

Self Employment – Sole Trader Tax on Vans

There are new rules for tax on Vans.

From 6th April 2005 tax is not payable 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 means that a sub contractor would not pay tax on the van provided for contract work, provided that private use is insignificant.

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 for 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 it will be charged at:

2006-7	£500	(£350 if the van is > 4 years old)
2007-8	£3000	plus £500 if free or subsidised fuel for private use

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

There is more information on

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

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>