



BVRLA Budget Summary March 2013

Capital allowances: business cars first-year allowances (FYAs)

As announced in the Budget 2012, 100% FYA for businesses **purchasing** the lowest emissions cars will be extended until 31 March 2015.

From 1 April 2013, the carbon dioxide emissions threshold below which cars are eligible for the FYA will be reduced from 110 grams/kilometre to 95 grams/kilometre and leased business cars will **no longer** be eligible for the FYA.

The Government has today announced that it will also extend the FYA for a further three years until 31 March 2018. From April 2015, the carbon dioxide emissions threshold will be reduced from 95 grams/kilometre to 75 grams/kilometre.

BVRLA Comment: Thousands of businesses, particularly SME's, rely on leasing to acquire their cars because they can't raise the finance elsewhere. This decision to remove 100% First-Year Allowances won't stop them leasing, but it will result in them choosing cheaper cars with higher CO₂ emissions. In effect, the government is hindering the momentum towards greener motoring. We think overall car emissions in the UK could rise as a result over the next year.

Capital allowances: business cars main rate – There will be **no** transitional arrangements for the main rate of capital allowances for business cars reducing from 160 grams/kilometre to 130 grams/kilometre or for the threshold above which the 15% Lease Rental Restriction (LRR) applies reducing from 160 g/km to 130 g/km.

Company car tax rates 2015–16

The Government has announced new emission bands for company cars emitting 0-50g of carbon dioxide (CO₂) per kilometre and 51-75g CO₂ per km through to 2017.

The table below provides the percentages.

2015/16		2016/17	
CO ₂ emissions, g/km	percentage of car list price taxed	CO ₂ emissions, g/km	percentage of car list price taxed
0 to 50	5	0-50	7
51-75	9	51-75	11

The Government has announced there will be a 3% point differential between the 0-50 and 51-75 g/km CO₂ bands, and between the 51-75 and 76-94 g/km CO₂ band. In 2018-19 and 2019-20 there will be a 2% point differential between the 0-50 and 51-75 g/km CO₂ bands and between the 51-75 and 76-94 g/km CO₂ bands.

The BVRLA's fact sheet on the company car tax regime has been updated to reflect the changes and can be downloaded from the link below:

[Company Car Taxation – Fact Sheet 511](#)

BVRLA Comment: This decision to rethink the benefit-in-kind thresholds on low-emission company cars will ensure they remain an attractive proposition for company car drivers. The market for plug-in vehicles is growing but confidence in this new technology, particularly the costs involved, remains fragile. This move will reassure thousands of potential drivers.

Company van benefit charge

Van benefit charge (VBC) – The Government will freeze the VBC at £3,000 in 2013-14 and will increase it by the September 2013 RPI figure from 6 April 2014.

BVRLA is pleased that the Government has agreed to pre-announcing changes to the VBC one year ahead.

The BVRLA's fact sheet on company van benefit charge can be downloaded from the link below:

[Company Van Taxation – Fact Sheet 551](#)

Car and van fuel benefit charge (FBC) 2014–15

Fuel benefit charge (FBC) – From 6 April 2014 the FBC multiplier will increase by the September 2013 RPI figure for both cars and vans.

The BVRLA's fact sheet on the fuel benefit charge has been updated to reflect the changes and can be downloaded from the link below:

[Fuel Benefit Charge – Fact Sheet 534](#)

Vehicle excise duty (VED) rates 2013–14

From 1 April 2013 VED rates will increase in line with RPI, apart from VED rates for heavy goods vehicles (HGVs) which will be frozen in 2013-14. The increases range from £5 to £20.

The Government has no plans to make significant reforms to the structure of VED for cars and vans in this Parliament.

VED: disabled drivers exemption – From 8 April 2013 the Government will extend the current VED exemption for disabled drivers to individuals receiving the enhanced mobility PIP. The Government will also introduce a new 50 per cent VED discount for individuals receiving the standard mobility PIP.

HGVs – From 1 April 2014, the Government will reduce and re-structure VED rates for HGVs within the HGV Road User Levy scheme. The full tables can be accessed from the link below:

[HGV VED rates](#)

Reduced Pollution Certificates (RPCs) – RPC VED discounts for Euro VI vehicles are due to expire on 31 December 2016. The Government will replace RPC VED discounts with grants for Euro IV-VI vehicles within the HGV Road User Levy scheme, from 1 April 2014 to 31 December 2016. Details of the grants will be announced shortly by the Department for Transport.

The Government will end RPC VED discounts for Euro I-III vehicles over 12 tonnes within the HGV Road User Levy scheme from 1 April 2014, and for all other Euro I-III vehicles from 1 April 2016.

BVRLA Comment: We will be working with Department for Transport and HM Treasury to ensure the proposed grants are fair and do not impose a financial burden on UK vehicle owners

The BVRLA's fact sheet on the VED regime has been updated to reflect the changes and can be downloaded here:

[VED Regime – Fact Sheet 520](#)

VAT Fuel Scale Charges

The values on which businesses are required to account for VAT when fuel is provided to employees for private use have been revised. The new rates take effect from 1 May 2013.

As announced in the 2012 Autumn Statement, the Finance Bill 2013 will include technical changes to the way in which future changes to the fuel scale charges will be made, and will legislate for two extra-statutory concessions affecting scale charges.

The BVRLA's fact sheet on VAT fuel scale charges has been updated to reflect the changes and can be downloaded here:

[VAT Fuel Scale Charges – Fact Sheet 557](#)

Fuel Duty – No change to the fuel duty rates until 1 September 2014, the planned 3p rise will not go ahead as planned this September.

In response to OFT recommendations, the Government will work with motorway service areas and other relevant bodies to improve the availability and visibility of motorway fuel price information for motorway user.

BVRLA Comment: This is almost becoming a no-brainer. With the economy flirting with recession and household incomes still falling in relation to inflation, the government just cannot afford to price businesses and households off the road.

Approved Mileage Allowance Payments (AMAP) – No change announced.

BVRLA Comment: Unfortunately the grey fleet remains a grey area for this government. The government actively promotes greener road transport through the VED and company car tax regimes, while incentivising staff to drive extra work miles in their own gas-guzzlers. This is a glaring blind spot in an otherwise environmentally-focused tax regime.

Other Announcements

- The main rate of corporation tax will reduce to 20% in April 2015
- Employer provided benefits in kind: beneficial loans –the exempt threshold for the small loans exemption limit will increase from £5,000 to £10,000. This type of loan is often used by employees to cover train season ticket costs.
- The government will launch a second phase of the Red Tape Challenge to help cut red tape for businesses. 1500 regulations have already been identified to be amended or scrapped. This second phase will look at the whole regulatory system – including laws, guidance, compliance, and enforcement, through short targeted reviews. The Department for Business Innovation and Skills will ask businesses what specific problems they should look at shortly.