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*Chartered Certified Accountants
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YEARS OF
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NEWSLETTER
KNOW ABOUT TAX ON COMPANY CARS

EVERYTHING YOU NEED TO KNOW ABOUT TAX ON COMPANY CARS

Taxes on company cars can be a confusing subject for many employees who use this benefit.

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Tax Advice That Helps Your Business Grow

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Therefore, we've created this guide which covers everything you need to know about paying taxes on company cars to ensure you understand the amount of tax you'll be expected to pay.

WHAT IS A COMPANY CAR?

A company car is a car that has been issued to an employee by their employer for business and private use.

HOW DOES TAX ON COMPANY CARS WORK?

You will be expected to pay tax on a company car that you or members of your family use privately - this includes the commute to work. The amount of tax on the company car that you're expected to pay depends on a variety of factors, including the cost value of the car if you were to buy it, as well as the type of fuel that the vehicle requires. You can calculate how much tax you will be expected to pay with the help of a tax advisor or accountant.

CAN I REDUCE THE AMOUNT OF TAX ON MY COMPANY CAR?

There are certain factors that can reduce the value of the company car, which is how the amount of tax is calculated. This will then reduce the amount of tax you are expected to pay. For example, you can reduce the amount of tax on your company car by:

USING IT PART-TIME

Using the company car part-time rather than full-time can considerably reduce the amount of tax you will be expected to pay on it as the value of the car to you has decreased.

PAYING TOWARDS IT

If you choose to pay towards the cost of the company vehicle, you can also reduce the amount of tax you will be expected to pay.

Become our client and remain stress free on your accounting and tax issues.

ENSURING LOW CO2 EMISSIONS

By ensuring that your vehicle has fewer CO2 emissions, you will pay a significantly lower amount of tax. This is because, as of April 2020, company cars that produce no carbon dioxide emissions attract a 0% Benefit-in-Kind (BiK) tax rate. If your company car is a hybrid, you can contact your employer to find out exactly what the vehicle's zero-emission mileage figure is.

FIND OUT MORE

For more information about tax on company cars, or more general information about accountancy and tax advice, contact a member of our team at Taxcare Accountancy today.

Get in touch at info@taxcareaccountancy.co.uk for more details.

***Positive, Proactive and Professional
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