

GREEN TRANSPORT

Businesses can benefit from embracing green transport

GO ELECTRIC:

all you need to know to make the change to green



Forrester Boyd

CHARTERED ACCOUNTANTS

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For information of users

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Going Green?



The drive to increase efficiencies and reduce carbon footprints is a key priority for many businesses. In this publication, we take an in-depth look at how switching to green transport methods can help.

Many businesses see the transition to electrification as a significant upfront cost. However, this doesn't have to be the case. Indeed, there are a wide range of incentives that businesses can benefit from when considering the switch to greener methods of transport.

These benefits include:

- Reduced Benefit in Kind (BIK) bands for electric vehicles from 2020/21
- Government grants
- National Insurance savings
- Exemptions from Vehicle Excise Duty (VED)
- Capital allowances

Plus, of course, a range of other benefits that companies can offer to their employees.

Benefits to your business

Electric Cars

Apart from the obvious CSR benefits, there are many financial benefits in reviewing your corporate fleet options.



Where a business provides an employee with a company car for personal use, tax is payable on the value of the benefit by the employee, with the employer paying national insurance at 13.8%. The value of the benefit is determined by a percentage of the list price of the vehicle, with the percentage dependent on the emissions of the vehicle (lower emissions, lower tax).

Furthermore, where fuel is provided for private use, the percentage used for the car benefit is applied to a flat rate car fuel benefit figure. For 2021/22 this is £24,600.

The fuel benefit in kind charge does not apply to electricity supplied by an employer. Additionally, an employer can provide electricity at or near the workplace to employees who own their own electric cars without a benefit arising, provided this is available to all employees.

In 2020/21, individuals running fully-electric company cars enjoyed a 0% BIK – essentially meaning no personal tax payable. These rates increase to 1% in 2021/22 and 2% in 2022/23. Five new tax bands (based on electric range) have also been introduced for plug-in hybrid vehicles that emit between 1-50g of CO₂/km, to encourage the switch to greener business motoring.

Rates differ for zero emissions and plug-in hybrid models, as noted above, but also depend on when the vehicle was registered (pre or post 6 April 2020).

The cost benefits will also depend very much on the type of journeys that an individual drives.

According to Read Motor Group, an electric car is cheap to recharge compared to filling the fuel tank on a combustion engine powered car, especially if benefiting from cheaper overnight electricity tariffs. Many new electric vehicles on the market also benefit from faster charging systems, for example, the Hyundai IONIQ 5 has ultra-fast charging from 10% to 80% in just 18 minutes.

If an employer decides to install a charge point at an employee's home, there is no additional BIK tax on the basis it is associated with the provision of a relevant Company Car.

To top it off, fully electric cars are exempt from both VED and the 'expensive car' supplement until 31 March 2025.

READ MOTOR GROUP

How much does it cost to charge an electric car?

Apart from the obvious CSR benefits, there are many financial benefits in reviewing your corporate fleet options. UK Manufacturer MG looks at the costs for one of its electric vehicles.



just
3.8
pence per mile

One of the main ways that going electric could save you money is in re-fuelling costs. Today's drivers are used to paying a minimum of around £40 to fill up even the smallest, most economical petrol cars – and fluctuations in the price of oil mean this cost can often be significantly higher. Charging an electric car, however, costs just a fraction of the price.

There are several things that can affect the price of charging an electric car, such as whether you're charging at home or in public, and how strong your electricity is.

As a general guide, an overnight charge at home is the cheapest way to 're-fuel', with it costing approximately £6.23 to charge the MG ZS electric from empty. With a range of over 160 miles, this works out at just 3.8 pence per mile!

There is an upfront cost for at-home charging, as you will need to pay between £800 - £1000 for a charging unit. However, the government grant for buying an electric vehicle can offset some of this, meaning you pay less.

Charging at public units can be more expensive on an hourly basis, but this is typically because they have a much higher voltage and therefore can charge more quickly. Prices here can range from £1.50 for an hour's charge to around £6 for 30 minutes using a rapid charger. However, when you consider that this could give you enough power to drive over 100 miles, you quickly realise how much lower the cost of running an electric car on a monthly basis could be.

www.mg.co.uk/behind-the-wheel/electric/electric-car-running-costs/

Other modes of transport



Electric Bikes

An electric bike could qualify for the cycle to work scheme as long as it does not have a motor-assisted speed exceeding 25km/h and the electric motor is less than 250 watts in power. The cycle to work scheme allows employees to pay for a cycle by way of a deduction from their gross salary, thereby saving tax and NI. The cycle to work scheme has tax benefits not only for employees but for businesses too.

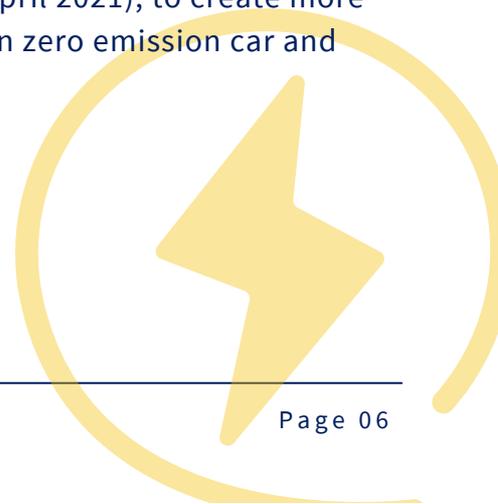
So, not only are businesses able to encourage a happier and healthy workforce, staff can benefit from having tax free access to a new road bike and subsequent accessories. It is possible to claim for the full cost of the bike, as well as a saving of employer National Insurance contributions.



Electric Vans

In contrast to the company car benefit, if a company van is provided to an employee for personal use, tax is payable on a flat rate which is not dependant on list price or emissions. For 2021/22, this rate is set at £3,500. If fuel is provided for private use, the fuel benefit is set at £669.

Zero-emission vans have previously been assessed at a percentage of the overall flat rate van benefit, which was set to be 90% for 2021/22, however this was overturned in the 2021 Budget. The BIK for private use of zero-emission vans has now been reduced to nil (effective from 6 April 2021), to create more alignment between zero emission car and van benefits.





**There are more benefits
to reducing your
carbon footprint
than you think**

Help to buy

Electric charging points

The Government operates a voucher scheme for small businesses to help support the widespread installation of electric vehicle chargers. The Workplace Charging Scheme (WCS) offers financial support towards the up-front purchase and installation costs, making initial investment less of a concern.

A business can claim support for up to 40 EV chargers, with grants of up to 75% of the purchase and installation costs, up to a maximum of £350 per unit, but businesses can't claim retrospectively for any existing points. Any business, charity or public authority is eligible for support through the WCS, but the business must have sufficient off-street parking, must be able to express an existing/future business need and must have the technology installed by a OZEV-approved installer.

The process is simple. First, the business needs to complete an online application. If successful, a digital voucher code will be provided. This voucher code (valid for 180 days from the time of issue) allows the installer to claim the grant after the chargers have been fitted.

Where an employee owns or leases an electric car, they are also entitled to a grant through the Electric Vehicle Homecharge Scheme (EVHS).

Aiming to encourage UK drivers to switch to electric plug-in vehicles, this particular grant is focused on the acquisition and installation of the EV charger. The grant is not passed to the customer as a monetary transaction i.e., the employee will not receive grant in their bank account. Instead, the grant is deducted from the price of the installation/charger and reclaimed from the government by the OZEV approved installer.

There are a number of charge points available to purchase through the scheme, including the UK-manufactured **myenergi zappi**. The world's first eco-smart EV charger, capable of utilising 100% green energy generated from solar PV panels or wind generation, it offers a number of features and functions to give the user full control of their charging experience.





Salary sacrifice

An employee could exchange part of their salary for a non-cash benefit, such as a company vehicle through a salary sacrifice scheme. For vehicles that are fully electric or plug-in hybrid that produce less than 75g/km of CO₂, salary sacrifice offers a cost-effective way of driving an EV.

Through a salary sacrifice scheme, a single monthly payment is taken that covers leasing, maintenance and insurance of an eligible EV. This amount is taken from the employee's salary before tax and NIC meaning both the employee and the employer save money.

The employee pays less tax, the employer pays less NICs. This is of course in addition to the environmental benefits.

It is worth remembering that any benefits from a salary sacrifice scheme, mean that the employee's take-home pay is reduced and may affect things such as borrowing capacity for a mortgage or maternity pay.

**green transport
for a cleaner
future**



...and don't forget



Capital allowances

Businesses can offset the cost of vehicles purchased through capital allowances claims.

From April 2021 new zero emission cars are eligible for 100% deduction for corporation tax purposes in the year of acquisition. Prior to April 2021 new cars with CO² emissions of 50g/km or less qualified for the 100% deduction.

Government grants

The government has introduced a grant to promote the use of electric vehicles in the UK. This grant provides up to 35% of the purchase price of an eligible plug-in hybrid vehicle where it costs less than £35,000.

To qualify, the vehicle must have an electric range of at least 70 miles and CO₂ emissions of 50g/km or less. The maximum government grant is £2,500.

Fully electric vehicles qualify for this grant. There is also a grant for the purchase of electric vans to the value of £3,000 for small vans and £6,000 for large vans.





Considering moving to electric vehicles for your fleet or implementing scheme's to benefit your staff?



We can help and advise on the taxable benefits and allowances of buying and running electric vehicles. It is always worth looking at your planned capital expenditure and discussing with an expert business adviser to ensure you are maximising the reliefs and grants available.

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Myenergi are a market leader in the supply of energy control products such as the zappi EV charger and will be able to help with advice on the costs and grant funding available.

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READ MOTOR GROUP

For a wide range of electric vehicles, Read Motor Group have a great range of vehicles to suit all budgets and tastes and can provide you with all the running costs, grant funding options and even tools to work out the BIK on the vehicle of your choice.

 fleet@readmotorgroup.co.uk

 www.read-motorgroup.co.uk