

# Vehicle Salary Sacrifice Schemes

## What are Vehicle Salary Sacrifice Schemes and how can they benefit my organisation?

Employees drive away in a brand new, low cost car. It is cost neutral for the employer and the service provider will manage all of the administration. Salary sacrifice schemes can be set up to support an organisation's green agenda and help cut organisational costs.

### Employer:

- For ultra-low emission vehicles, there are savings for employers through reduced NI contributions and corporation tax. While the employer still has to pay NI contributions on the provision of the car, this will normally be much less than what would have been due on the portion of salary sacrificed
- Schemes can be set up to be low-cost, cost-neutral or cost-beneficial to the employer
- They are a hassle-free benefit that are proven to boost employee satisfaction and loyalty.
- All employees are eligible, so long as the payments don't take the employees' salary below the minimum wage.



### Employee:

The result is a brand new car of their choice, all for a single deduction from their salary taken before tax and NI. In fact, all your employees need to do is add fuel.

- Employees give up part of their gross salary and get a brand new car. Insurance, maintenance, servicing, tyres, breakdown and glass cover is all included.
- For ultra-low emission vehicles, employees save through lower Class 1 NI contributions.
- There are also no deposits or credit checks.
- Employers can put buffers in place to protect themselves from early termination fees and long-term absence of scheme members.



Car Tax Bands and Rates are set by Government to incentivise vehicles which are cleaner and which drive more regularly on battery power.

From April 2020, new BIK bands come into force. Pure electric vehicles i.e. those with 0 CO<sub>2</sub> g/km emissions and plug-in models with CO<sub>2</sub> emissions of 1-50 g/km and with the optimum electric range of over 130 miles, both enjoy the best rate of 2% BIK taxation. For other plug-in models with CO<sub>2</sub> under 50 g/km and with shorter electric mile ranges, the BIK ranges from 5-12% Find out more on the government website [here](#).

Find more information on the RM6096 agreement, including appointed suppliers, using this [link](#)



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