




Daimler Fleet Management

Budget Report 2017

Daimler Fleet Management Budget Report - 2017


This document is intended as a guide to the main announcements in the Chancellors Budget of 8th March 2017 that affect the Motor and Motor Finance Industry. It should be noted that the information is correct at time of press but may be subject to future government changes and Finance Bill approval.

	To view budget documents, go to:	https://www.gov.uk/government/publications/spring-budget-2017-documents
		https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/597721/OOTLAR_pdf2.pdf

The government's intention is to move towards a single fiscal event each year - an Autumn Budget. This Spring Budget takes the first step in the transition to move towards a more stable and certain tax environment, helping businesses and individuals to plan better. Where it is possible to do so, any changes will be announced well ahead of the next financial year.

From 2018, a Spring Statement will respond to the Office of Budget Responsibilities forecast and will provide the opportunity to launch consultations on future reforms. Aligned with that approach, this Budget launches a number of consultations, looking at fairness, sustainability and competitiveness in the tax system to ensure that the UK remains one of the best places in the world to set up and grow a business.


Business & Personal Taxation

 Income Tax Rates and Thresholds (Individuals & Sole Traders / Partners)			
Rate		2016 - 2017	2017-2018
Personal Allowance	0%	First £11,000	First £11,500
Base Rate	20%	£11,000 - £43,000 (next £32,000)	£11,500 - £45,000 (next £33,500)
Higher Rate	40%	£43,001	£45,001
Additional Rate	45%	Over £150,000	Over £150,000

Notes: The Personal Allowance for Additional Rate tax payers is applicable to the first £100,000 income only; it is reduced by £1 for every £2 above the limit.

The government has reconfirmed its commitment to raise the personal allowance to £12,500 and the higher rate tax threshold to £50,000 by the end of the current parliament.

 Corporation Tax Rates (Limited Companies)	2015-17	2017-19	2020-21
Standard Rate - UK	20%	19%	17%

 Dividend Rates		
Rate	2016 - 2018	2018-2019
Tax Free Allowance	£5,000	£2,000
Ordinary Rate - for dividends otherwise taxable at the basic rate	7.5%	7.5%
Upper Rate - for dividends otherwise taxable at the higher rate	32.5%	32.5%
Additional Rate - for dividends otherwise taxable at the additional rate	38.1%	38.1%

Notes: The tax-free dividend allowance will be reduced from £5,000 to £2,000 from April 2018. This will reduce the tax differential between the employed and self-employed on the one hand and those working through a company on the other.



National Insurance Rates – Self Employed

Class 2 NICs will be abolished from April 2018, simplifying National Insurance for the self-employed		2017-18	2018-19	2019-20
Class 2 (£2.85 per week)		£148.20	N/A	N/A
Class 4	Profits between Lower Profits Limit & Upper Profits Limit	9%	9%	9%
Class 4	Profits above the Upper Profits Limit	2%	2%	2%
2017/18	LPL - £8,164	UPL - £45,000		



National Insurance Rates – Employee

		2017-18	2018-19	2019-20
Class 1	Between Primary Threshold & Upper Earnings Level	12%		
Class 1	Above the Upper Earnings Level	2%		
2017/18	PT - £8,164	UEL - £45,032		



National Insurance Rates – Employer

		2017-18	2018-19	2019-20
Class 1	Above the Secondary Threshold Level	13.8%		
2017/18	ST - £8,164			



Self-Assessed Tax Returns & Payments

From 2018 businesses, self-employed people and landlords who are keeping their records digitally and providing regular digital updates to HMRC will, if they wish, be able to adopt pay-as-you-go tax payments – this will enable them, on a voluntary basis, to choose payment patterns that suit them and better manage their cashflow.



VAT 2017 – 2018

The taxable turnover threshold, which determines whether a business must be registered for VAT, is increased to £85,000 from 1 April 2017.

The taxable turnover threshold for VAT de-registration is increased from £81,000 to £83,000.



Apprenticeship Levy Rate & Allowances

The way the government funds apprenticeships in England is changing. Some employers will be required to contribute to a new apprenticeship levy and there will be changes to the funding for apprenticeship training for all employers.

The apprenticeship levy begins on 6 April 2017 and requires all employers operating in the UK, with a pay bill over £3 million each year, to invest in apprenticeships.

		2017-2018
Apprenticeship Levy Allowance (per employer) - able to offset against levy		£15,000
Apprenticeship Levy Rate - percentage of employers pay bill		0.5%

Tax Allowances



Tax Allowances: Capital Allowances for Cars (Purchased)

2016 – 2018 CO ₂ g/km	Annual Allowance	2018 onwards CO ₂ g/km	Annual Allowance
Up to 75 g/km	100% (FYA)	Up to 50 g/km	100% FYA
76 – 130 g/km	18% (Main Rate)	51 – 110 g/km	Main Rate
Over 130 g/km	8% (Special Rate)	Over 110 g/km	Special Rate

Tax allowances are claimed at the published rate for that year and the impact of the 2018 changes should be considered by companies looking to buy cars now.



Tax Allowances: Revenue Allowances for Cars (Leased) 2016 – 2018

CO ₂ Emission (g/km)	Allowable Rental
Up to 130 g/km	100%
Over 130 g/km	85%



Tax Allowances: Capital Allowances for Commercial Vehicle (Purchased) 2014 – 2019

Annual Investment Allowance	The Annual Investment Allowance (AIA) allows a business to claim tax relief on allowable capital expenditure of Plant and Machinery during each of its tax years (excludes cars).
January 2016 –	£200,000 pa
Capital Allowance 18%	Any capital expenditure by a business in excess of the AIA limit during their financial year is dealt with in the main pool and written down at the main rate of 18% on a reducing balance basis.
Zero Emission Goods Vehicles	100% first-year tax relief on zero emission goods vehicles until April 2018.



Tax Allowances: Revenue Allowances for Commercial Vehicle (Leased) 2017 – 2018

Commercial vehicle lease rentals are currently fully allowable and the rentals paid must be claimed in the year they are incurred, or they are lost.



Tax Allowances: Additional Allowances for Electric Charging Points

In addition to the tax incentives for ULEVs in company tax and salary schemes, from 23 November 2016 to the end of March 2019 the government will also offer 100% first-year allowances to companies investing in charge-points for electric vehicles.



Tax Avoidance – Capital Allowances and Leasing

Since November 2015 there has been a clampdown on leasing and capital allowances tax avoidance through artificially low disposal values for capital allowances purposes and non-taxable payments in arrangements involving transfer of lessee obligations. The measure is targeted at businesses which seek to obtain tax advantages by either manipulating disposal values leading to excess capital allowances, or receiving a consideration in a non-taxable form in return for agreeing to take over tax deductible lease payments.



Company Car Benefit in Kind 2014 – 2019

The 3% differential between diesel cars and petrol cars will be retained until April 2021.



Company Car Benefit in Kind 2020 – 2021

To provide stronger incentives for the purchase of ULEVs, new, lower bands will be introduced for the lowest emitting cars. The appropriate percentage for cars emitting greater than 90g CO₂/km will rise by 1 percentage point.



AMAP Rates 2017–2018 (cars and vans)

Up to 10,000 business miles	0.45p per mile
Over 10,000 business miles	0.25p per mile



Car Fuel Benefit Charge (FBC) 2016 – 2018

The benefit in kind charge on free or subsidised fuel for private use is calculated using the appropriate percentage used in calculating car benefit and applying it to a set figure (The car fuel benefit multiplier). From 6 April 2017, the FBC multiplier for both cars and vans will increase by RPI.

Car Fuel Benefit Multiplier	2016 – 17	£ 22,200
	2017 – 18	£ 22,600



Company Van Benefit in Kind 2016 – 2018

Tax Year

Van BIK

Fuel BIK

From 6 April 2017 Company Van BIK will increase by RPI.

2016 - 17	£ 3,170	£ 598
2017 - 18	£ 3,230	£ 610

Zero-emission vans:

2017-18	2018-19	2019-20	2020-21	2021-22
20% of the main rate	40%	60%	80%	90%



Company Vehicle Benefit in Kind: National Insurance Contributions 2017 – 2018

For employers the class 1A NIC rate remains at 13.8%.



Fuel Duty

The fuel duty rate will remain frozen for the seventh successive year, saving motorists around £130 a year compared to what they would have been paying under the pre-2010 escalator.



Salary Sacrifice

The tax and employer National Insurance advantages of salary sacrifice schemes will be removed from April 2017, except for arrangements relating to pensions (including advice), childcare, Cycle to Work and ultra-low emission cars (sub 75g/km).

This will mean that employees swapping salary for benefits will pay the same tax as the vast majority of individuals who buy them out of their post-tax income. Arrangements in place before April 2017 will be protected until April 2018, and arrangements for cars, accommodation and school fees will be protected until April 2021.



Vehicle Excise Duty (VED)

VED rates for vans, motorcycles and motorcycle trade licences will increase by RPI.

HGV Vehicle Excise Duty and HGV Levy

The government will freeze rates of VED for HGVs in 2017 to 2018, which includes all rates linked to the basic goods rate. Levy rates will also be frozen from 1 April 2017. The government will also launch a call for evidence in spring 2017 on updating the existing HGV Road User Levy so that it rewards hauliers that plan their routes effectively, to incentivise the efficient use of roads, and improve air quality.



VED Bands & Rates for LCV registered on or after March 2001

Vehicle registration date	2016 – 17	2017 – 2018
Early Euro 4 & Euro 5 compliant vans	£140	£140
All other vans	£230	£240



VED Bands and Rates for Cars First Registered on or After 01 April 2017

CO ₂ emissions (g/km)	First year rate	Standard rate	Premium Rate
0	£0	£0	Cars with a list price of above £40,000 will attract £310 per year surcharge for the first five years in which the standard rate is paid.
1-50	£10	£140	
51-75	£25	£140	
76-90	£100	£140	
91-100	£120	£140	
101-110	£140	£140	
110 -130	£160	£140	
131-150	£200	£140	
151-170	£500	£140	
171-190	£800	£140	
191-225	£1200	£140	
226-255	£1700	£140	
Over 255	£2000	£140	



MOT

The government is exploring the options for requiring motorists with new cars to undergo the first MOT after 4 years rather than 3.



Insurance Premium Tax (IPT)

The Standard rate of IPT (currently 10%) will rise to 12% from 1st June 2017. IPT is a tax on insurers and so any impact on premiums depends on insurers' commercial decisions.

The Higher Rate will remain at 20%



Lease Accounting Changes – IFRS16

IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases.

Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting.

Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating leases.

The government will consult in Summer 2017 on the legislative changes required following the announcement of the International Accounting Board's new leasing standard.



Company Car Benefit in Kind Scale Charge Calculator

2020 -2021

CO ₂	2016/17	2017/18	2018/19	2019/20	CO ₂	Zero Emission Range (miles)	Charge
0	7%	9%	13%	16%	0		2%
1-50	7%	9%	13%	16%	1-50	Over 130	2%
51-75	11%	13%	16%	19%		70-129	5%
76-94	15%	17%	19%	22%		40-69	8%
95-99	16%	18%	20%	23%		30-39	12%
100-104	17%	19%	21%	24%		Under 30	14%
105-109	18%	20%	22%	25%	51-54		15%
110-114	19%	21%	23%	26%	55-59		16%
115-119	20%	22%	24%	27%	60-64		17%
120-124	21%	23%	25%	28%	65-69		18%
125-129	22%	24%	26%	29%	70-74		19%
130-134	23%	25%	27%	30%	75-79		20%
135-139	24%	26%	28%	31%	80-84		21%
140-144	25%	27%	29%	32%	85-89		22%
145-149	26%	28%	30%	33%	90-94		23%
150-154	27%	29%	31%	34%	95-99		24%
155-159	28%	30%	32%	35%	100-104		25%
160-164	29%	31%	33%	36%	105-109		26%
165-169	30%	32%	34%	37%	110-114		27%
170-174	31%	33%	35%	37%	115-119		28%
175-179	32%	34%	36%	37%	120-124		29%
180-184	33%	35%	37%	37%	125-129		30%
185-189	34%	36%	37%	37%	130-134		31%
190-194	35%	37%	37%	37%	135-139		32%
195-199	36%	37%	37%	37%	140-144		33%
200+	37%	37%	37%	37%	145-149		34%
					150-154		35%
					155-159		36%
					160+		37%

Note: Percentages are based on Petrol Cars.
 Until 2021 there is a 3% surcharge for Diesel Cars (Max 35% / 37%)