the conditions for the car to be a pool car have been met, so it is critical that employees keep mileage records to show when the car was used and by whom and for what journeys. Failure to keep such a record may result in a tax charge.

Employees may also be asked to sign an agreement about the use of the car and have use of the car put into a contract of employment.

Should you have any queries, please do not hesitate to contact us

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