

17 March 2004

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## EMPLOYER PROVIDED VANS

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### Who is likely to be affected?

1. Employees provided with a van that is available for their private use and employers who bear Class 1A National Insurance on the taxable benefit of a provided van. Self-employed van drivers are **not** affected by these new rules.

### General description of the measure

2. Following consultation, new rules are being introduced to determine the amount of the taxable benefit that arises where an employee is provided with a van by his or her employer and the van is available for private use.

### Operative date

3. 6 April 2005

### Current law and proposed revisions

4. Under the current rules, the benefit charge that arises where a van is available to an employee for private use is £500 (or £350 for a van that is 4 or more years old at the end of the tax year) and has been in place and unchanged since 1993. The charge also includes any private fuel provided.

5. A major deregulation of the company van rules has been announced today. Scale charges based on the type of private use will be introduced with a new charge for employer provided fuel.

6. From 6 April 2005 a nil charge will apply to employees who have to take their van home and are not allowed other private use. Where private use is unrestricted the existing £500 or £350 scale charge will apply dependent upon the age of the van. From 6 April 2007 the discount for older vans will be removed and the scale charge for unrestricted private use will increase to £3000 and if an employer provides fuel for unrestricted private use an additional fuel charge of £500 will also apply.

**Further advice**

7. If you have any questions about this change, please contact your local Inland Revenue tax office.

[www.inlandrevenue.gov.uk](http://www.inlandrevenue.gov.uk)