



**Go Further**



## Spring 2019 Budget Statement

Fleet decision-makers will have to wait until later in 2019 for the Government's response to its consultation into the effect of the Worldwide harmonised Light-vehicles Test Procedure (WLTP) on the company car tax and Vehicle Excise Duty (VED) systems.

The consultation, which concluded on February 17th 2019, is designed to address whether vehicle tax changes are required once WLTP is adopted for tax purposes from April 2020, but its findings were not included in the Spring Budget Statement on March 13th.

Elsewhere, BIK tax rates for company cars rise on April 6th 2019, with the lowest BIK percentage increasing from 13% to 16% (20% for diesels). For cars and vans, nominal VED rate rises are set for April 2019, and the Capital Allowance Special Rate – applying to the purchase of cars emitting 111g/km or more of CO<sub>2</sub> – reduces from 8% to 6%. From April 2021, a new graduated VED system for vans, based on CO<sub>2</sub> emissions, will apply to new vans.

This updated Ford Fleet Budget Guide provides explanations and detailed guidance on the main announcements made in the March 2019 Budget Statement.

# Fuel: how petrol, diesel and hybrid compares

The table below shows how fuel choice affects the BIK tax payable by drivers in 2019-20, depending on whether they choose a diesel, petrol or hybrid electric company car.

The figures show that choosing the Mondeo Hybrid Electric will benefit drivers with a much lower BIK tax liability than for petrol or diesel in 2019-20.

	Mondeo Titanium Edition 1.5 EcoBoost 165PS 6sp 5dr manual	Mondeo Titanium Edition 2.0 EcoBlue 150PS 6sp 5dr manual	Mondeo Titanium Edition Hybrid 2.0 TiVCT 187PS 6sp 4dr auto
<b>OTR price</b>	£23,810	£25,210	£27,800
<b>CO<sub>2</sub> emissions (g/km)</b>	150	123	98
<b>Combined fuel consumption (mpg)</b>	41.5	61.4	52.3
<b>BIK tax band 2019-20</b>	<b>34%</b>	<b>32%</b>	<b>23%</b>
<b>BIK tax/month 2019-20*</b>	<b>£134.92/£269.85</b>	<b>£134.45/£268.91</b>	<b>£106.57/£213.13</b>
<b>Total BIK tax in 2019-20*</b>	<b>£1,619.04/£3,238.20</b>	<b>£1,613.40/£3,226.92</b>	<b>£1,278.44/£2,557.56</b>

\*For 20%/40% tax payers

## Summary:

- ▶ **Petrol** Petrol represents the fuel type of choice when **low capital cost** is important and the fleet operates low mileages where cost of operation is less of a priority.
- ▶ **Diesel** Diesel represents the fuel type of choice when the **lowest cost of operation** is important and the fleet operates high mileages.
- ▶ **Hybrid** Hybrid represents the fuel type of choice when the **lowest CO<sub>2</sub> and BIK** are important and the fleet operators are mindful of their 'green' credentials with higher levels of urban operation.



# Vehicle Excise Duty

Vehicle Excise Duty (VED) rates for new cars are set out in the table below. New diesel cars that do not meet the Real Driving Emissions Step 2 (RDE2) standard are liable for increased first-year (or 'showroom tax') rates.

For cars registered between March 1st 2001 and 31st March 2017, VED rates are also shown below.

The new car VED system comprises a first-year rate, with higher rates for diesels, and standard and additional rates payable from year two onwards:

- ▶ **First-year rate** Applicable to all new cars
- ▶ **Standard rate (yr2 onwards)** £145 – cars with CO<sub>2</sub> emissions of 1g/km or over with a list price of £40,000 or less
- ▶ **Additional rate (yr2 onwards)** £465 – cars with CO<sub>2</sub> emissions of 1g/km or over with a list price over £40,000. Cars with a list price over £40,000 (including those with zero emissions) attract a supplement of £320 on their standard rate for five years

## Vehicle Excise Duty: rates for new cars

2019-20				
CO <sub>2</sub> emissions (g/km)	First year rate (compared with 2018-19)	First year rate for diesel vehicles <sup>1</sup> (compared with 2018-19)	Standard rate (Yr2 on for cars with list price of £40,000 or less)	Standard rate (Yr2 on for cars with list price of over £40,000 <sup>2</sup> )
<b>0</b>	£0 (+£0)	£0 (+£0)	£0	£320 (+£10)
<b>1-50</b>	£10 (+£0)	£25 (+£0)	£145 (+£5)	£465 (+£15)
<b>51-75</b>	£25 (+£0)	£110 (+£5)	£145 (+£5)	£465 (+£15)
<b>76-90</b>	£110 (+£5)	£130 (+£5)	£145 (+£5)	£465 (+£15)
<b>91-100</b>	£130 (+£5)	£150 (+£5)	£145 (+£5)	£465 (+£15)
<b>101-110</b>	£150 (+£5)	£170 (+£5)	£145 (+£5)	£465 (+£15)
<b>111-130</b>	£170 (+£5)	£210 (+£5)	£145 (+£5)	£465 (+£15)
<b>131-150</b>	£210 (+£5)	£530 (+£15)	£145 (+£5)	£465 (+£15)
<b>151-170</b>	£530 (+£15)	£855 (+£25)	£145 (+£5)	£465 (+£15)
<b>171-190</b>	£855 (+£25)	£1,280 (+£40)	£145 (+£5)	£465 (+£15)
<b>191-225</b>	£1,280 (+£40)	£1,815 (+£55)	£145 (+£5)	£465 (+£15)
<b>226-255</b>	£1,815 (+£55)	£2,135 (+£65)	£145 (+£5)	£465 (+£15)
<b>Over 255</b>	£2,135 (+£65)	£2,135 (+£65)	£145 (+£5)	£465 (+£15)

<sup>1</sup> Applies to diesel vehicles that do not meet the real driving emissions step 2 (RDE2) standard. <sup>2</sup> All cars with a list price over £40,000 are liable for a £320 supplement for five years following the first year rate, after which the rate reverts to the standard £145 a year. For cars with zero emissions the rate reverts to £0 after five years. Alternative fuel vehicles receive a £10 annual reduction. New rates apply from April 1st 2019

## Vehicle Excise Duty: rates for cars registered between March 1st 2001 and March 31st 2017

2019-20 rates are shown below.

VED band	CO <sub>2</sub> emissions (g/km)	2019-20 Standard rate (compared with 2018-19)
<b>A</b>	Up to 100	£0 (+£0)
<b>B</b>	101-110	£20 (+£0)
<b>C</b>	111-120	£30 (+£0)
<b>D</b>	121-130	£125 (+£5)
<b>E</b>	131-140	£145 (+£5)
<b>F</b>	141-150	£160 (+£5)
<b>G</b>	151-165	£200 (+£5)
<b>H</b>	166-175	£235 (+£5)
<b>I</b>	176-185	£260 (+£10)
<b>J</b>	186-200	£300 (+£10)
<b>K<sup>1</sup></b>	201-225	£325 (+£10)
<b>L</b>	226-255	£555 (+£15)
<b>M</b>	Over 255	£570 (+£15)

<sup>1</sup> Includes cars emitting over 225g/km registered before March 23rd 2006. 2019-20 rates apply from April 1st 2019

# Company Car Tax

## Diesel tax charge

A BIK tax charge of 4% applies to diesel cars. The charge does not apply to diesels which meet Real Driving Emissions Step 2 (RDE2) standards. The BIK tax percentages for 2019-20 are shown below, with a new scale scheduled for introduction on April 6th 2020.

Budget 2018 announced a review of the impact of the Worldwide harmonised Light-vehicles Test Procedure (WLTP) on the Company Car Tax and Vehicle Excise Duty (VED) systems, and whether changes are required. The consultation closed on February 17th 2019, and the Government is expected to outline its responses later in 2019.

## Taxable percentages of P11D value

2019-20			2020-21		
CO <sub>2</sub> emissions (g/km)	BIK % 2019-20	Capital allowance % 2019-20	CO <sub>2</sub> emissions (g/km)	Zero emissions range <sup>1</sup>	BIK % 2020-21
0-50	16 (20)	100	0	All	2 (6)
			1-50	Over 130	2 (6)
			1-50	70-129	5 (9)
			1-50	40-69	8 (12)
			1-50	30-39	12 (16)
			1-50	Up to 30	14 (18)
51-54	19 (23)	18	51-54	-	15 (19)
55-59	19 (23)	18	55-59	-	16 (20)
60-64	19 (23)	18	60-64	-	17 (21)
65-69	19 (23)	18	65-69	-	18 (22)
70-75	19 (23)	18	70-74	-	19 (23)
76-79	22 (26)	18	75-79	-	20 (24)
80-84	22 (26)	18	80-84	-	21 (25)
85-89	22 (26)	18	85-89	-	22 (26)
90-94	22 (26)	18	90-94	-	23 (27)
95-99	23 (27)	18	95-99	-	24 (28)
100-104	24 (28)	18	100-104	-	25 (29)
105-109	25 (29)	18	105-109	-	26 (30)
110-114	26 (30)	18/6 <sup>2</sup>	110-114	-	27 (31)
115-119	27 (31)	6	115-119	-	28 (32)
120-124	28 (32)	6	120-124	-	29 (33)
125-129	29 (33)	6	125-129	-	30 (34)
130-134	30 (34)	6	130-134	-	31 (35)
135-139	31 (35)	6	135-139	-	32 (36)
140-144	32 (36)	6	140-144	-	33 (37)
145-149	33 (37)	6	145-149	-	34 (37)
150-154	34 (37)	6	150-154	-	35 (37)
155-159	35 (37)	6	155-159	-	36 (37)
160-164	36 (37)	6	160	-	37 (37)
165+	37 (37)	6	165+	-	37 (37)

Figures in brackets apply to diesels. Diesel hybrids and diesel cars that meet the Real Driving Emissions Step 2 (RDE2) standard are exempt from the diesel tax charge.  
<sup>1</sup> Measured in miles. <sup>2</sup> 18% capital allowance applies to vehicles with CO<sub>2</sub> emissions of 110g/km or less and 6% applies to vehicles with CO<sub>2</sub> emissions of 111g/km or more

# Calculating company car tax

The calculation of company car tax depends on the car's P11D price and CO<sub>2</sub> emissions, and whether or not it is a diesel. All diesel company cars registered on or after January 1st 2006 are liable for a 4% BIK tax charge.

CO<sub>2</sub> emissions figures for all Ford cars can be found at [www.ford.co.uk/shop/research/brochure-download](http://www.ford.co.uk/shop/research/brochure-download) or the Vehicle Certification Agency at [www.vehicle-certification-agency.gov.uk](http://www.vehicle-certification-agency.gov.uk).

## Example: calculating company car tax



### All-New Ford Focus Titanium 1.5 EcoBlue 120PS Estate man

<b>P11D price (March 2019)</b>	£22,645
<b>CO<sub>2</sub> emissions</b>	93g/km
<b>BIK tax band (2019-20)</b>	26%
<b>Taxable value</b>	£22,645 x 20% = £5,888
<b>2019-20 monthly BIK tax (20%)</b>	£5,888 x 20% / 12 = £98.13
<b>2019-20 monthly BIK tax (40%)</b>	£5,888 x 40% / 12 = £196.26

# Capital allowances and lease rental restriction

The main rate capital allowance threshold is set at 110g/km in 2019-20, while the 100% first-year allowance threshold is set at 50g/km, applicable until March 31st 2021. Leasing companies cannot claim the first-year allowance.

New company cars purchased outright with CO<sub>2</sub> emissions of between 51g/km and 110g/km are eligible for an 18% annual capital allowance, while those with emissions of 111g/km or above are eligible for 6% a year from April 6th 2019.

Zero-emission electric vans are eligible for a 100% FYA, joining all Ultra-Low Emitting Vehicles (ULEVs) with CO<sub>2</sub> emissions of 75g/km or less, applicable until April 2021. All other vans are eligible for an 18% annual capital allowance.

Enhanced Capital Allowances (ECAs) are also available until March 31st 2023 for companies investing in electric vehicle charge points.

## Lease rental restriction

The amounts payable on lease rentals are normally an allowable expense for businesses that can be offset against tax. In 2019-20, the CO<sub>2</sub> emissions-based threshold applying to lease rental restriction is the same as for capital allowances, at 110g/km. For 2019-20, new cars with CO<sub>2</sub> emissions of 110g/km or less are eligible for 100% of lease costs to be offset against tax, while for those with CO<sub>2</sub> emissions of 111g/km or more only 85% can be offset.

# Class 1A NIC

The percentage used for the calculation of employers' Class 1A National Insurance Contributions (NIC) on company cars and fuel is set at 13.8% in 2019-20. To calculate annual Class 1A NIC due, the car's P11D price is multiplied by the relevant BIK tax percentage and then by 13.8%. For fuel, the Government Fuel Benefit Charge (FBC) is used – £24,100 from April 6th 2019.

## Example: calculating Class 1A NIC



### Ford Fiesta ST-Line 1.0T EcoBoost 125PS 3dr manual

<b>P11D price (March 2019)</b>	£17,890
<b>CO<sub>2</sub> emissions</b>	108g/km
<b>BIK tax band (2019-20)</b>	25%
<b>2019-20 Class 1A NIC (car)</b>	£17,890 x 25% x 13.8% = £617
<b>2019-20 Class 1A NIC (fuel)</b>	£24,100 x 25% x 13.8% = £831

# Fuel allowances

The Government Fuel Benefit Charge for calculating the tax due on employer-provided 'free' fuel for private use in a company car is set at £24,100 from April 6th 2019.

As electricity is not a fuel, there is no fuel benefit charge. This means that if an employer allows an employee to top up their Battery Electric Vehicle (BEV), Plug-in Hybrid Electric Vehicle (PHEV) or Electric Range Extender Vehicle (E-REV) at work, it does not qualify as a car fuel benefit charge.

For other fuels, to calculate your tax liability if you receive the 'free' fuel benefit, you need to know:

- ▶ The car's combined fuel consumption and BIK tax percentage
- ▶ The price of fuel used
- ▶ The driver's marginal tax rate and Government Fuel Benefit Charge figure – £24,100 in 2019-20

## Examples: calculating the tax you pay on employer-provided 'free' fuel for private use



**New Mondeo Titanium Edition Hybrid 2.0 TiVCT auto**

<b>Combined fuel consumption</b>	52.3mpg
<b>Fuel benefit charge (2019-20)</b>	£24,100
<b>CO<sub>2</sub> emissions</b>	98g/km
<b>BIK tax band (2019-20)</b>	23%
<b>Annual BIK tax</b>	$£24,100 \times 23\% \times 20\% = £1,109$
<b>for 20%/40% tax payers</b>	$£24,100 \times 23\% \times 40\% = £2,217$

The average price of unleaded (March 2019) is £5.46/gallon (£1.20/litre). £1,109 will pay for around 203 gallons (922 litres) for a 20% tax payer. For a 40% tax payer the figure is 406 gallons (1,844 litres).

<b>'Break-even' mileage</b>	
<b>20% tax payer</b>	$203 \times 52.3 = 10,616$ miles
<b>40% tax payer</b>	$406 \times 52.3 = 21,233$ miles



**New Mondeo Titanium Edition 2.0L EcoBlue 150PS man**

<b>Combined fuel consumption</b>	61.4mpg
<b>Fuel benefit charge (2019-20)</b>	£24,100
<b>CO<sub>2</sub> emissions</b>	123g/km
<b>BIK tax band (2019-20)</b>	32%
<b>Annual BIK tax</b>	$£24,100 \times 32\% \times 20\% = £1,542$
<b>for 20%/40% tax payers</b>	$£24,100 \times 32\% \times 40\% = £3,085$

The average price of diesel (March 2019) is £5.86/gallon (£1.29/litre). £1,542 will pay for around 263 gallons (1,195 litres) for a 20% tax payer. For a 40% tax payer the figure is 526 gallons (2,391 litres).

<b>'Break-even' mileage</b>	
<b>20% tax payer</b>	$263 \times 61.4 = 16,148$ miles
<b>40% tax payer</b>	$526 \times 61.4 = 32,296$ miles

# Business mileage in a private car: reimbursement rates

The tax and national insurance-exempt amounts claimable under the HM Revenue & Customs Mileage Allowance Payments (MAP) rates for business mileage in a private car are shown below. Electric and hybrid cars are treated in the same way as petrol and diesel cars. If your employer reimburses you at a lower rate than the MAP rates, you can claim tax relief on the difference. Reimbursements made at a higher level than the MAPs will incur tax.

## Mileage Allowance Payments (MAP) rates 2019-20

	Up to 10,000 miles	Over 10,000 miles
<b>All cars</b>	45p/mile	25p/mile

# Company owned vans: BIK tax

The Van Benefit Charge (VBC) rate for drivers of company vans, including 'double-cab' pick-ups, who use their vehicles for private mileage is set at £3,430 from April 6th 2019. From the same date, the VBC for fuel provided for private use also rises from £633 to £655.

## Example: annual BIK tax on company-owned vans with private use



### New Ranger Wildtrak 2.0 EcoBlue 213PS 10 Speed Automatic

		2019-20 20%/40% tax payers
<b>Annual BIK tax (ex fuel)</b>	£3,430 x 20%/40%	£686/£1,372
<b>Annual BIK tax (inc fuel)</b>	£3,430 + £655 x 20%/40%	£817/£1,634

Employees using their vans to drive from home to customers, and who are not allowed other private use, do not pay BIK tax.

In 2019-20 the Van Benefit Charge rate paid on zero-emission vans is 60% of the rate paid on conventionally fuelled vans, rising to 80% in 2020-21, 90% in 2021-22, and then equalising with the standard charge in 2022-23.

# Company owned vans: Class 1A NIC

Annual Class 1A National Insurance Contributions for vans, including 'double-cab' pick-ups, are based on the Van Benefit Charge used for BIK tax calculations – £3,430 in 2019-20 (plus £655 if fuel is included). The amounts payable are calculated by multiplying the VBC by 13.8%.

## Example: annual Class 1A NIC for vans



### Transit Custom Base 300 L1 H1 2.0 EcoBlue 130PS FWD

		2019-20
<b>Annual Class 1A NIC (ex fuel)</b>	£3,430 x 13.8%	£473
<b>Annual Class 1A NIC (inc fuel)</b>	£3,430 + £655 x 13.8%	£564

# Company owned vans: Vehicle Excise Duty

VED rates for 2019-20 are shown below. Following consultation on reforming VED to incentivise van drivers to make the cleanest choices when purchasing a new van, the Government is set to introduce a new VED structure for vans similar to that in place for new cars. A 2-category approach, graduated by CO<sub>2</sub> when the van is first registered, for small/medium and large vans will be introduced from April 2021, with a £0 standard rate for zero emission vans and an ongoing discount for ultra-low emission and other alternatively fuelled vans. The exact weight categories, CO<sub>2</sub> bandings and rates will be announced ahead of introduction, once the impact of WLTP on the van market has been assessed. For further information, go to <https://www.gov.uk/government/consultations/vehicle-excise-duty-for-vans>.

## Annual VED rates for vans in 2019-20 are shown below:

	2019-20 (increment over 2018-19)
<b>Euro IV and Euro V vans registered on or after March 1st 2001</b>	£140 (+£0)
<b>All other vans</b>	£260 (+£10)

2019-20 rates apply from April 1st 2019

# Government grants for low-emission vehicles

The way in which ULEVs attract Government grant funding is based on their emissions of CO<sub>2</sub> and their zero-emissions range. The Government Plug-in Grant for ultra-low emissions vehicles is available only to cars with CO<sub>2</sub> emissions of less than 50g/km and a zero-emission range of over 70 miles. The current rules mean that no current plug-in hybrid cars are eligible for the grant – see the grant availability criteria below. For Government-approved cars, the grant rate is a maximum of £3,500 per car.

Businesses acquiring plug-in cars that emit less than 75g/km of CO<sub>2</sub>, or zero emission vans, can benefit from enhanced capital allowances, with 100% of the value eligible for writing down in the first year of ownership. This benefit also extends to recharging or refuelling infrastructure for plug-in and hydrogen-powered vehicles.

All ULEVs are eligible for the Electric Vehicle Homecharge Scheme (EVHS) grant, which covers up to 75% of the cost of installing a charge point at home, capped at £500 including VAT.

## Grant availability

Only cars, motorcycles and scooters that are 100% electric-powered are eligible for the grant. Go to [www.gov.uk/plug-in-car-van-grants](http://www.gov.uk/plug-in-car-van-grants) for a list of government-approved grant-eligible vehicles.

- ▶ **Grant-eligible cars:** Government-approved cars with CO<sub>2</sub> emissions of less than 50g/km, a minimum zero-emission range of 70 miles and a minimum top speed of 60mph benefit from a maximum grant of £3,500.
- ▶ **Motorcycles:** motorcycles with CO<sub>2</sub> emissions of 0g/km and a zero-emission range of at least 31 miles benefit from a maximum grant of £1,500.
- ▶ **Mopeds:** mopeds or scooters with CO<sub>2</sub> emissions of 0g/km and a zero-emission range of at least 19 miles benefit from a maximum grant of £1,500.
- ▶ **Vans:** vans with CO<sub>2</sub> emissions of under 75g/km and a zero-emission range of at least 10 miles benefit from a maximum grant of £8,000.

Go to [www.gov.uk/government/organisations/office-for-low-emission-vehicles](http://www.gov.uk/government/organisations/office-for-low-emission-vehicles) for further information on the plug-in car grant.

The explanations and data set out in this Guide are provided for general information only. Though given in good faith, the information is provided without any warranty as to its accuracy. Please refer to your legal or tax adviser for individual professional advice. All information correct at date of compilation, March 13th 2019. The model imagery shown in this document may not reflect the latest UK specifications, colour may vary, options and accessories may feature at additional cost. The quoted fuel/energy consumptions, CO<sub>2</sub> emissions and electric range are determined according to the technical requirements and specifications of the European Regulations (EC) 715/2007 and (EU) 2017/1151 as last amended. Light Duty Vehicles type-approved using the World Harmonised Light Vehicle Test Procedure (WLTP) have Fuel/Energy Consumptions and CO<sub>2</sub>-Emission information for both New European Drive Cycle (NEDC) and WLTP. WLTP is a new, more realistic test procedure for measuring fuel consumption and CO<sub>2</sub> emissions and will fully replace the NEDC by the end of 2020. The applied standard test procedures enable comparison between different vehicle types and different manufacturers. In addition to the fuel efficiency of a car, driving behaviour as well as other non-technical factors play a role in determining a car's fuel/energy consumption, CO<sub>2</sub> emissions and electric range. A guide to fuel economy and CO<sub>2</sub> emissions which contains data for all new passenger car models is available at <https://carfueldata.vehicle-certification-agency.gov.uk/>.

## Ford Transit Custom PHEV returns zero emissions

The Transit Custom PHEV features an advanced hybrid powertrain system that targets a zero-emission driving range of 30 miles, and uses the multi-award-winning Ford 1.0-litre EcoBoost petrol engine as a range extender for total range exceeding 300 miles.



Ford is the first volume manufacturer to offer PHEV technology in this segment of the van market. The technology enables the Transit to be charged with mains electricity for zero-emission journeys, contributing to reduced local pollution and allowing it to enter low-emissions zones. The PHEV model will enter volume production in the second half of 2019.

Ford Transit Custom PHEV prototypes are undergoing a 12-month fleet trial with real-world customers in London, with in excess of 30,000 miles covered to date, and Ford recently announced further trials will begin in Valencia, Spain. The vans – equipped with telematics systems – gather data on operational and environmental performance, including charging patterns, journey patterns and real electric-only range, while in use by commercial fleets including delivery and construction companies, utilities and services such as the police.

The data collected is helping Ford to better understand how to optimise the benefits of the hybrid powertrain and explore how lower-emission plug-in hybrid electric vans could support cleaner air targets, while boosting productivity for operators in urban conditions.

The new Transit Custom PHEV van is a key component of Ford's global electrification commitment, with an investment of \$11 billion to create a portfolio of 40 electrified vehicles globally, including 16 fully electric vehicles through 2022.