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THE SCOTTISH OFFICE

National Health Service in Scotland
Management Executive

COMMON SERVICES AGENCY	
RECEIVED 18 MAY 1994	
FILE No.	
REFERRED TO	ACTION TAKEN

NHS
MEL(1994)57

St. Andrew's House
Edinburgh EH1 3DG

Dear Colleague

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

16 May 1994

Summary

1. From 6 April 1993 increases were made to:
 - 1.1 the scale charges for taxing employees on the value of the private use of company provided lease cars and to;
 - 1.2 the tax free mileage rates to be used in the Fixed Profit Car Scheme (FPCS).

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. The revised scale charges for taxing private use of NHS employer provided cars is given in Annex A.
4. Tables listing the new "tax free" rates and a summary of the Inland Revenue's calculation of profits arising from General Whitley Council mileage allowances payments are enclosed for information at Annex B.
5. There is a change to the way taxable car benefits are calculated. The benefit will be based on a percentage of the list price of the car rather than the engine size. The new procedures are shown at Annex C.

Enquiries

6. 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.
7. This Circular should be copied to Unit General Managers for Action as required.

Addressees

For action:
General Managers,
Health Boards

General Manager,
Common Services Agency

General Manager,
State Hospital

Chief Executives NHS
Trusts

To be copied to Unit
General Managers for
action

Enquiries to:

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or
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Directorate of
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1. 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.

Yours sincerely

Jane AM McGregor

MISS J MCGREGOR
Deputy Director of Manpower

1. Taxable benefit-scale charges for Private use of Crown Cars 1993/94

The structure of the car scale divides into 5 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).

The scale charges for the 1993/94 tax year are as follows:

Cars under 4 years old

Original Market Value	Engine Size	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	1,155	2,310	3,465
	1401-2000	1,495	2,990	4,485
	Over 2000	2,400	4,800	7,200

Cars over 4 years old

Original Market Value	Engine Size	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	790	1,580	2,370
	1401-2000	1,015	2,030	3,045
	Over 2000	1,610	3,220	4,830

For 1994/95 onwards, the taxable benefit for private use Crown Cars will be calculated under new arrangements - see Annex C.

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2. Taxable benefit - car fuel scale charges for 1993/94

The car fuel scale charges for the 1993/94 tax year are as follows:

Car fuel (petrol) scale charges

Engine Size CC	All Business mileage £
0-1400	600
1401-2000	760
Over 2000	1,130

Car fuel (diesel scale) charges

Engine Size CC	All Business mileage £
0-2000	550
Over 2000	710

Car Fuel scale charges apply where fuel was provided for private use in a Crown Car

1. 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 was paid for less than one year.

Exclude any home to work travel taxed under PAYE, but include any certified 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 the employee's name.

2. Changes in "tax free" rates

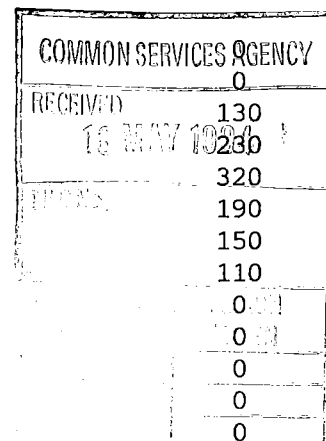
The "tax free" rates from 6 April 1993 are:

	Class of Car		
	Up to 1000cc	1001-1500cc	1501-2000cc
up to 4000 miles	26p	32p	40p
over 4000 miles	15p	18p	22p

3. National Health Service - GWC staff motor mileage allowances 1993-94 summary of profits

Standard Users

Business mileage	Class of Car		
	Up to 1000cc £	1001-1500cc £	1501-2000cc £
0-499	0	0	0
500-1499	0	0	0
1500-2499	0	110	130
2500-3499	150	190	320
3500-4499	210	270	320
4500-5499	140	170	190
5500-6499	140	150	150
6500-7499	130	120	110
7500-8499	120	100	0
8500-9499	110	0	0
9500-10499	100	0	0
10500-11499	0	0	0
11500-12499	0	0	0



4. National Health Service - GWC staff motor mileage allowances 1993-94
summary of profits

Regular Users

Business Mileage	Class of Car		
	Up to 1000cc £	1001-1500cc £	1501-2000cc £
0-1000	480	590	710
1001-2000	470	560	660
2001-3000	450	530	610
3001-4499	430	500	570
4500-5499	470	560	630
5500-6499	560	670	770
6500-7499	650	780	900
7500-8499	750	890	1030
8500-9499	840	1000	1170
9500-10499	880	1040	1210
10500-11499	870	1010	1170
11500-12499	860	990	1130
12500-13499	850	960	1090
13500-14499	840	940	1050
14500-15499	830	910	1010
15500-16499	820	890	970
16500-17499	810	860	920
17500-18499	810	840	880
18500-19449	800	810	840

Taxable benefit for the private use of Crown Cars 1994/95

There is a change in the way taxable car benefits are calculated for 1994/95 onwards. From 6 April 1994 the benefit will be based on a percentage of the list price of the car rather than its engine size as in the past.

Price of the car for tax purposes

The price of the car for tax purposes will be the total of

- * the manufacturers or distributors list price of the car - which is the list price of the car on the day before the date of its first registration, including VAT, car tax (where appropriate) and delivery charges;

plus

- * the list price of optional accessories - the list price of any accessory with the car when the car was first made available to the employee and the list price of any accessories added to the car after it was first made available to the employee - if it was added after 31 July 1993 and had a list price of £100 or more.

The price of an accessory for this purpose includes VAT, car tax (where appropriate) and fitting and delivery charges.

Capital contributions which the employee makes towards the cost of the car and/or accessories reduces the price of the car for tax purposes. The amount of the reduction is limited to £5,000.

Taxable benefit

The car benefit charge is 35% of its price for tax purposes. But this is reduced by:

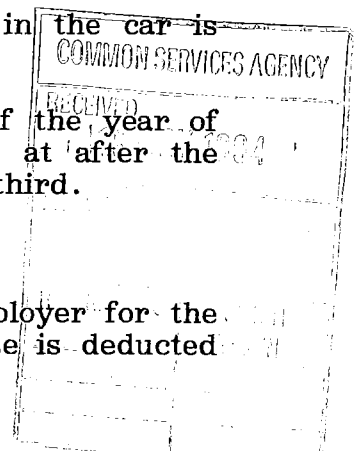
- * one third if the employee's annual business mileage in the car is 2500 to 17999 miles
- * two thirds if the employee's annual business mileage in the car is 18000 miles or more.

For a car which will be 4 years old or more at the end of the year of assessment (5 April 1995 for 1994/95), the benefit arrived at after the adjustments for business mileage is further reduced by one third.

Contributions for private use

When an employee is required to make payments to the employer for the private use of the car, the amount paid for that private use is deducted from the taxable benefit to give a net amount assessable.

The Inland Revenue has produced a booklet "Taxation of Company Cars from 6 April 1994: Employers' Guide" (Inland Revenue booklet IR132) which explains the car benefit charge in more detail. Copies of this booklet are available from Tax Offices.



Taxable benefit - car fuel scale charges for 1994/95

The car fuel scale charges for 1994/95 will be as follows

Petrol Engines

Engine Size	All business mileages
CC	£
0-1400	640
1401-2000	810
more than 2000	1130

Diesel Engines

Engine Size	All business mileages
CC	£
2000 or less	580
more than 2000	750