



National Health Service in Scotland
Management Executive

St. Andrew's House
Edinburgh EH1 3DG

Dear Colleague

**TAXATION OF STAFF BENEFITS AND
ALLOWANCES: CROWN CARS AND MILEAGE
ALLOWANCES**

Summary

1. The Finance Act 1992:-
 - 1.1 changed the Inland Revenue assessment of taxable benefit for the private use of Crown Cars
 - 1.2 introduced a separate scale with lower charges for diesel fuel provided for private motoring in Crown Cars.

Action

2. NHS employers should give the Inland Revenue a yearly schedule of the business mileage of employees who use their own cars on NHS business and who receive Regular User or Standard Mileage rates.
3. In completing such a schedule the following information will be of use:-
 - 3.1 The Taxable Benefit - scale charges for private use of Crown Cars is given in Annex A.
 - 3.2 Tables showing a summary of the Inland Revenue's calculations of the profits arising from the General Whitley Council mileage allowance payments are in Annex B.
 - 3.3 The Inland Revenue have noted the certification procedure introduced by NHS Circular No 1979(PCS)18 issued on 27 April 1979 is not always applied in appropriate circumstances. Advice to employing authorities of the circumstances when this procedure can be adopted is given in Annex C.
4. Employing authorities should consult Inland Revenue, PIID Group (Tel: 03552 75718) if any difficulties arise over taxation or the way in which mileage returns should be made.

9 June 1993

Addressees

For action:
General Managers,
Health Boards

General Manager,
Common Services Agency

General Manager,
State Hospital

For information:
Chief Executives
NHS Trusts

To be copied to Unit
General Managers for
action

Enquiries to:

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Our ref: WCG/4/2

5. The Circular should be copied to Unit General Managers for action as required.

6. Employing authorities should attempt wherever possible to resolve locally casework problems arising from the foregoing guidance. Employees must direct all personal enquiries to their employing authorities.

7. Copies of this letter are enclosed for Treasurers and Personnel Officers. Authorities and Trusts are requested to make their own arrangements for any additional copies which they may require.

Yours sincerely

A handwritten signature in cursive script, reading "Andrew Matheson", is written over a horizontal line.

A J MATHESON
Director of Manpower

Annex A

Taxation of staff benefits and allowances

Crown cars and mileage allowances

1. Taxable benefit - scale charges for Private use of Crown Cars 1992/93

The structure of the car scale divides into five basic bands. Cars with an original market value up to £19,250 are banded by engine size, more expensive cars fall into one of two value bands (£19,250 to £29,000 and more than £29,000).

From 6 April 1992, the new scale charges for the 1992/93 are as follow:-

Cars under 4 years old

| Original market value | Engine size | New scale charges | | |
|-----------------------|-------------|--|---|--|
| | | High business mileage (18,000 miles or more) | Average business mileage (2,501 - 17,999 miles) | Low business mileage (2,500 miles or less) |
| £ | CC | £ | £ | £ |
| Up to 19,250 | 0 - 1400 | 1,070 | 2,140 | 3,210 |
| | 1401 - 2000 | 1,385 | 2,770 | 4,155 |
| | 2001 + | 2,220 | 4,440 | 6,660 |

Cars over 4 years old

| Original market value | Engine size | New scale charges | | |
|-----------------------|-------------|--|---|--|
| | | High business mileage (18,000 miles or more) | Average business mileage (2,501 - 17,999 miles) | Low business mileage (2,500 miles or less) |
| £ | CC | £ | £ | £ |
| Up to 19,250 | 0 - 1400 | 730 | 1,460 | 2,190 |
| | 1401 - 2000 | 940 | 1,880 | 2,820 |
| | 2001 + | 1,490 | 2,980 | 4,470 |

For the new scale charges for cars with an original market value of more than £19,250 see Annex B.

2. Taxable benefit - car fuel scale charges for 1992/93

The new car fuel scale charges for 1992/3 are as follows :-

Car fuel (petrol) scale charges

| Engine size | High business mileage (18,000 miles or more) | Average or low business mileage (0 - 17,999 miles) |
|-------------|--|--|
| CC | £ | £ |
| 0 - 1400 | 250 | 500 |
| 1401 - 2000 | 315 | 630 |
| 2001 + | 470 | 940 |

Car fuel (diesel scale) charges

| Engine size | High business mileage (18,000 miles or more) | Average or low business mileage (0 - 17,999 miles) |
|-------------|--|--|
| CC | £ | £ |
| 0 - 2000 | 230 | 450 |
| 2001 + | 295 | 590 |

Annex A

Taxation of staff benefits
and allowances

Crown cars and mileage
allowances

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3. Tax Returns of Business Mileage

Each year employing authorities are required to provide the Inland Revenue with a schedule of the business mileage of certain categories of staff. The schedule should show, for each employee.

- a. the name
- b. the National Insurance Number
- c. whether a regular or standard user
- d. the class of car (engine size) for which the allowance was paid
- e. the number of business miles for which payments were made in the year
- f. the number of months (or other period) for which the regular user lump sum was paid if less than one year.

Exclude any home to work travel taxed under PAYE, but include any certificated mileage paid for emergency call-out.

Details for General Whitley Council staff and Hospital Medical and Dental staff should be shown separately. The schedules should, where possible, be in alphabetical order by employee's name.

4. Changes in "tax free" rates

The "tax free" rates from 6 April 1992 are:

| <i>Class of car</i> | <i>Up to 1000cc</i> | <i>1001 - 1500cc</i> | <i>1501 - 2000cc</i> |
|---------------------|---------------------|----------------------|----------------------|
| up to 4000 miles | 25.0 | 30.0 | 38.0 |
| Over 4000 miles | 14.0 | 17.0 | 21.0 |

National Health Service - GWC staff motor mileage allowances 1992 - 93 summary of profits

Regular users

| Business mileage | Class of car | | |
|------------------|--------------|------|------|
| | 1 | 2 | 3 |
| 0 - 1000 | 490 | 600 | 710 |
| 1001 - 2000 | 470 | 580 | 670 |
| 2001 - 3000 | 460 | 560 | 630 |
| 3001 - 4499 | 440 | 530 | 580 |
| 4500 - 5499 | 490 | 590 | 650 |
| 5500 - 6499 | 590 | 700 | 770 |
| 6500 - 7499 | 680 | 800 | 900 |
| 7500 - 8499 | 780 | 910 | 1030 |
| 8500 - 9499 | 870 | 1020 | 1150 |
| 9500 - 10499 | 920 | 1070 | 1200 |
| 10500 - 11499 | 920 | 1050 | 1170 |
| 11500 - 12499 | 920 | 1040 | 1140 |
| 12500 - 13499 | 920 | 1020 | 1110 |
| 13500 - 14499 | 920 | 1010 | 1080 |
| 14500 - 15499 | 920 | 990 | 1050 |
| 15500 - 16499 | 920 | 980 | 1020 |
| 16500 - 17499 | 930 | 960 | 990 |
| 17500 - 18499 | 930 | 950 | 950 |
| 18500 - 19499 | 930 | 930 | 920 |

National Health Service - GWC staff motor mileage allowances 1992 - 93 summary of profits

Standard users

| Business mileage | Class of car | | |
|------------------|--------------|-----|-----|
| | 1 | 2 | 3 |
| 0 - 499 | 0 | 0 | 0 |
| 500 - 1499 | 0 | 0 | 0 |
| 1500 - 2499 | 0 | 120 | 130 |
| 2500 - 3499 | 150 | 200 | 220 |
| 3500 - 4499 | 210 | 280 | 310 |
| 4500 - 5499 | 150 | 200 | 190 |
| 5500 - 6499 | 150 | 180 | 160 |
| 6500 - 7499 | 150 | 170 | 130 |
| 7500 - 8499 | 150 | 150 | 100 |
| 8500 - 9499 | 160 | 140 | 0 |
| 9500 - 10499 | 160 | 120 | 0 |
| 10500 - 11499 | 160 | 110 | 0 |
| 11500 - 12499 | 160 | 0 | 0 |
| 12500 - 13499 | 160 | 0 | 0 |
| 13500 - 14499 | 160 | 0 | 0 |
| 14500 - 15499 | 160 | 0 | 0 |
| 15500 - 16499 | 160 | 0 | 0 |

Emergency call - out certification procedure

An income tax liability arises when an employer pays an employee for travel between home and work. PAYE should be applied on these payments.

The only exceptions to this rule are when

- The payment is made in respect of the additional cost of travelling to work when public transport is disrupted due to strikes or other industrial action. In that case Extra Statutory Concession A58 applies.
- The payment is made to assist those who are severely disabled with the cost of travelling to work. In that case Extra Statutory Concession A59 applies.
- The payment is to meet the cost of occasional and irregular late night travel between work and the employee's home. In that case Extra Statutory Concession A66 applies.
- The decision of the House of Lords in the case of Pook v Owen 45 TC 571 applies.

The certification procedure introduced by HC(79)12 issued in April 1979 relates to payments for home to work travel which are within the scope of the decision in Pook v Owen. The Inland Revenue have however drawn attention to the fact that the procedure is not always applied in appropriate circumstances.

Health authorities are accordingly advised that they should take care to ensure that the certification procedure is only adopted when

- (1) The employee has given advice on the handling of the emergency when he or she receives a telephone call.
- (2) He or she accepts at that time responsibility for those aspects of the emergency which are appropriate to his or her duties.
- (3) He or she retains responsibility for those aspects of the emergency which are appropriate to the duties whilst travelling to the normal place of work.

Where travelling expenses are paid in cases where

either extra Statutory Concessions A58, A59 or A66 apply;

an emergency call-out certificate has been completed in appropriate circumstances.

No tax should be deducted from the mileage allowance.

The profit element (if any) of the amount paid will however remain taxable under FPCS. Details of such payments should therefore be included with other payments made for official mileage. These should then be reported to the local Inspector at the end of the tax year.