

2007 Pre-Budget Report and Comprehensive Spending Review



PBRN 23

9 October 2007

FUEL BENEFIT CHARGE

Who is likely to be affected?

1. Employees who drive company cars and receive free fuel for private use from their employer, and employers who bear Class 1A National Insurance Contributions (NICs) on the taxable benefit of providing free fuel for private use.

General description of the measure

2. The fuel benefit charge (FBC) multiplier will be increased from £14,400 to £16,900 on and after 6 April 2008.

Operative date

3. The measure will have effect on and after 6 April 2008.

Current law and proposed revisions

4. If an employee receives free fuel for their company car for private use then a benefit that is subject to tax and NICs arises from section 149 of Income Tax (Earnings and Pensions) Act (ITEPA) 2003. Since April 2003 the fuel benefit charge has been calculated by applying the appropriate company car tax percentage to a set figure known as the multiplier. Since April 2003, the multiplier has been set at £14,400. The percentage is calculated by reference to the CO₂ of the company car. Tax and Class 1A NICs are then charged on the FBC.
5. From 6 April 2008 the fixed multiplier will increase from £14,400 to £16,900.
6. The change will be made by regulations which will be laid in time to have effect on and after 6 April 2008.

Further advice

7. If you have any questions about this change, please contact Employer Helpline on 0845 7143 143. Information about Pre-Budget Report measures is available on the HM Revenue & Customs website at www.hmrc.gov.uk