

### **PRIVATE MILEAGE IN BUSINESS CARS**

Fuel Scale Charges are used to account for VAT on the private use of cars.

The rates for VAT returns beginning on or after 1 May 2014 and the figures for the VAT due and net values for monthly, quarterly returns and annual returns are shown overleaf.

### **BUSINESS MILEAGE IN PRIVATE CARS**

Where employees are reimbursed for business mileage in their private cars input VAT can be reclaimed on the fuel element included in the mileage rate.

The rates reflect fluctuations in fuel prices and are now to be reviewed quarterly on 1 March, 1 June, 1 September and 1 December.

Care is needed here as there are now different engine size bandings for diesel engines.

The current rates, applicable from 1 September 2014 are:

<b>Engine size</b>	<b>Petrol</b>	<b>LPG</b>
1400cc or less	14p	9p
1401cc to 2000cc	16p	11p
Over 2000cc	24p	16p

<b>Engine size</b>	<b>Diesel</b>
1600cc or less	11p
1601cc to 2000cc	13p
Over 2000cc	17p

Hybrid cars are treated as either petrol or diesel cars for this purpose.

A claim is based on business miles x the appropriate rate x the VAT fraction currently in force.

e.g. for a business journey undertaken on 2 September 2014:

100 business miles in a 2.3 petrol engine car would give a calculation of:

$100 \times 24p \times 1/6 =$  a VAT claim of £4.00 (Based on the 20% standard rate of VAT)

Please note that receipts (less detailed or full tax invoices) must be retained to support the VAT claimed.

### **CONTRACT HIRE AGREEMENTS**

VAT claims on lease hire charges are subject to a 50% restriction when the car is used for both business and private purposes. The VAT incurred on optional maintenance contracts is fully recoverable when these are separately described in the hire agreement and are genuinely optional.

# VAT FUEL SCALE CHARGES

For VAT accounting periods beginning on or after 1 May 2014

CO2 Band	1 month period			CO2 Band	3 month period			CO2 Band	12 month period		
	Scale charge	VAT element	Net		Scale charge	VAT element	Net		Scale charge	VAT element	Net
		Box 1	Box 6			Box 1	Box 6			Box 1	Box 6
120 or less	52	8.67	43.33	120 or less	156	26.00	130.00	120 or less	627	104.50	522.50
125	78	13.00	65.00	125	234	39.00	195.00	125	939	156.50	782.50
130	83	13.83	69.17	130	251	41.83	209.17	130	1,004	167.33	836.67
135	88	14.67	73.33	135	266	44.33	221.67	135	1,064	177.33	886.67
140	94	15.67	78.33	140	282	47.00	235.00	140	1,129	188.17	940.83
145	99	16.50	82.50	145	297	49.50	247.50	145	1,190	198.33	991.67
150	104	17.33	86.67	150	313	52.17	260.83	150	1,255	209.17	1,045.83
155	109	18.17	90.83	155	328	54.67	273.33	155	1,315	219.17	1,095.83
160	115	19.17	95.83	160	345	57.50	287.50	160	1,381	230.17	1,150.83
165	120	20.00	100.00	165	360	60.00	300.00	165	1,441	240.17	1,200.83
170	125	20.83	104.17	170	376	62.67	313.33	170	1,506	251.00	1,255.00
175	130	21.67	108.33	175	391	65.17	325.83	175	1,567	261.17	1,305.83
180	136	22.67	113.33	180	408	68.00	340.00	180	1,632	272.00	1,360.00
185	141	23.50	117.50	185	423	70.50	352.50	185	1,692	282.00	1,410.00
190	146	24.33	121.67	190	439	73.17	365.83	190	1,757	292.83	1,464.17
195	151	25.17	125.83	195	454	75.67	378.33	195	1,818	303.00	1,515.00
200	156	26.00	130.00	200	470	78.33	391.67	200	1,883	313.83	1,569.17
205	161	26.83	134.17	205	485	80.83	404.17	205	1,943	323.83	1,619.17
210	167	27.83	139.17	210	502	83.67	418.33	210	2,008	334.67	1,673.33
215	172	28.67	143.33	215	517	86.17	430.83	215	2,069	344.83	1,724.17
220	177	29.50	147.50	220	533	88.83	444.17	220	2,134	355.67	1,778.33
225 or more	182	30.33	151.67	225 or more	548	91.33	456.67	225 or more	2,194	365.67	1,828.33

The scale charge for a particular vehicle is determined by its CO<sub>2</sub> emissions figure.

Where the CO<sub>2</sub> emissions figure of a vehicle is not a multiple of five, the figure is rounded down to the next multiple of five to determine the level of charge.

For a bi-fuel vehicle which has two CO<sub>2</sub> emissions figures, the lower of the two figures should be used.

For cars which are too old to have a CO<sub>2</sub> emissions figure, you should identify the CO<sub>2</sub> band based on engine size as follows:

If its cylinder capacity is 1400cc or less, use CO<sub>2</sub> band 140;

If its cylinder capacity exceeds 1400cc but does not exceed 2,000cc, use CO<sub>2</sub> band 175;

If its cylinder capacity exceeds 2,000cc, use CO<sub>2</sub> band 225 or above.

## FURTHER ASSISTANCE

If you need assistance with any of the above, or any other VAT issue please contact Andy Branson or your usual Albert Goodman contact.

Andy is part of our Tax Consulting team, which provides high-level skills across all direct and indirect taxes.

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