

TIME TO GO ELECTRIC?

Electric Cars

Directors and employees who drive fully electric cars (0g/km emissions) will have a nil taxable benefit for 2020/21 and the table opposite shows the new taxable % of the list price over the next few years. In previous years these cars were taxed at 16% so there is a significant saving.

Remember that the list price must include the cost of the battery, even if this is leased separately to the car.

Cars with CO2 emissions of 0g/km

Year	Benefit
2020/21	Nil
2021/22	1%
2022/23	2%
2023/24	2%
2024/25	2%

Electric Vans

For 2021/22 onwards there is a reduction of 100% in the calculation of the van and van fuel benefit charge for zero emission vans meaning there is no chargeable benefit. There was an 80% reduction for 2020/21.



Electric Bicycles

Electric Bicycles are bicycles which have an electric motor and battery to provide power assistance when pedalling. An E-bike must have a motor powered top speed of less than 15.5mph and the motor must have a maximum power output of 250 watts.

There will be no taxable benefit where an employer lends or hires E-bicycles that are available to all employees and mainly used for getting to work.

Where a bicycle is used predominately for private use by employee the benefit in kind will be calculated as 20% of the value per annum. There are different rules if the bicycle is provided under the cycle to work scheme.

Electric Motorcycles

There are no specific tax advantages for the provision of an electric moped or motorcycle. The benefit is calculated as 20% of the cost of the asset plus the running costs per annum, each year or part of a year it is provided.

Capital allowances

2021/22 - Cars	
Emissions	Allowance
0g/km	100%FYA
1 - 50g/km	18% WDA
More than 50g/km	6% WDA

New and unused vehicles, which qualify as vans, for companies chargeable to corporation tax will qualify for the 130% super-deduction from 1 April 2021 to 31 March 2023.

Please note to qualify for the 100% FYA the car must be purchased new and unused.

VAT

Company cars are automatically blocked from reclaiming the VAT even if they are 100% electric, however VAT can be reclaimed on any van, bicycle or motorcycle purchased for provision to employees.

Electric Charging – Work place

Charging points installed at a work place qualify for 100% first year allowances and there is no taxable benefit in kind if an employer allows employees to charge electric cars at work. Similarly there is no taxable benefit in kind if an employer provides an electric charge card to enable the employee to utilise local authority charging points.

Electric Charging for Company Cars at Home

An electric charging point installed at an employee’s home will not incur a benefit in kind charge if it is supplied in conjunction with the provision of a company car.

If the employee pays for the electric for charging the company car at home the employer can reimburse 4p per mile, tax free, for any business journeys.

Any reimbursement of the electricity cost by the employer for charging a company car at home is treated as taxable earning for the employee less the amount attributable to business miles at 4p per mile.



Electric Charging for Private Cars at Home

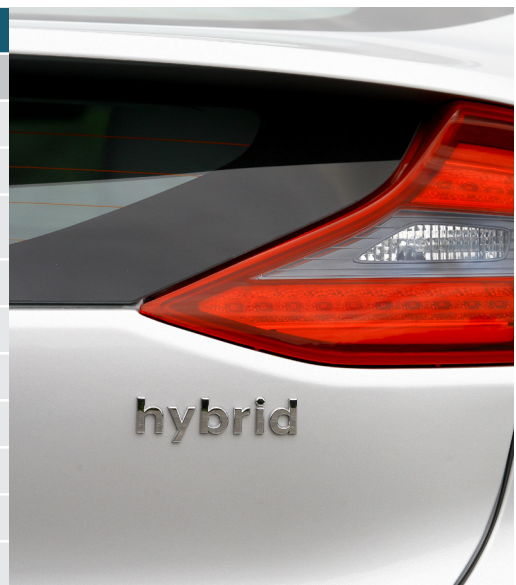
An electric charging point installed at an employee’s home to charge a private car will incur a taxable benefit calculated at 20% of the market value per annum.

Business mileage undertaken in a personally owned electric car can be reimbursed at a rate of 45p per mile for the first 10,000 miles and 25p per mile thereafter.

Hybrid, Petrol and Diesel Cars

The percentage list price of a company car, which will be taxed as a benefit in kind, is dependent on the date the car was registered, the CO2 emissions and the distance that the car can travel on electric only. For the 2021/22 tax year the benefit in kind rates are as follows:

2021/22	Registered pre 6/4/20	Registered post 6/4/20
CO2 emissions g/km	Benefit	Benefit
0	1%	1%
1 - 50		
Electric Range – 130 miles or more	2%	1%
70 - 129 miles	5%	4%
40 - 69 miles	8%	7%
30 - 39 miles	12%	11%
Under 30 miles	14%	13%
51 - 54	15%	14%
For every extra 5g/km	Plus 1%	Plus 1%
160 and above	37%	37%



Please note you must add 4% for diesels up to a maximum of 37% (unless RDE2 compliant). Diesel plug-in hybrids are classed as alternative fuel vehicles, so the 4% diesel supplement does not apply to these vehicles irrespective of RDE2 compliance.

Government Grants

You can get a discount on the price of a brand new low emission car, if it is on the government approved list. You do not need to do anything, the dealer will include the value of the grant in the vehicle’s price. The maximum grant available is now £2,500 and to be eligible for the grant the car’s RRP must be less than £35,000 including any VAT and delivery fees.

The grant will also pay up to 35% of the purchase price, a maximum of £3,000, for vans less than 2,500kg gross vehicle weight that have CO2 of less than 50g/km and can travel at least 60 miles with no emissions.

If you are looking at a bigger van, the grant will pay up to 35% of the purchase price, a maximum of £6,000, for vans between 2,500kg and 3,500kg gross vehicle weight that have CO2 emissions of less that 50g/km and can travel at least 60 miles with no emissions.

If you are thinking of changing your vehicle please do not hesitate to give your normal contact a call to discuss your options.