



Fleet Alliance

press release

For immediate release

Tax changes increase case for hybrids, says Fleet Alliance

New tax rules that take effect in April and increase the cost of corporate motoring make the case for including hybrid vehicles on fleet policies even more compelling. That's the view from fleet management and leasing specialist, Fleet Alliance, which has published a White Paper outlining its thoughts on the issue.

From April, the threshold for the main rate of capital allowances for business cars reduces from 160g/km to 130g/km, while the threshold for claiming 100% first year capital allowances falls from cars emitting 110g/km to those emitting 95g/km.

At the same time, the effects of a benefit-in-kind tax escalator kicks in, with a 1% increase this year, another 1% in 2014–15 and a 2% rise in both 2015–16 and 2016–17 – a total rise of 6% in four years.

Given these changes to the tax regime, Fleet Alliance believes that a fleet policy which includes hybrid is now one of the best options for fleets, because hybrids provide the greatest company car tax savings in the near term.

To prove the point, the company compared the new Toyota Auris Hybrid, which emits just 91g/km of CO₂, with the latest Ford Focus diesel, which emits 99g/km, both with similar levels of P11D and specification, over a three year period.

Toyota Auris Hybrid 1.8 VVT-i Excel CVT, CO₂ 91g/km

Tax year to 5th April	2012/13	2013/14	2014/15
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P11D value	£21,690	£21,690	£21,690
Percentage charge	10%	10%	11%
Benefit in kind	£2,169	£2,169	£2,386
Tax payable at 20%	£434	£434	£477
Tax payable at 40%	£868	£868	£954

Ford Focus 5 Door 1.6 TDCi Titanium Econetic 115PS DPF, CO2: 99g/km

Tax year to 5th April	2012/13	2013/14	2014/15
P11D value	£20,340	£20,340	£20,340
Percentage charge	13%	14%	15%
Benefit in kind	£2,644	£2,848	£3,051
Tax payable at 20%	£529	£570	£610
Tax payable at 40%	£1,058	£1,139	£1,220

The Toyota hybrid cost less in tax on each of the three years as it did not attract the 3% diesel surcharge which the Focus did, while the Ford also climbed a tax band each year.

“We believe hybrids have a growing role to play in near-term company car policy,” said Fleet Alliance managing director, Martin Brown, “ at least while the 3% diesel supplement remains in place, providing drivers with conventionally sized company cars but minus the tax bill.”

“We have been advising our clients of the need to make adjustments to their fleet policies in light of the forthcoming tax increases for some time, as well as looking at introducing a special ‘green’ variant for each grade of the car policy, such as hybrids or low carbon models,” he added.

Brown said that such a change in policy was helped by the number of ‘green’ models that were now available in the new car market.

“There are now over 2,080 models in UK below the 120 g/km mark, with 440 of those below 100 g/km. Two years ago there were only 48 such models, while four years ago there were none, which shows the speed with which manufacturers are developing new models.

“And most manufacturers now have a mainstream hybrid offering. One car maker, Lexus, will only offer hybrid cars by 2014,” he said.

However, Brown said the picture changed considerably from 2016, when the government has announced it will be removing the 3% diesel surcharge, thereby instantly making diesel cars more tax efficient.

“But will the government be content to lose revenue when this happens?” said Brown. “It’s unlikely to give up one tax without imposing another. So we could see the introduction of a company car tax on other pollutants associated with diesel cars, such as Nitrous Oxides (NOx) and the sooty particulate matter (PMs) deposits.”

While the outlook on that was uncertain said Brown, one thing was for sure. “The tax position on company cars is becoming increasingly more aggressive for fleets that stand still on company car policy and do not embrace the latest in low-emission cars or the latest company car tax breaks.

“The tax changes we will see over the next three to four years mean that fleets need to carefully consider the right combination of factors that best meet their needs and act on them now,” he said.

The Fleet Alliance White Paper is available at:

<http://www.fleetalliance.co.uk/whitepapers/default.asp>



Martin Brown, managing director of Fleet Alliance

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Notes to Editors

About Fleet Alliance

Glasgow based fleet solutions provider, Fleet Alliance, is a leading independent supplier of vehicle funding and fleet management services.

Fleet Alliance manages over 10,000 vehicles on behalf of corporate clients, which would put it at No 20 by fleet size in the FN50 league table of leading contract hire and leasing companies. The company has ambitious growth targets and plans to have a 15,000 strong vehicle fleet as part of its five-year plan.

The day-to-day management of the business is overseen by managing director Martin Brown, a highly experienced contract hire professional who has previously run other vehicle finance companies.

For more details contact Martin Brown on 0845 601 8407 or visit: www.fleetalliance.co.uk

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