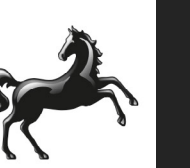




Tax Guide 2024/25

A summary of the key taxation facts
Updated post Spring Budget 2024

LEX AUTOLEASE



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About US

The Chancellor delivered the Spring Budget on 6 March 2024. The Lex Autolease Fleet Consultancy Team has analysed the contents and has summarised the implications for fleets and company motorists.

We have included the main personal and corporate tax rates in this interactive guide, we hope you find them useful. Lex Autolease manages approximately 278,381* cars and vans on behalf of its customers and offers a full range of fleet funding options including Contract Hire, Contract Purchase and Finance Lease.

Lex Autolease 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.

For more information:

Email: fleetconsultancy@lexautolease.co.uk

Visit: www.lexautolease.co.uk

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The tax values shown are based on tax legislation and rates as well as published vehicle information applicable at the time of publication and may be subject to change.

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* Figure as at November 2023
www.fleetnews.co.uk/fleet-leasing/fn50-data/

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Company car taxation

Under 75 g/km		Percentage of Taxable list price			
CO ₂ emissions sub 75 g/km	Electric range (miles)	2023/24 and 2024/25	2025/26	2026/27	2027/28
0		2	3	4	5
1 – 50	≥130	2	3	4	5
1 – 50	70 – 129	5	6	7	8
1 – 50	40 – 69	8	9	10	11
1 – 50	30 – 39	12	13	14	15
1 – 50	<30	14	15	16	17
51 – 54		15	16	17	18
55 – 59		16	17	18	19
60 – 64		17	18	19	20
65 – 69		18	19	20	21
70 – 74		19	20	21	21

New European Driving Cycle (NEDC) test procedure CO₂ values to be used for vehicles registered before 6 April 2020.

75 g/km or over

CO₂ emissions 75 g/km +	Percentage of Taxable list price*	
	2023/24 and 2024/25	2025/26, 2026/27 and 2027/28
75 – 79	20	21
80 – 84	21	22
85 – 89	22	23
90 – 94	23	24
95 – 99	24	25
100 – 104	25	26
105 – 109	26	27
110 – 114	27	28
115 – 119	28	29
120 – 124	29	30
125 – 129	30	31
130 – 134	31	32
135 – 139	32	33
140 – 144	33	34
145 – 149	34	35
150 – 154	35	36
155 – 159	36	37
160 and above	37	37

Diesel supplements: * add 4% for all cars not meeting Real Driving Emissions 2 standard (RDE2) subject to a maximum charge of 37%.

New European Driving Cycle (NEDC) test procedure CO₂ values to be used for vehicles registered before 6 April 2020.

Cars that meet the RDE2 standard are exempt from the diesel supplement.

Car benefit charge

Since 6 April 2017, the benefit in kind on salary sacrifice cars, as well as company car schemes where a cash alternative is available, is based on the higher of the earnings foregone or the company car benefit in kind.

The calculation for a car benefit charge due is as follows:

Step 1

- a) Calculate company car benefit in kind – Taxable list price (plus the price of any accessories) and multiply by the appropriate percentage based on CO₂ emissions (used in the table). Adjust for any periods where the car is not available.
- b) Obtain annual earnings foregone*, making any deductions for trade downs.
- c) Compare **a** and **b** and select the highest figure to **move to step 2**.

Step 2

Take the **highest figure from step 1**, and deduct:

- a) Contributions made by the driver for the private use of the car; and
- b) Capital contributions by the employee multiplied by the appropriate percentage based on CO₂ emissions (used in the table).

Where a cash alternative is not available, or for arrangements entered into since 6 April 2017 relating to Ultra Low Emission Vehicles, currently defined as vehicles emitting 75g/km CO₂ or less, perform all the above steps except for 1b and 1c.

*The amount of earnings foregone in a company car arrangement is the gross salary sacrifice value/cash alternative available for your grade.

Mileage rates

Advisory Electricity Rate	Amount per mile*
Fully electric cars	9p

Company car advisory reimbursement rates (pence per mile*)

Engine size	Petrol amount per mile	Diesel amount per mile	LPG amount per mile
1,400cc or less	13p	12p	11p
1,401cc to 1,600cc	15p	14p	13p
1,601cc to 2,000cc	15p	14p	13p
Over 2,000cc	24p	19p	21p

*Effective 1 March 2024

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. These will be published on the HM Revenue & Customs (HMRC) website shortly before the date of change.

Hybrid cars are treated as either petrol or diesel cars for this purpose.

<https://www.gov.uk/guidance/advisory-fuel-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 private fuel

The Fuel Benefit Charge (FBC) multiplier for private fuel provided for company cars is £27,800 for 2024/25.

The Fuel Benefit Charge is calculated by applying the appropriate percentage, as per the calculation for the company car benefit charge, to the FBC.

The Budget announced that it will increase by Consumer Price Index going forward.

Electricity is not considered to be a fuel for car fuel benefit purposes.

Value Added Tax (VAT)

Value Added Tax (VAT)	2024/25
Standard rate	20%

Insurance Premium Tax

Insurance Premium Tax	2024/25
Standard rate	12%
Higher rate	20%

Capital allowances

Vehicle type	CO ₂ emissions (g/km)	Writing-down allowance 2024/25
Car	0	100%
	1-50	18%
	51 and above	6%
Commercial	Any CO ₂	100%*

* This change was made permanent by the chancellor in the Autumn Statement 2023

Businesses can claim a 100% first year allowance for new and unused electric cars with zero CO₂ emissions, as specified above (does not include expenditure on vehicles for leasing).

Businesses will be able to write off (“fully expense”) the full cost of qualifying main rate plant and machinery investment in the year of investment. In the Autumn Statement 2023, the government made this permanent. This does not currently apply to assets which are leased. However, the Spring Budget 2024 announced a consultation to extend full expensing to include leased assets when fiscal conditions allow.

** <https://www.gov.uk/government/publications/first-year-allowance-extension-for-electric-vehicle-charge-points>

Corporation Tax

Corporation tax	2023/24	2024/25
Main rate	25%	25%
Small profits rate	19%	19%
Lower threshold	£50,000	£50,000
Higher threshold	£250,000	£250,000

Businesses acquiring new and unused electric charge-points are eligible to claim a 100% first year allowance (FYA). This measure will expire on 31 March 2025 for corporation tax purposes and 5 April 2025 for businesses subject to income tax**.

Companies with profits above £50,000 but no more than £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

<https://www.gov.uk/government/publications/rates-and-allowances-corporation-tax/rates-and-allowances-corporation-tax>

Lease rental restriction*

Lease rentals are normally an allowable expense for businesses which can be deducted against their corporation or income tax charge. From 1 April 2021 a 15% restriction applies to the finance element of the lease where CO₂ emissions exceed a threshold of 50g/km.

*This replaced expensive car lease disallowance.

Interest-free loans

The threshold for interest-free loans provided by employers to employees is £10,000. The current official rate of interest is 2.25%.** The official rate of interest is used in calculating the benefit in kind charge on beneficial loans to employees.

**Rate correct as at 6 March 2024, please visit www.gov.uk/government/publications/rates-and-allowances-beneficial-loan-arrangements-hmrc-official-rates/beneficial-loan-arrangements-hmrc-official-rates to confirm current rates.

Income Tax

Income tax bands	Taxable income 2023/24 to 2027/28	Tax rate
Personal Allowance*	Up to £12,570	0%
Basic rate	£12,571 to £50,270	20%
Higher rate	£50,271 to £125,140	40%
Additional rate	Over £125,140	45%

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

For latest information on UK rates: www.gov.uk/income-tax-rates

For latest information on Scottish rates: www.gov.uk/scottish-income-tax

For latest information on Welsh rates: www.gov.wales/welsh-rates-income-tax

National Insurance Contributions

National Insurance	6 April 2023 – 5 January 2024	6 January 2024 – 5 April 2024	6 April 2024 – 5 April 2028
Class 1 (employment) Weekly earnings primary threshold	£242	£242	£242
Weekly earnings secondary threshold	£175	£175	£175
Weekly Upper Earnings Limit (UEL)	£967	£967	£967
Employee's rate			
£242.01 – £967 p/w	12.00%	10.00%	8.00%
Excess over £967 p/w	2.00%	2.00%	2.00%
Employer's rate			
Excess over £175 p/w	13.80%	13.80%	13.80%

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.

CO ₂ emissions (g/km)	Fuel scale charge 12 month period	CO ₂ emissions (g/km)	Fuel scale charge 12 month period
120 or less	£737	175	£1,840
125	£1,103	180	£1,917
130	£1,179	185	£1,988
135	£1,250	190	£2,064
140	£1,327	195	£2,135
145	£1,398	200	£2,212
150	£1,474	205	£2,283
155	£1,545	210	£2,359
160	£1,622	215	£2,430
165	£1,693	220	£2,507
170	£1,769	225 or more	£2,578

Rates applicable from
1 May 2023 to 30 April 2024.

Vehicle Excise Duty (VED)

Cars registered on or after 1 April 2017. The amount you pay for the first 12 months (First year rate) is based on CO₂ emissions:

CO ₂ emissions (g/km)	Tax year 2023/24		Tax year 2024/25	
	First year rate	Standard rate*	First year rate	Standard rate*
0	£0	£0	£0	£0
1 – 50	£10	£180	£10	£190
51 – 75	£30	£180	£30	£190
76 – 90	£130	£180	£135	£190
91 – 100	£165	£180	£175	£190
101 – 110	£185	£180	£195	£190
111 – 130	£210	£180	£220	£190
131 – 150	£255	£180	£270	£190
151 – 170	£645	£180	£680	£190
171 – 190	£1,040	£180	£1,095	£190
191 – 225	£1,565	£180	£1,650	£190
226 – 255	£2,220	£180	£2,340	£190
Over 255	£2,605	£180	£2,745	£190

From 1 April 2025, zero emission cars first registered between 1 April 2017 and 31 March 2025 will also pay the standard rate.

New zero emission cars registered on or after 1 April 2025 will be liable to pay the lowest first year rate of VED (which applies to vehicles with CO₂ emissions 1 to 50g/km). From the second year of registration onwards, they will move to the standard rate.

Cars (with the exception of zero emission vehicles registered before 1 April 2025, with a list price of £40,000 or more when new) pay an additional rate of £410 per year in 2024/25, on top of the standard rate, for five years. All cars registered 1st April 2025 onwards with a list price of £40,000 or more will be subject to this additional rate.

New diesel vehicles registered on or after 1 April 2018 that do not meet the real driving emission step 2 (RDE2) standard will be charged a supplement on their First Year Rate to the effect of moving up by one VED band.

Vehicle registration date	Tax year 2023/24	Tax year 2024/25
All Vans Euro 6 onwards	£320	£335

*Alternatively fuelled vehicles, including hybrids, bioethanol and liquid petroleum gas, get a £10 reduction to the Standard rate, up to and including 31 March 2025. For the latest rates, please visit <https://www.gov.uk/vehicle-tax-rate-tables>

Company van taxation

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

Tax year	Scale charge
2024/25	£3,960*

*An additional £757 charge for 2024/25 applies if private fuel is also provided.

From 6 April 2021 the van benefit charge for zero emission vans will be £0.

Plug in Vehicle Grant

The Plug in Vehicle Grants, which focus on the cleanest vehicles, are as follows:

Category	Definition	Grant	Maximum grant
Small vans	These vehicles are less than 2,500 kilograms (kg) gross vehicle weight, have CO ₂ emissions of less than 50g/km and can travel at least 96km (60 miles) without any emissions at all	35% of cost	£2,500
Large vans	These vehicles are between 2,500kg and 4,250kg gross vehicle weight, have CO ₂ emissions of less than 50g/km and can travel at least 96km (60 miles) without any emissions at all	35% of cost	£5,000

The rates above relate to Plug In Vans only.
For the latest information on the Grant applicable to all eligible vehicle types:
<https://www.gov.uk/plug-in-vehicle-grants>

