

EVERYTHING YOU NEED TO KNOW ABOUT BENEFIT IN KIND

COMPANY CAR TAX BANDS – BIK RATES 2015-2020: HMRC zero-emissions cars

Company cars are often essential for business critical operations and make great incentives for attracting top quality staff. They are also taxable benefits, in addition to an employees or directors monthly salary.

Company car tax is known as Benefit in Kind, which is based on how harmful it is to the environment. Every car has a BIK tax banding based on the vehicles CO₂ emissions, and the amount of company car tax you will pay depends on the car's official list price and your annual salary.

HOW TO CALCULATE COMPANY CAR TAX

The company car tax payable by an employee is based on:

1. The P11D value of the vehicle:
2. Multiplied by the car's company car tax rate (dependent on the vehicles CO₂ emissions and fuel type) -this gives you the BIK amount.:
3. Multiplied by your personal tax rate, according to your salary (basic rate of 20% or higher amount of 40%).

HMRC offer a Company Car Tax Calculator to make working out BIK easier. You can also see the car tax bands elsewhere in this document.

Vehicle CO ₂ g/km	2015-16 % BIK Rate	2016-17 % BIK Rate	2017-18 % BIK Rate	2018-19 % BIK Rate	2019-20 % BIK Rate
	Electric	Electric	Electric	Electric	Electric
0 (EV)	5	7	9	13	16

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COMPANY CAR TAX BANDS – BIK RATES 2015-2020: HMRC diesel cars and other cars

VEHICLE CO ₂ G/KM	2015-16 % BIK RATE		2016-17 % BIK RATE		2017-18 % BIK RATE		2018-19 % BIK RATE		2019-20 % BIK RATE	
	Petrol	Diesel	Petrol	Diesel	Petrol	Diesel	Petrol	Diesel	Petrol	Diesel
1-50	5		7		9		13		16	
51-75	9		11		13		16		19	
76-94	13	16	15	18	17	20	19	22	22	25
95-99	14	17	16	19	18	21	20	23	23	26
100-104	15	18	17	20	19	22	21	24	24	27
105-109	16	19	18	21	20	23	22	25	25	28
110-114	17	20	19	22	21	24	23	26	26	29
115-119	18	21	20	23	22	25	24	27	27	30
120-124	19	22	21	24	23	26	25	28	28	31
125-129	20	23	22	25	24	27	26	29	29	32
130-134	21	24	23	26	25	28	27	30	30	33
135-139	22	25	24	27	26	29	28	31	31	34
140-144	23	26	25	28	27	30	29	32	32	35
145-149	24	27	26	29	28	31	30	33	33	36
150-154	25	28	27	30	29	32	31	34	34	37
155-159	26	29	28	31	30	33	32	35	35	37
160-164	27	30	29	32	31	34	33	36	36	37
165-169	28	31	30	33	32	35	34	37	37	37
170-174	29	32	31	34	33	36	35	37	37	37
175-179	30	33	32	35	34	37	36	37	37	37
180-184	31	34	33	36	35	37	37	37	37	37
185-189	32	35	34	37	36	37	37	37	37	37
190-194	33	36	35	37	37	37	37	37	37	37
195-199	34	37	36	37	37	37	37	37	37	37
200-204	35	37	37	37	37	37	37	37	37	37
205-209	36	37	37	37	37	37	37	37	37	37
210-214	37	37	37	37	37	37	37	37	37	37
215-219	37	37	37	37	37	37	37	37	37	37
220-224	37	37	37	37	37	37	37	37	37	37
225-229	37	37	37	37	37	37	37	37	37	37
230 or above	37	37	37	37	37	37	37	37	37	37

*Note that diesel hybrids are exempt from the 3% surcharge diesel vehicles incur.

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COMPANY CAR TAX BANDS FOR 2020/21

Announced in the Spring Budget in April 2017, the government will introduce new lower bands for the lowest emitting cars ('ULEVs').

CAR (g/km of CO ₂)	APPROPRIATE % FROM APRIL 2020	APPROPRIATE % (2019/2020)
0	2%	16%
1-50		
*Car with electric range of 130 miles or more	2%	16%
*Car with electric range of 70-129 miles	5%	16%
*Car with electric range of 40-69 miles	8%	16%
*Car with electric range of 30-39 miles	12%	16%
*Car with electric range of less than 30 miles	14%	16%
51-54	15%	19%
55-59	16%	19%
60-64	17%	19%
65-69	18%	19%
70-74	19%	19% (up to 75g.km)
75-79	20%	22%
80-84	21%	22%
85-89	22%	22%
90-94	23%	22%

*Add 3% for diesels up to a maximum of 37%

Sources: Fleet News (2017), Next Green Car (2017), HMRC (2017), Autoexpress (2017)