

Payroll Tax on Company Vans

There are new rules for employees using company Vans.

From 6th April 2005 an employee will not have to pay tax on the benefit of having a van if

- The only journeys made in the Van are work journeys
- All journeys are work journeys and travelling between home and work

This is a change from the old rules. Previously a van had to be held in a pound, or works unit, and was not allowed to be taken home or used for ANY private use.

The new rules also allow an “insignificant” amount of private use e.g. 1-2 trips to a refuse tip per year, or a detour to the post box on the way home.

If there is some private use that requires tax payable then employees will be charged at:

2007-8 £3000	plus £500 if free or subsidised fuel for private use
2008-9 £3000	plus £500 if free or subsidised fuel for private use
2009-10 £3000	plus £500 if free or subsidised fuel for private use

Employers will pay Class 1A NICs on the same amounts.

There is a helpsheet at <http://www.hmrc.gov.uk/vans/vans-info.pdf>

The new rules are not automatically applied by the tax office and notification of each employee by the employer is necessary.

There is more information on

<http://www.hmrc.gov.uk/vans/>

and information for employers at

<http://www.hmrc.gov.uk/employers/ebik/ebik3/van-benefit.htm>

These are part of a set of new rules to prevent luxury truck owners from classing the vehicle as a van and paying reduced tax rates

<http://www.hmrc.gov.uk/vat/sectors/motors/what-is-car.htm>