

- Car benefits and car fuel benefits

This Help Sheet gives you information to help you fill in boxes 1.16 and 1.17 about company cars on the Employment Pages of your Tax Return. It is also relevant to box 1.22.

It contains a Working Sheet (the notes below refer, by letter, to boxes on the Working Sheet and add to the instructions it contains). There is also an example and a Working Sheet completed from it. Box numbers below refer to numbered boxes on the Employment Pages.

Fill in a separate Working Sheet for each car made available to you in the year ended 5 April 2003 (tax year 2002-03), unless the car was a temporary replacement (see 'Replacement cars' below), or qualified as a 'pool car' for tax purposes (your employer will be able to give you details of this).

If your employer provided a chauffeur for the car, include the amount of this benefit in box 1.22 of your Employment Pages. Your employer will give you this information.

On the Employment Pages of your Tax Return:

- add the figures in box T (car benefit) for all cars and enter the total in box 1.16
- add the figures in box X (fuel scale charge) for all cars and enter the total in box 1.17
- include in box 1.22 the benefit of any chauffeur provided because of your employment.

'Made available to you' also includes when the car was made available to members of your family or household.

Our booklets IR172: Income tax and company cars, and 480: Expenses and benefits - A tax guide give more information and examples. You can get them from our Orderline (the number is on page 2 of the Tax Return).

Finding the 'cash equivalent' of the car

Car benefits are calculated in a new way in 2002-03, by multiplying

- the list price of the car and accessories (calculated in much the same way as in earlier years), by
- a percentage based on the car's carbon dioxide (CO₂) emissions.

A Add the list price of the car and of any optional accessories that came with it when it was first made available to you, and enter the figure in box A. The prices will be shown on a form P11D from your employer. They will usually be

- the manufacturer's, importer's or distributor's published UK list price for the car on the day before it was first registered, including VAT, car tax (where appropriate) and delivery charges (including number plates). This rule is changed as follows if the car runs on road fuel gas, whether compressed natural gas (CNG) or liquid petroleum gas (LPG)
 - if it was converted to do so after it was first registered, leave out the cost of conversion
 - if it was manufactured to do so from new but does not have an official CO₂ emissions figure for gas, reduce the list price by the amount reasonably attributable to the

cost of manufacturing it to run on gas as well (you can normally use the list price of the equivalent petrol model)

- if it was manufactured to do so from new, has CO₂ emissions figures for both petrol and gas, and was first registered on or after 1 January 2000, use the list price without any reduction.
- the published list price of any accessories with the car when it was first made available to you, including VAT, car tax (where appropriate), and fitting and delivery charges. **Do not include**
 - any mobile telephone
 - any accessory designed solely for use by a disabled person
 - if you are a disabled person holding a 'blue badge' when the car was first made available to you, any equipment which enables you to use the car in spite of the disability for which you hold the 'blue badge'
 - any accessory which you own yourself
 - the cost of converting the car to run on LPG or CNG
 - any accessory which was necessarily provided for use in the performance of the duties of your employment
 - any accessories which are never fixed to the car, such as maps or rugs.

There are separate rules for cars with no 'list price' and 'classic cars' – see our booklet IR172: Income tax and company cars, available from our Orderline.

B If any accessories were added after the car was first made available to you, whether they were added in this tax year or previously, enter the total price of them in box B. Include VAT, car tax (where appropriate), and fitting and delivery charges. The prices will be shown on a form P11D from your employer.

Exclude the same accessories as those you excluded in the seven dash points at the end of section A above, as well as those which

- were available with the car when it was first made available to you (already included at A), or
- were added before 1 August 1993 if the car was available to you before then, or
- had a price of less than £100, or
- replaced a previous accessory and were not superior to it, or
- were added after the car was first made available to you but removed before 6 April 2002.

D Capital contribution. Enter the amount (to a maximum of £5,000) of any lump sum payments you made towards the cost of buying either the car or accessories in boxes A or B. Payments made in earlier years towards the cost of this car and accessories still count.

E This figure is the price of the car for tax purposes. It is not the price paid for the car, but the figure used to calculate the cash equivalent of the car *as a benefit to you*, on which you pay tax. It will be the same figure each year you have the car, unless accessories are added in later years (see B above). It is limited to a maximum of £80,000.

To calculate the cash equivalent of the car, you now need to determine the appropriate percentage based on the car's approved CO₂ emissions figure.

G Approved CO₂ emissions figure. You only need this figure for cars registered in 1998 or later (unless they do not have an approved CO₂ emissions figure for any reason, in which case their percentage is based on the engine size. Engine size is also used for all cars registered before 1998.) You can find the figure:

- for cars first registered on or after 1 March 2001 – from the Vehicle Registration Document (V5)
- for cars first registered from 1 January 1998 to 28 February 2001: free of charge from the Society of Motor Manufacturers and Traders (SMMT) website at www.smmt.co.uk/co2/co2.asp (maintained under an agreement with the Inland Revenue)
- from the manufacturer (or importer, where appropriate). The manufacturer holds the type approval certificate for each type of car, and this includes the approved CO₂ emissions figure for the type to which the vehicle conforms. The manufacturer should provide this information if asked to, normally by providing a certificate of conformity. Although manufacturers are entitled to charge a small fee, some manufacturers are happy to provide this information free of charge.

Enter the figure (rounded down to the next lowest 5 g/km) at box G (you will need it later).

N (plus H, J, L): Calculating the appropriate percentage. This depends on the type of car and fuel.

Q Time apportionment. You should reduce the benefit charge in box P on a time basis in proportion to the number of days the car was unavailable to you or members of your family or household. It is treated as 'unavailable' on any day

- before it was first made available to you,
- after it finally stopped being available to you, and
- if that day fell within a continuous period of 30 days or more throughout which it was not available to you (for example, because it was under repair). There is no time apportionment for periods of less than 30 days. See below for the treatment of 'replacement cars' in this situation.

Note: this is a test of availability of the car, *not* of whether it was used. A car might not be *used* for a continuous period of 30 days, but may still be *available* to you during that period.

S Payments for private use. If you were required to make payments as a condition of it being available for private use during the year, enter the amount you paid for the year in box S.

T Car benefit charge. This is the amount on which you will pay tax for the benefit of having this car. You should add the amount in this box to any other box T amounts for other cars made available to you in the year, and **include the total in box 1.16 of the Employment Pages of your Tax Return.**

V Car fuel benefit charge. A fuel benefit charge will apply if your employer provided you with any fuel for private use of the car. The amount of the fuel benefit charge depends on the car's engine size and the type of fuel. A separate charge applies for each car, except replacement cars (see the right hand column). The fuel scale charge is time-apportioned if the car was unavailable for part of the year, as described at Q above.

If **you** paid for all the fuel for your private use in this car, put '0' in box V.

X The car fuel benefit charge. This is the amount on which you will pay tax for the fuel provided for private use in this car. You should add it to any other box X figures for other cars for which you were provided with fuel for private use in the year and **include the total in box 1.17 on the Employment Pages of your Tax Return.**

Replacement cars

If your normal car was unavailable (for instance, while under repair) for a continuous period of *fewer* than 30 days, and during that time a replacement was made available to you, you will not be taxed on the replacement car, as long as it

- was of a similar quality to your normal car, or
- was not made available to you as part of an arrangement to provide you with the benefit of a materially better car.

When this applies:

- treat any payment you were required to make for the private use of the replacement car as though it related to your normal car, and include the amount at box S.
- there will not be a fuel scale charge for the replacement car in addition to that for the normal car.

Working sheet

A working sheet follows to help you work out the car and fuel benefit for each car made available to you in the year.

After that there is a working sheet completed from the details in this example.

Example

Joe Soap had a new company car made available to him on 1 August 1999. It was an Acme Roadrunner 1.8 with a list price of £14,500 plus delivery charges of £500. It was powered by petrol and had an official CO₂ emissions figure of 197 g/km.

Joe asked for satellite navigation to be fitted as a factory-fitted option and his employer agreed, provided Joe paid the additional cost of £1,500. As soon as he received it, Joe realised that the car was not fitted with alloy wheels; once again, his employer was content to arrange for this to be done if Joe paid the £500 cost of the new wheels.

Joe paid £100 per month for the private use of the car. His employer provided all the fuel for the car for both business and private use.

On 31 July he handed the car back to his employer, collecting another car the next day.

Tables for use with the 2002-03 Working Sheet
Table 1

Key letter	Description of fuel or power
P	Petrol
D	Diesel, not approved to European Standard Euro IV limits
L	Diesel, approved to Euro IV limits
E	Electric only
H	Hybrid electric (petrol plus electric motor capable of propelling the car)
B	Gas only, or bi-fuel with approved CO ₂ emissions figure for Gas when first registered (which must be on or after 1 January 2000)
C	Conversion to bi-fuel and all other bi-fuel cars with approved CO ₂ emissions figure for Petrol only when first registered

Table 2

Cylinder capacity (cc)	Column 1	Column 2	Column 3	Column 4	Column 5
0 – 1400	15	18	15	£2,240	£2,850
1401 – 2000	25	28	22	£2,850	£2,850
over 2000 ¹	35	35	32	£4,200	£4,200

¹ including rotary engined cars which have no recognised cylinder capacity

Table 3

Figure in box G	Box L	Figure in box G	Box L	Figure in box G	Box L
145 or over	0	106 – 125	2	66 – 85	4
126 - 145	1	86 - 105	3	46 - 65	5

Table 4 (ready reckoner)

CO ₂ emissions (g/km)	Fuel types B,C,H,L,P	Fuel type D	CO ₂ emissions (g/km)	Fuel types B,C,H,L,P	Fuel type D	CO ₂ emissions (g/km)	Fuel types B,C,H,L,P	Fuel type D
165	15	18	200	22	25	235	29	32
170	16	19	205	23	26	240	30	33
175	17	20	210	24	27	245	31	34
180	18	21	215	25	28	250	32	35
185	19	22	220	26	29	255	33	35
190	20	23	225	27	30	260	34	35
195	21	24	230	28	31	265	35	35

Working Sheet

1 The car

Make Model Engine size

Car available for full year? **Yes** **No**

Date first available / /

Date last available / /

2 Calculating the price of the car for the year

Price of the car £

Price of accessories added before the car was first made available to you £

Total list price of car and accessories (from P11D) **A** £

Price of accessories added after the car was first made available to you (from P11D) **B** £

A + B

C £

Capital contributions you made towards the cost of the car or accessories (maximum £5,000) **D** £

C minus D

E £

Price of the car for 2002-03 (maximum £80,000)

3 Type of fuel or power used

Enter the key letter (B, C, D, E, H, L or P) from Table 1 **F**

4 Calculation of appropriate percentage

This depends on when the car was first registered and whether it has an approved CO₂ emissions figure.
 For cars first registered on or after 1/1/98 with an approved CO₂ emissions figure, go to section 4a.
 For cars first registered on or after 1/1/98 without an approved CO₂ emissions figure, go to section 4b.
 For all cars first registered before 1/1/98, go to section 4c.

4a Cars registered on or after 1/1/98 with an approved CO₂ emissions figure

Official CO₂ emissions figure (rounded down to next lowest 5 g/km) **G** g/km

Step 1 – use the ready reckoner at Table 4 to enter the basic percentage in box H **H** %

Go straight to section 4d for Steps 2 and upwards – do not complete section 4c.

4b Cars registered on or after 1/1/98 without an approved CO₂ emissions figure

Step 1 – enter the basic percentage in box H following these rules

Fuel types B, C, H, L and P – use column 1 from Table 2

Fuel type D – use column 2 from Table 2

Fuel type E – use 15% in all cases **H** %

Go straight to section 4d for Steps 2 and upwards – do not complete section 4c.

4c All cars registered before 1/1/98

Use column 3 in Table 2 on page 3 to enter the appropriate percentage in box N **N** %

Appropriate percentage (all cars first registered before 1/1/98)

Go straight to section 5 – do not complete section 4d.

4d All cars registered on or after 1/1/98

Step 2 – enter 1% for fuel types B or C, 2% for type H, 6% for type E

J %

Step 3 (Fuel types H and B only)

L %

Enter figure from Table 3

M %

J + L

N %

H minus M

Appropriate percentage (all cars first registered on or after 1/1/98)

Go to section 5

5 Calculation of car benefit for a full year

Full year's benefit is **E** £ x **N** % = **P** £

6 Car benefit after deductions for days the car was unavailable and private use payments

Time apportionment for number of days car unavailable

Number of days car was unavailable (if any)* = **Z** x box P = **Q** £

365 365

R £

P minus Q

any payments made for private use of the car for the year

S £

T £

R minus S

Car benefit charge for this car in 2002/03

Add this to all other car benefit charges for the year and enter the result in box 1.16 on the Tax Return

7 Car fuel benefit

Car fuel benefit charge (from Table 2)

- for fuels P, H, B and C use Column 4
- for fuels D and L use Column 5

V £

Time apportionment for number of days car unavailable

Number of days car was unavailable (if any)* = **Z** x box V = **W** £

365 365

W £

*You must use the same number of unavailable days for both car and fuel benefit.

X £

V minus W

Car fuel benefit charge for this car in 2002/03

Add this to all other car fuel benefit charges for the year and enter the result in box 1.17 on the Tax Return

Working Sheet

1 The car

Make Model Engine size

Car available for full year? X

Date first available

Date last available

2 Calculating the price of the car for the year

Price of the car

Price of accessories added before the car was first made available to you

Total list price of car and accessories (from P11D)

Price of accessories added after the car was first made available to you (from P11D)

Capital contributions you made towards the cost of the car or accessories (maximum £5,000)

Price of the car for 2002-03 (maximum £80,000)

3 Type of fuel or power used

Enter the key letter (B, C, D, E, H, L or P) from Table 1

4 Calculation of appropriate percentage

This depends on when the car was first registered and whether it has an approved CO₂ emissions figure.
 For cars first registered on or after 1/1/98 with an approved CO₂ emissions figure, go to section 4a.
 For cars first registered on or after 1/1/98 without an approved CO₂ emissions figure, go to section 4b.
 For all cars first registered before 1/1/98, go to section 4c.

4a Cars registered on or after 1/1/98 with an approved CO₂ emissions figure

Official CO₂ emissions figure (rounded down to next lowest 5 g/km)

Step 1 – use the ready reckoner at Table 4 to enter the basic percentage in box H

Go straight to section 4d for Steps 2 and upwards – do not complete section 4c.

4b Cars registered on or after 1/1/98 without an approved CO₂ emissions figure

Step 1 – enter the basic percentage in box H following these rules

Fuel types B, C, H, L and P – use column 1 from Table 2

Fuel type D – use column 2 from Table 2

Fuel type E – use 15% in all cases

Go straight to section 4d for Steps 2 and upwards – do not complete section 4c.

4c All cars registered before 1/1/98

Use column 3 in Table 2 on page 3 to enter the appropriate percentage in box N

Appropriate percentage (all cars first registered before 1/1/98)

Go straight to section 5 – do not complete section 4d.

4d All cars registered on or after 1/1/98

Step 2 – enter 1% for fuel types B or C, 2% for type H, 6% for type E

J %

Step 3 (Fuel types H and B only)

Enter figure from Table 3

L %

M %
J + L

N %
H minus M

Appropriate percentage (all cars first registered on or after 1/1/98)

Go to section 5

5 Calculation of car benefit for a full year

Full year's benefit is **E** £ 15,000 x **N** 21 % = **P** £ 3,150

6 Car benefit after deductions for days the car was unavailable and private use payments

Time apportionment for number of days car unavailable

$$\frac{\text{Number of days car was unavailable (if any)*}}{365} = \frac{\mathbf{Z} \ 248}{365}$$

x box P = **Q** £ 2,140

R £ 1,010
P minus Q

S £ 400

T £ 610
R minus S

any payments made for private use of the car for the year

Car benefit charge for this car in 2002/03

Add this to all other car benefit charges for the year and enter the result in box 1.16 on the Tax Return

7 Car fuel benefit

Car fuel benefit charge (from Table 2)

- for fuels P, H, B and C use Column 4
- for fuels D and L use Column 5

V £ 2,850

Time apportionment for number of days car unavailable

$$\frac{\text{Number of days car was unavailable (if any)*}}{365} = \frac{\mathbf{Z} \ 248}{365}$$

x box V = **W** £ 1,936

*You must use the same number of unavailable days for both car and fuel benefit.

X £ 914
V minus W

Car fuel benefit charge for this car in 2002/03

Add this to all other car fuel benefit charges for the year and enter the result in box 1.17 on the Tax Return