

All examples relate to 2011–12.

Steps 1 and 2 (Chapter 12 paragraphs 12.4 to 12.15)

Example 1

A car with a list price (including standard accessories, VAT, number plates and delivery) of £17,960 is made available to an employee. It is supplied with optional metallic paint costing £245, the price for which is published by the car’s manufacturer. Before being made available to the employee it is also fitted with an electrically operated radio aerial from an independent manufacturer costing £95 (including fitting).

All the optional accessories are qualifying accessories. The radio aerial has a price of less than £100 but it was made available at the time the car was made available and so the 'de minimis' limit of £100 does not apply.

Calculation

<i>Section 123</i>	Step 1: Car	£17,960
	Step 2:	
<i>Section 127(1)(a)</i>	plus Initial extra accessories in the car manufacturer’s price list	
	• Metallic paint	£245
<i>Section 127(1)(b)</i>	plus Initial extra accessories not in the car manufacturer’s price list (use price of accessory manufacturer)	
	• Radio aerial	£95
<i>Section 121(1) Step 2</i>	Price of the car after Step 2	£18,300

Example 2

Employee and car as in Example 1. In September of the tax year, two extra accessories are fitted

- a CD player with a list price of £360 (including fitting etc.); the employee contributes £100
- roof rails with a list price of £80; the employee contributes £50.

Calculation

<i>Sections 126(3) and 127(2)</i>	As above	£18,300
	Plus later accessory (CD player)	<u>£360</u>
		£18,660
<i>Section 121(1) Step 2</i>	Minus capital contributions CD player	<u>£100</u>
	Price of the car after Step 2	£18,560

Sections 126(3) and 132(1)(b) The price of the roof rails is not added because they are below the 'de minimis' limit of £100 and therefore the capital contribution towards them is not deducted.

The figure at Step 2 is increased for the whole year because the CD player was added in the year. There is no time-apportionment.

Examples continued

Steps 4 to 6 (Chapter 12, paragraphs 12.21 to 12.38)

Example 3 – Petrol car

- Price of the car is £15,000. Approved figure of CO₂ emissions is 173g/km.
- Round down 173 to 170.
- Look up appropriate percentage in Appendix 2 – 24%.
- No adjustments are required at paragraph 12.30, so this is the appropriate percentage.
- The figure at Step 5 is £15,000 × 24% = £3,600.

Example 4 – Diesel car

- Price of the car is £15,000. Approved figure of CO₂ emissions is 156g/km.
- Round down 156 to 155.
- Look up appropriate percentage in Appendix 2 – 21%.
- Add 3% diesel supplement (see paragraph 12.30), so appropriate percentage is 24%.
- The figure at Step 5 is £15,000 × 24% = £3,600.

Example 5 – Hybrid electric car which is also a QUALEC

- Price of the car is £18,000. Approved figure of CO₂ emissions is 104g/km.
- CO₂ emissions figure is exactly 120 or lower, so the car is a QUALEC.
- Appropriate percentage for a petrol-powered QUALEC with CO₂ emissions above 75g/km is 10%.
- The car is not type D so no adjustment from paragraph 12.30 is required.
- The figure at Step 5 is £18,000 × 10% = £1,800.