
LLEWELYN DAVIES
CHARTERED ACCOUNTANTS

COMPANY

VANS



Working as a team

www.llewelyndavies.co.uk

COMPANY VANS

There is potentially a charge where a van is made available to an employee or director or to a member of their family or household, and the van is used for private use.

A company van is a vehicle provided by an employer which is built primarily to carry goods or other loads and which has a “ design weight “ of up to 3,500kilograms. Vans with a second row of seats such as double-cab pickups can still qualify as vans provided they have a one tonne payload even when a hardtop is fitted.

If an Estate car or 4 x 4 car type vehicle has previously been purchased it maybe worthwhile considering if a commercial vehicle would be suitable ; thereby significantly reducing the taxable benefit. Vehicles which qualify can be found on www.comcar.co.uk / vantax and select from a range by manufacturer.

WHAT IF THE VAN IS ONLY USED FOR WORK JOURNEYS?

If the only journeys made in the van are work journeys (for example, delivering goods or making calls to customers) there is no tax charge.

WHAT ABOUT JOURNEYS BETWEEN HOME AND WORK?

If the van is used mainly for work and the only journeys are work journeys and travelling between home and work, there is also no tax to pay.

OTHER PRIVATE JOURNEYS?

If other private journeys are made in the van there will be a tax charge. However if this private travel is insignificant there will be no tax charge.

Private use is insignificant where it is very much the exception to the normal use, is intermittent and irregular and lasts for short periods of time on odd occasions during the year.

Examples of insignificant use include an employee who:

- Takes an old mattress or other rubbish to the tip once or twice a year.
- Regularly makes a slight detour to drop off a child at school or stops at a newsagent on the way to work
- Calls at the dentist on the way home.

Examples of use which is NOT insignificant includes an employee who

- Regularly uses the van to do the supermarket shopping
- Takes the van on a week's holiday
- Uses the van outside work for social activities

WILL EMPLOYEE CONTRIBUTIONS TO THE COST OF RUNNING THE VAN BE TAKEN INTO CONSIDERATION WHEN CALCULATING THE COMPANY VAN CHARGES?

If contributions are equal to or exceed the value of the benefit chargeable, the charge will be reduced to nil. In any other case the charge is reduced by the amount contributed. However where the employee is liable to a fuel charge, they will need to reimburse the full cost of all the fuel before that charge can be reduced to nil.

WHAT RECORDS DO EMPLOYERS NEED TO KEEP?

Where employers consider there is no tax to pay, they will have to keep sufficient records to show that private use is restricted to journeys between home and work. This may include:

- Keep mileage records
- Sign an agreement about the van use
- Have use of the van included in the employment contract
- Details of employee contributions

COMPANY VAN BENEFIT 2013/2014

If you are charged tax, the amounts you will have to pay tax on (normally collected using your PAYE code) are:

Amount in code	Basic Rate Tax
----------------	----------------

£ 3,000	£ 600
---------	-------

COMPANY VAN FUEL BENEFIT 2013/2014

If you have free or subsidised fuel for private use, you will have to pay extra tax as follows:

Amount in code	Basic rate tax
----------------	----------------

£ 564	£ 112.80
-------	----------

Employers will pay Class 1A NICs on the same amounts

This material provides only an overview of the subject and no action should be taken without seeking professional advice. No responsibility can be accepted for any loss occasioned by any person acting or refraining from action as a result of this material. Please therefore contact our Offices to determine the appropriate tax strategy for your particular circumstances. Initial consultation is at no charge or obligation.

Llewelyn Davies
Chartered Accountants

*Bank House, St. James Street
Narberth SA67 7BX
Phone (01834) 860291
Fax (01834) 861774
E.Mail narberth@llewelyndavies.co.uk*

*50 Queen Street
Pembroke Dock SA72 6JE
Phone (01646) 683341
Fax (01646) 621784
E.Mail pdock@llewelyndavies.co.uk*

*Yelverton House, St. John Street
Whitland SA34 0AW
Phone (01994) 240254
Fax (01994) 240103
E.Mail whitland@llewelyndavies.co.uk*

*County Chambers, Warren Street
Tenby SA70 7JS
Phone (01646) 683341
Fax (01834) 845296
E.Mail tenby@llewelyndavies.co.uk*