



# Daimler Fleet Management

Budget Report October 2018

# Daimler Fleet Management Budget Report - 2018

This document is intended as a guide to the main announcements in the Chancellors Budget of 29th October 2018 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:

[www.gov.uk/government/topical-events/budget-2018](http://www.gov.uk/government/topical-events/budget-2018)

[www.gov.uk/government/publications/budget-2018-overview-of-tax-legislation-and-rates-ootlar](http://www.gov.uk/government/publications/budget-2018-overview-of-tax-legislation-and-rates-ootlar)

## Business & Personal Taxation



### Income Tax Rates and Thresholds (Individuals & Sole Traders / Partners)

Rate		2018-2019	2019-2020
Personal Allowance	0%	First £11,850	First £12,500
Base Rate	20%	£11,850 - £46,350 (next £34,500)	£12,500 - £50,000 (next £37,500)
Higher Rate	40%	£46,351	£50,000
Additional Rate	45%	Over £150,000	Over £150,000

Notes: The Personal Allowance reduces where the income is above £100,000 – by £1 for every £2 of income above the £100,000 limit. This reduction applies irrespective of date of birth.

The government has brought forward its commitment to raise the Personal Allowance & Higher Rate threshold by 12 months & the new rates apply from April 2019 (rather than 2020).



### Corporation Tax Rates (Limited Companies)

	2015-17	2017-19	2020-21
Standard Rate – UK	20%	19%	17%



### Dividend Rates


Rate	2018-2019	2019-2020
Tax Free Allowance	£2,000	£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 was reduced from £5,000 to £2,000 from April 2018.**





### National Insurance Rates – Self Employed

Class 2 NICs will be abolished from April 2019, simplifying National Insurance for the self-employed		2018-19	2019-20
Class 2 (increased from £2.95 to £3.00 per week)		£153.40	£156.00
Class 4	Profits between Lower Profits Limit (LPL) & Upper Profits Limit (UPL)	9%	9%
Class 4	Profits above the Upper Profits Limit	2%	2%
2018/19	LPL - £8,424	UPL - £46,350	
2019/20	LPL - £8,632	UPL - £50,000	

 National Insurance Rates – Employee		2018-19	2019-20
Class 1	Between Primary Threshold (PT) & Upper Earnings Level (UEL)	12%	12%
Class 1	Above the Upper Earnings Level	2%	2%
2018/19	PT - £8,424	UEL - £46,350	
2019/20	PT - £8,632	UEL - £50,024	

 National Insurance Rates – Employer		2018-19	2019-20
Class 1	Above the Secondary Threshold (ST) Level	13.8%	13.8%
2018/19	ST - £8,424		
2019/20	ST - £8,632		

 VAT 2018 – 2021	
The taxable turnover threshold, which determines whether a business must be registered for VAT remains at £85,000. The taxable turnover threshold for VAT de-registration remains at £83,000.	

 Apprenticeship Levy Rate & Allowances		
The apprenticeship levy requires all employers operating in the UK, with a pay bill over £3 million each year, to invest in apprenticeships.	<b>2018-2019</b>	<b>2019-2020</b>
Apprenticeship Levy Rate - percentage of employers pay bill	0.5%	0.5%
Apprenticeship Levy Allowance (per employer) - able to offset against levy	£15,000	£15,000

## Tax Allowances



### Tax Allowances: Capital Allowances for Cars (Purchased)

2018 – 2019	Annual Allowance	2019-2020	Annual Allowance
CO <sub>2</sub> g/km		CO <sub>2</sub> g/km	
Up to 50 g/km	100% (FYA)	Up to 50 g/km	100% FYA
51 – 110 g/km	18% (Main Rate)	51 – 110 g/km	18% (Main Rate)
Over 110 g/km	8% (Special Rate)	Over 110 g/km	<b>6% (Special Rate)</b>

The writing down allowance rate for the special rate pool of capital allowances will be reduced from **8% to 6% from April 2019**.



### Tax Allowances: Revenue Allowances for Cars (Leased)

2018 – 2019		2019 – 2020	
CO <sub>2</sub> Emission (g/km)	Allowable Rental	CO <sub>2</sub> Emission (g/km)	Allowable Rental
Up to 110 g/km	100%	Up to 110 g/km	100%
Over 110 g/km	85%	Over 110 g/km	85%



### Tax Allowances: Revenue Allowances for Commercial Vehicle (Leased) 2018 – 2020

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: Capital Allowances for Commercial Vehicle (Purchased)

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) `Transitional Rates` will apply for tax periods that span the AIA periods.
Jan 2016 – Dec 2018	£200,000 pa
Jan 2019 – Dec 2020	£1,000,000 pa
Jan 2021	£200,000 pa

An Annual Investment Allowance of £1m will apply to investments made from 1 January 2019 until 31 December 2020. The AIA for investments before and after those dates will be £200,000.

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 2021.



### Tax Allowances: Enhanced Capital Allowances (ECA) for Electric Charging Points

Companies can claim 100% first-year allowances for the cost of charge-points for electric vehicles to the end of March 2019.

The government will extend the ECA for companies investing in electric vehicle charge points to 31 March 2023. This will help achieve the government's ambition for the UK to become a world-leader in the ultra-low emission vehicle market.



Grants for low emission vehicles

The government has changed the grants available for new low-emission vehicles:

Cars (Cat 1)	CO2 less than 50g/km & can travel at least 70 miles with zero emissions	35% of purchase price Maximum £3500
Cars (Cat 2&3)	CO2 less than 50g/km & travel 10miles with zero emissions CO2 50-75 g/km & travel 20miles with zero emissions	Not eligible for grant
Vans	CO2 less than 75g/km Can travel at least 10 miles with zero emissions	20% of purchase price Maximum £8,000
Taxis (purpose built)	CO2 less than 50g/km Can travel at least 70 miles with zero emissions	20% of purchase price Maximum £7,500



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 government remains committed to tackling tax avoidance and evasion, aggressive tax planning and non-compliance. 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 Vehicle Tax



### Company Car Benefit in Kind Diesel Supplement (Since April 2018)

The diesel supplement increases the appropriate percentage used for calculating the cash equivalent of a taxable benefit when a diesel car is made available for private use to an employee. The diesel supplement has been increased from 3% to 4% for all diesel cars that are not certified to the Real Driving Emissions 2 (RDE2) standard. The supplement will apply to cars running solely on diesel (not diesel hybrids) and registered on or after 1 January 1998 which do not have a registered Nitrogen Oxide (NOx) emissions value, or have a registered NOx emissions value which exceeds the RDE2 standard. The diesel supplement does not apply to diesel cars which are certified to the RDE2 standard.



### Company Car Benefit in Kind 2020 – 2021

To provide stronger incentives for the purchase of Ultra Low Emission Vehicles (ULEVs), new, lower bands will be introduced for the lowest emitting cars. The appropriate percentage for cars emitting greater than 90g CO<sub>2</sub>/km will rise by 1 percentage point.



### AMAP Rates 2018–2020 (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) 2018 – 2020

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 Fuel Benefit Charge multiplier for both cars and vans will increase by RPI.

Car Fuel Benefit Multiplier	2018 – 19	£ 23,400
	2019 – 20	£ 24,100



### Company Van Benefit in Kind 2017 – 2020

	Tax Year	Van BIK	Fuel BIK
The van BIK charge has been increased in line with the September 2018 CPI.	2018 - 19	£3350	£ 633
	2019 - 20	£3430	£ 655

### Zero-emission vans: BIK liability will be a set percentage of the main van BIK rate

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 2018 – 2020

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



### Fuel Duty

Fuel duty will be frozen for a ninth successive year saving the average driver a cumulative £1,000 by April 2020, compared with what they would have paid under the pre-2010 fuel duty escalator.



**VED Bands and Rates for Cars First Registered on or After 01 April 2018**

\*New diesel vehicles registered after 1 April 2018 that do not meet the RDE2 standard will be charged a supplement on their First Year Rate to the effect of moving up by one VED band.

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 (This increases to £320 from April 2019).

CO <sub>2</sub> emissions (g/km)	2018- 2019		2019 - 2020	
	First year rate*	Standard rate	First year rate*	Standard rate
0	£0	£0	£0	£0
1-50	£10	£140	£10	£145
51-75	£25	£140	£25	£145
76-90	£105	£140	£110	£145
91-100	£125	£140	£130	£145
101-110	£145	£140	£150	£145
110 -130	£165	£140	£140	£145
131-150	£205	£140	£210	£145
151-170	£515	£140	£530	£145
171-190	£830	£140	£855	£145
191-225	£1240	£140	£1280	£145
226-255	£1760	£140	£1815	£145
Over 255	£2070	£140	£2135	£145



**VED Bands & Rates for LCVs registered on or after March 2001**

Vehicle registration date	2018 – 2019	2019 – 2020
Early Euro 4 & Euro 5 compliant vans	£140	£140
All other vans	£250	£260

Note: VED rates for vans, will increase by RPI.



**Vehicle Excise Duty (VED) and HGV Levy**

Heavy goods vehicle VED will be frozen for 2019 – 2020

HGV Road User Levy: Following the government consultation it has been announced that from February 2019, lorries meeting the latest Euro VI emissions standards will be eligible for a 10% reduction in the cost of the HGV levy. Lorries that do not meet the latest standards will be expected to pay 20% more.

Current Rate	Euro VI rate from Feb 2019	Euro O-V rate from Feb 2019
£1,000	£900	£1,200




**Lease Accounting Changes – IFRS 16**

The International Accounting Standards Board (IASB) has published a new set of rules – an ‘accounting standard’ – setting out how companies should account for leases in their accounts. From January 2019 some companies will have to show both Finance & Operating Leases on their Balance Sheet

Business affected from 1st Jan 2019	Public sector organisations and large firms that report to International Financial Reporting Standards (IFRS).
Businesses not immediately affected	Most SMEs report to UK’s Generally Accepted Accounting Principles (GAAP) and will be unaffected until UK standards converge with those of the IASB.

 Company Car Benefit in Kind Scale Charge Calculator				2020 -2021		
CO <sub>2</sub>	2017/18	2018/19	2019/20	CO <sub>2</sub>	Zero Emission	Charge
0	9%	13%	16%	0		2%
1-50	9%	13%	16%	1-50	Over 130	2%
51-75	13%	16%	19%		70-129	5%
76-94	17%	19%	22%		40-69	8%
95-99	18%	20%	23%		30-39	12%
100-104	19%	21%	24%		Under 30	14%
105-109	20%	22%	25%	51-54		15%
110-114	21%	23%	26%	55-59		16%
115-119	22%	24%	27%	60-64		17%
120-124	23%	25%	28%	65-69		18%
125-129	24%	26%	29%	70-74		19%
130-134	25%	27%	30%	75-79		20%
135-139	26%	28%	31%	80-84		21%
140-144	27%	29%	32%	85-89		22%
145-149	28%	30%	33%	90-94		23%
150-154	29%	31%	34%	95-99		24%
155-159	30%	32%	35%	100-104		25%
160-164	31%	33%	36%	105-109		26%
165-169	32%	34%	37%	110-114		27%
170-174	33%	35%	37%	115-119		28%
175-179	34%	36%	37%	120-124		29%
180-184	35%	37%	37%	125-129		30%
185-189	36%	37%	37%	130-134		31%
190-194	37%	37%	37%	135-139		32%
195-199	37%	37%	37%	140-144		33%
200+	37%	37%	37%	145-149		34%
				150-154		35%
				155-159		36%
				160+		37%

 Company Car Benefit in Kind Scale Charge Calculator	Notes
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Percentages are based on Petrol Cars.  
 Since April 2018 drivers must add 4% (up to a maximum of 37%) to their appropriate percentage if the car is solely diesel (not Hybrid). Cars that meet the Real Driving Emissions Step 2 (RDE2) are exempt from the diesel supplement.

 WLTP – BIK & VED
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The fleet industry will have to wait until the spring to see how the Government intends to mitigate the impact of WLTP on company car tax and Vehicle Excise Duty (VED).  
 The Chancellor Philip Hammond failed to mention company car tax in his Budget speech, despite the fleet industry urgently calling for clarity. Instead, tucked away in the Budget papers, it says: “The Government will review the impact of WLTP on Vehicle Excise Duty (VED) and company car tax (CCT) to report in the spring.”