

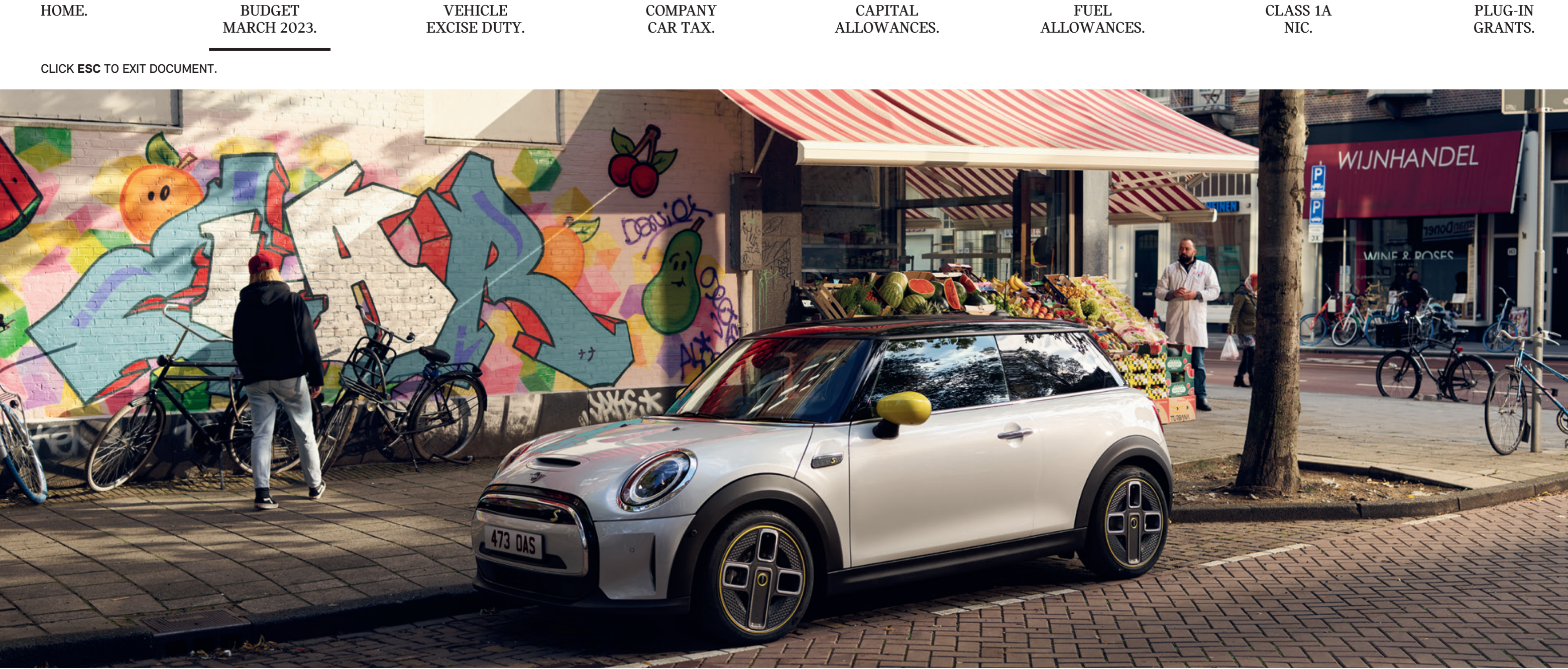
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COMPANY CAR TAX. MARCH 2023.

OUR GUIDE TO THE MARCH 2023 BUDGET FOR FLEET DECISION MAKERS.





INTRODUCTION.

The Budget on 15 March 2023 announced Benefit-in-Kind (BIK) tax rates for company cars until March 2028. For now, BIK tax percentages for all company cars are frozen until April 2025, with the EV rate set at 2%.

From that date, tax percentages for EVs will increase, with 1% increments applying up to 2027/28. Rates for all other vehicle bands will also rise – by one percentage point in 2025/26 up to 37% where they will be fixed until 2027/28.

Annual VED rates were also published for 2023/24, with a rise of up to £240 for the worst emitters of CO₂. As previously announced, VED will be brought in on all EVs from April 2025 with rates falling into line with those for petrol and diesel cars, including the supplement for new cars costing £40,000 or more.

The Budget also announced that businesses are able to benefit from capital allowance ‘full expensing’, or 100% first-year tax relief, on qualifying plant and

machinery expenditure including vans and electric vehicle chargepoints (but excluding cars) for three years from 2023/24. A 50% first-year allowance (FYA) for expenditure on new special rate assets applies until 31 March 2026. Elsewhere, the planned 11p/litre fuel duty rise is also cancelled.

This MINI Guide to Company Car Tax 2023/24 offers explanations and guidance on developments following the March 2023 Budget.

Disclaimer: The information provided in this Guide is for general information purposes only and is correct to the best of our knowledge at the time of publication (March 2023). While we have made every effort to ensure the information in this document is accurate, neither MINI (UK) Ltd nor the author can be held responsible for any actions or consequences arising from acting on, or refraining from taking any action, as a result of reading this. You should seek your own independent financial advice in relation to any taxation or accounting matters referred to in this document. Figures for fuel consumption, CO₂ emissions and energy consumption for individual models are shown for comparability purposes. These figures may not reflect real life driving results, which will depend upon a number of factors including accessories fitted (post registration), variations in weather, driving styles and vehicle load. Figures for electric vehicles and plug-in hybrid vehicles were obtained after the battery had been fully charged. Figures for plug-in hybrid vehicles were obtained using a combination of battery power and fuel. More information is available at www.MINI.co.uk and at www.vehicle-certification-agency.gov.uk.

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VEHICLE EXCISE DUTY.

Vehicle Excise Duty (VED) rates for 2023/24 are shown (*right*). Cars priced over £40,000 with zero emissions of CO₂ when driving are exempt from the additional rate until 31 March 2025. From 1 April 2025, VED will be levied for the first time on EVs at ‘Band B’ rates.

New EVs over £40,000 first registered from 1 April 2023 will also become liable for the additional rate, while zero emission vans will also move to the rate for petrol and diesel light goods vehicles, £320 a year in 2023/24 for most vans.

- **First-year rate:** First-year rate: Applies to all cars registered from 1 April 2017.
- **Standard rate (yr2 onwards):** £180* – cars with CO₂ emissions of 1g/km or over with a list price of £40,000 or less.
- **Additional rate (yr2 onwards):** £570* – cars with CO₂ emissions of 1g/km or more priced at £40,000 or more. For EVs, the additional rate applies only to cars registered from 1 April 2025.

VEHICLE EXCISE DUTY.

RATES FOR NEW CARS IN 2023/24.

CO ₂ EMISSIONS (G/KM)	2023/24 FIRST YEAR RATE (COMPARED WITH 2022/23)	2023/24 FIRST YEAR DIESEL RATE (COMPARED WITH 2022/23) ¹	STANDARD RATE (YR2 ON FOR CARS WITH LIST PRICE OF £40,000 OR LESS)	ADDITIONAL RATE (YR2 ON FOR CARS WITH LIST PRICE OVER £40,000) ²
0	£0 (+£0)	£0 (+£0)	£0	£0
1-50	£10 (+£0)	£30 (+£5)	£165 (+£10)	£570 (+£50)
51-75	£30 (+£5)	£130 (+£10)	£165 (+£10)	£570 (+£50)
76-90	£130 (+£10)	£150 (+£15)	£165 (+£10)	£570 (+£50)
91-100	£165 (+£15)	£170 (+£15)	£165 (+£10)	£570 (+£50)
101-110	£185 (+£15)	£190 (+£20)	£165 (+£10)	£570 (+£50)
111-130	£210 (+£20)	£230 (+£25)	£165 (+£10)	£570 (+£50)
131-150	£255 (+£25)	£585 (+£60)	£165 (+£10)	£570 (+£50)
151-170	£645 (+£60)	£945 (+£50)	£165 (+£10)	£570 (+£50)
171-190	£945 (+£50)	£1,565 (+£145)	£165 (+£10)	£570 (+£50)
191-225	£1,565 (+£145)	£2,220 (+£205)	£165 (+£10)	£570 (+£50)
226-255	£2,220 (+£205)	£2,605 (+£240)	£165 (+£10)	£570 (+£50)
Over 255	£2,605 (+£240)	£2,605 (+£240)	£165 (+£10)	£570 (+£50)

¹Applies to diesel vehicles that do not meet the real driving emissions step 2 (RDE2) standard. Alternative fuel vehicles, including hybrids, bioethanol and LPG, pay £170 a year. ²Cars with a list price over £40,000, except those with zero CO₂ tailpipe emissions when driving, pay an additional rate of £390 per year on top of the standard rate for five years. 2023/24 rates apply from 01 April 2023

VEHICLE EXCISE DUTY.

CARS REGISTERED ON OR AFTER 1 MARCH 2001.

VED BAND	CO ₂ EMISSIONS (G/KM)	2023/24 STANDARD RATE (COMPARED WITH 2022/23)
A	Up to 100	£0 (+£0)
B	101-110	£20 (+£0)
C	111-120	£35 (+£5)
D	121-130	£150 (+£15)
E	131-140	£180 (+£15)
F	141-150	£200 (+£20)
G	151-165	£240 (+£20)
H	166-175	£290 (+£25)
I	176-185	£320 (+£30)
J	186-200	£365 (+£35)
K*	201-225	£395 (+£35)
L	226-255	£675 (+£60)
M	Over 255	£695 (+£65)

Figures in brackets show comparison with 2020/21. *Includes cars emitting over 225g/km registered before 23 March 2006. 2023/24 rates apply from 1 April 2023. *VED rates subject to annual increase in April 2024

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COMPANY CAR TAX.

Company car Benefit in Kind tax is based on a car’s P11D price and CO₂ emissions and the driver’s marginal tax rate. The BIK appropriate BIK tax percentages shown (right) and apply until 31 March 2028.

Drivers of cars with zero emissions of CO₂ when driving, such as the MINI Electric, currently are liable for BIK tax based on 2% of taxable value.

From 1 April 2025, BIK tax rates for cars with zero emissions of CO₂ when driving, for example 100% electric vehicles (EVs), will rise by 1% a year until 2027/28. Rates for all other BIK bands will rise by 1% in 2025/26 and are then fixed in 2026/27 and 2027/28.

For cars with CO₂ emissions of 1-50g/km, their driving range with zero emissions

TAXABLE PERCENTAGES OF P11D VALUE: ALL COMPANY CARS.

WLTP CO ₂ EMISSIONS (G/KM)	ZERO CO ₂ EMISSIONS RANGE ¹	BIK (%) 2023 – 2025 ²	BIK (%) 2025/2026 ²	BIK (%) 2026/2027 ²	BIK (%) 2027/2028 ²
0	All	2	3	4	5
1 to 50	More than 130	2	3	4	5
1 to 50	70-129	5	6	7	8
1 to 50	40-69	8	9	10	11
1 to 50	30-39	12	13	14	15
1 to 50	Less than 30	14	15	16	17
51 to 54	-	15	16	17	18
55 to 59	-	16	17	18	19
60 to 64	-	17	18	19	20
65 to 69	-	18	19	20	21
70 to 74	-	19	20	21	21
75 to 79	-	20	21	21	21
80 to 84	-	21	22	22	22
85 to 89	-	22	23	23	23
90 to 94	-	23	24	24	24
95 to 99	-	24	25	25	25
100 to 104	-	25	26	26	26
105 to 109	-	26	27	27	27
110 to 114	-	27	28	28	28
115 to 119	-	28	29	29	29
120 to 124	-	29	30	30	30
125 to 129	-	30	31	31	31
130 to 134	-	31	32	32	32
135 to 139	-	32	33	33	33
140 to 144	-	33	34	34	34
145 to 149	-	34	35	35	35
150 to 154	-	35	36	36	36
155 to 159	-	36	37	37	37
160+	-	37	37	37	37

Source: HMRC. For all cars, drivers must add 4% to their appropriate percentage if the car is propelled solely by diesel (up to a maximum of 37%). Cars that meet the Real Driving Emissions Step 2 (RDE2) standard are exempt from the diesel supplement. The RDE2 standard sets a maximum permitted level of car NOx emissions in real world driving situations, and is measured through portable emissions-measuring equipment in a variety of real driving trips. Rates for fully electric cars (0g/km) are capped at 5%. Rates for ultra-low emission cars (1-74g/km) are capped at 20% for the tax year 2025 to 2026. They are capped at 21% for the tax years 2026/2027 and 2027/2028. Rates for bands 75-170g/km and above remain frozen for the 2026/2027 and 2027/2028 tax years. ¹In miles when driving. ²Rates apply until 31 March in each tax year

of CO₂ has a bearing on tax liabilities, with percentages calculated according to their zero CO₂ emissions range. For non-RDE2 diesels, a 4% tax charge applies.

CO₂ emissions and fuel consumption information for all MINI models is available at **www.MINI.co.uk**, while data for all cars can be found on the Vehicle Certification Agency site at **www.vehicle-certification-agency.gov.uk**.

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CAPITAL ALLOWANCES & LEASE RENTAL RESTRICTION.

Company cars bought outright are eligible for write-down allowances, where capital outlay can be offset against tax. The allowance threshold between the 18% main and 6% special rates is based on CO₂ emissions, set at 50g/km in 2023/24.

For cars with CO₂ emissions of 1-50g/km, the allowance is 18% a year, while for cars with CO₂ emissions of 51g/km or more it is 6%. A 100% first-year capital allowance applies until 31 March 2025 to cars with zero emissions while driving, although leasing companies are unable to claim the allowance.

Full expensing
The Budget also announced capital allowances based on ‘full expensing’. Full expensing enables businesses to deduct 100% of outright purchase expenditure from their profits before tax on new main rate equipment items – such as electric charging equipment, vans and trucks (but not cars), provided the Plug-in Grant has not also been claimed – from 01 April 2023, effective until 31 March 2026. A 50% first-year allowance (FYA) for expenditure on new special rate assets applies until 31 March 2026.

100% first year allowance
A 100% first-year allowance (FYA) applies to cars with zero emissions of CO₂ until April 2025, but leasing companies are excluded.

Lease rental restriction
Lease rentals can be offset against tax, with the threshold set at 50g/km of CO₂. New cars with CO₂ emissions of 50g/km or less are eligible for 100% of rentals to be offset, while 85% is claimable for those with CO₂ emissions of 51g/km or more.

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BUDGET
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PLUG-IN
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BUSINESS MILEAGE.
PRIVATE CAR.

The 2023/24 HMRC approved mileage allowance payments (AMAPs) for business mileage reimbursement in a private car are shown below.

The rates are the tax and NIC-free amounts claimable per mile by a driver using his/her own car on business.

HMRC APPROVED MILEAGE ALLOWANCE PAYMENT (AMAP) RATES 2023/24.

ALL CARS AND VANS	
UP TO 10,000 MILES	OVER 10,000 MILES
45p	25p

FUEL ALLOWANCES.

The private, or 'free', fuel benefit
BIK tax is payable by drivers receiving employer-provided 'free' fuel (petrol and diesel, including hybrids) for private mileage in a company car.

To calculate the tax, the Government Fuel Benefit Charge (FBC) is used, set at £27,800 in 2023/24. As electricity is not classed as a fuel, there is no fuel scale charge and drivers of 100% electric cars such as the MINI Electric pay no BIK tax on fuel.

Calculating tax due on 'free' fuel – petrol, diesel and hybrid cars.
A MINI Countryman PHEV Classic has CO₂ emissions of 41g/km and electric range of up to 32 miles, giving a BIK tax percentage of 12% in 2023/24. Its WLTP combined fuel consumption is 156.9mpg. £27,800 x 12% gives a taxable value of £3,336. Multiplying by the driver's tax rate (20% or 40% in 2023/24) gives annual tax of £3,336 x 20% = £667, or £3,336 x 40% = £1,334.

With the average price of unleaded at £6.73/gal or £1.48/litre (March 2023),

£667 will buy around 99 gallons (450 litres) for a 20% tax payer. For a 40% tax payer it's 198 gallons (900 litres). Multiplying by the MINI PHEV's combined fuel consumption figure of 156.9mpg gives 15,533 miles for a 20% tax payer, or 31,066 miles for a 40% tax payer – the minimum private mileages you need to cover to make the 'free' fuel benefit worthwhile.

If your private mileage is less than the calculated figure, paying for the fuel yourself will cost less than the tax. If it is greater, you are better off paying the tax.

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CLASS 1A NATIONAL INSURANCE CONTRIBUTIONS.

Class 1A NICs are payable at 13.8% of taxable value by the employer on the company car benefit and employer-provided ‘free’ fuel for private use.

As electricity is not classed as a fuel, there is no scale charge and 100% electric cars are NIC-exempt in 2023/24. For plug-in hybrid cars, the zero-emission mileage the car can travel affects the NIC payable in the same way as for BIK tax.

Class 1A NIC – petrol, diesel and hybrid cars.

A MINI Countryman Classic Plug-in Hybrid has a P11D price of £36,545, CO₂ emissions of 41g/km and a 100% zero-emission electric range of up to 31 miles, giving it a BIK tax percentage of 12% in 2023/24. Multiplying £36,545 x 12% gives a taxable value of £4,385. Multiplying again by 13.8% derives annual Class 1A NIC of £605.

Class 1A NIC – employer-provided ‘free’ fuel (petrol, diesel and hybrid cars).

Taking the MINI Countryman Classic Plug-in Hybrid’s taxable value of £4,385 and multiplying it by the 2023/24 Government fuel benefit charge of £25,300 derives annual Class 1A NIC due on the fuel benefit of £660.

For further information on car and fuel benefits, click **here**.

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GOVERNMENT PLUG-IN GRANTS.

The Government Plug-in Car Grant of up to £2,500 is available only to wheelchair accessible vehicles priced up to £35,000* with zero CO₂ tailpipe emissions and a zero-emission range of at least 70 miles.

Plug-in Grant-eligible motorcycles: Motorcycles priced up to £10,000, with zero CO₂ tailpipe emissions while driving and a range of at least 31 miles, are eligible for a maximum grant of £500.

Plug-in Grant-eligible mopeds or scooters: Mopeds or scooters costing up to £10,000,

with zero CO₂ tailpipe emissions and a range of at least 19 miles are eligible for a maximum grant of £150.

Vans: Vans under 2.5t GVW with CO₂ emissions of 50g/km or less and a zero-emission range of at least 60 miles receive a grant of up to £2,500. Vans of 2.5-4.25t GVW receive a grant of up to £5,000. For N2 commercial vehicles of 4.25-12.0t GVW, CO₂ emissions of at least 50% less than the equivalent conventional Euro VI vehicle and the same load capacity, and which can travel at least 60 miles with zero emissions, the grant is up to £16,000.

Workplace Charging Scheme: The WCS reduces the cost of a new workplace charging station by 75%, capped at £350 per socket.

Electric Vehicle Chargepoint Grant: The EV Chargepoint Grant has replaced the Electric Vehicle Homecharge Scheme (EVHS) and is open to people living in flats (including those with mortgages) and rental accommodation. Those in single-unit properties such as bungalows and detached, semi-detached or terraced housing are no longer eligible for the grant. Go to the Office for Zero Emission Vehicles for more details [here](#).

*The definition of recommended retail price includes VAT (including VAT reclaimable by a business) vehicle manufacturer or dealer's mandatory extras including delivery charges or administration fees, the battery cost (including where the battery is leased), any non-standard option fitted by the manufacturer or dealer affecting the capacity of the battery, drivetrain configuration or maximum net power, and excludes any non-standard option fitted by the manufacturer or dealer which does not affect the capacity of the battery, drivetrain configuration or maximum net power, modifications such as 'police packs', ambulance/fire engine modifications, modifications for disabled users, including WAV conversions, warranty/insurance and service packages etc, first registration fee and cost of first-year VED and any discounts (including rebates). UK model specifications may vary