

# 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.

A company car is a taxable benefit of employment if it is available for private use by the employee. This benefit in kind is taxed in addition to an employee's salary and forms part of the overall taxable emoluments arising from that employment. These emoluments are taxed at the appropriate income tax rate.

The taxable value of the company car benefit in kind depends on the list price of the car being made available, the CO<sub>2</sub> emissions and the fuel type.

## HOW TO CALCULATE COMPANY CAR TAX

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

1. The List Price of the vehicle, plus accessories, minus capital contributions to the list price by the employee.
2. Multiply the figure from Step 1 by the taxable percentage, based on CO<sub>2</sub> emissions of the vehicle (see page 2).  
Adjust for any periods where the car is not available for private use.
3. Minus the contributions made by the driver for the private use of the car
4. Multiple the figure from Step 3 by your marginal 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.

**SEE BIK RATES NEXT PAGE**

## BENEFIT-IN-KIND — COMPANY CAR TAXATION RATES

| VEHICLE<br>CO <sub>2</sub><br>g/km | ELECTRIC<br>RANGE<br>(miles) | TAXABLE PERCENTAGE OF LIST PRICE* |               |               |               |
|------------------------------------|------------------------------|-----------------------------------|---------------|---------------|---------------|
|                                    |                              | 2017/<br>2018                     | 2018/<br>2019 | 2019/<br>2020 | 2020/<br>2021 |
| 0                                  | n/a                          | 9                                 | 13            | 16            | 2             |
| 1-50                               | 130+                         | 9                                 | 13            | 16            | 2             |
| 1-50                               | 70-129                       | 9                                 | 13            | 16            | 5             |
| 1-50                               | 40-69                        | 9                                 | 13            | 16            | 8             |
| 1-50                               | 30-39                        | 9                                 | 13            | 16            | 12            |
| 1-50                               | 0-30                         | 9                                 | 13            | 16            | 14            |
| 51-54                              |                              | 13                                | 16            | 19            | 15            |
| 55-59                              |                              | 13                                | 16            | 19            | 16            |
| 60-64                              |                              | 13                                | 16            | 19            | 17            |
| 65-69                              |                              | 13                                | 16            | 19            | 18            |
| 70-74                              |                              | 13                                | 16            | 19            | 19            |
| 75-79                              |                              | 17                                | 19            | 22            | 20            |
| 80-84                              |                              | 17                                | 19            | 22            | 21            |
| 85-89                              |                              | 17                                | 19            | 22            | 22            |
| 90-94                              |                              | 17                                | 19            | 22            | 23            |
| 95-99                              |                              | 18                                | 20            | 23            | 24            |
| 100-104                            |                              | 19                                | 21            | 24            | 25            |
| 105-109                            |                              | 20                                | 22            | 25            | 26            |
| 110-114                            |                              | 21                                | 23            | 26            | 27            |
| 115-119                            |                              | 22                                | 24            | 27            | 28            |
| 120-124                            |                              | 23                                | 25            | 28            | 29            |
| 125-129                            |                              | 24                                | 26            | 29            | 30            |
| 130-134                            |                              | 25                                | 27            | 30            | 31            |
| 135-139                            |                              | 26                                | 28            | 31            | 32            |
| 140-144                            |                              | 27                                | 29            | 32            | 33            |
| 145-149                            |                              | 28                                | 30            | 33            | 34            |
| 150-154                            |                              | 29                                | 31            | 34            | 35            |
| 155-159                            |                              | 30                                | 32            | 35            | 36            |
| 160-164                            |                              | 31                                | 33            | 36            | 37            |
| 165-169                            |                              | 32                                | 34            | 37            | 37            |
| 170-174                            |                              | 33                                | 35            | 37            | 37            |
| 175-179                            |                              | 34                                | 36            | 37            | 37            |
| 180-184                            |                              | 35                                | 37            | 37            | 37            |
| 185-189                            |                              | 36                                | 37            | 37            | 37            |
| 190 or<br>over                     |                              | 37                                | 37            | 37            | 37            |

Emission figures for vehicles are rounded down to the nearest whole number.

### \*Diesel Supplements

Until April 6 2018, add 3% subject to a maximum charge of 37%. From 6 April 2018, the Benefit-in-Kind Diesel Tax Supplement for cars will increase 1%, from 3% to 4%, still to a maximum charge of 37%.

Diesel vans are exempt from this change.

Next-generation diesel cars that meet emissions limits in real driving conditions (known as Real Driving Emissions Step 2 Standards) are exempt from paying the diesel tax supplement altogether.