



Company Cars

1 July 2008 – Change in Advisory Fuel Rates for Company Cars

The advisory fuel rates (guidelines on **fuel only** mileage rates for company cars) were introduced some years ago now with the aim of saving time for both employers and the Revenue by setting out some figures that can be used in the calculation of mileage payments for business travel in company cars.

The rates only apply where employers:

- reimburse employees for business travel in their company cars, or
- require employees to repay the cost of fuel used for private travel.

The rates do not apply in any other circumstances.

Company Cars – Increased Advisory Fuel Rates for Company Cars from 1 July 2008

These rates apply to all journeys on or after 1 July 2008 until further notice:

Engine Size	Petrol	(Previously) (1/1/08-30/6/08)	Diesel	(Previously) (1/1/08-30/6/08)	LPG	(Previously) (1/1/08-30/6/08)
1400cc or less	12p	(11p)	13p	(11p)	7p	(7p)
1401cc to 2000cc	15p	(13p)	13p	(11p)	9p	(8p)
Over 2000cc	21p	(19p)	17p	(14p)	13p	(11p)

Employers reimbursing employees for the cost of fuel used for business travel

If the rate paid per mile of business travel is no higher than the advisory rate for the particular engine size and fuel type for the car, the Revenue will accept that there is no taxable profit and no Class 1 NICs liability.

The advisory rates represent average fuel costs, and employers may wish to set rates which better reflect their particular circumstances. For example, where the cars in the fleet are fuel efficient, employers may prefer to reimburse at lower rates than those outlined below.

If an employer pays mileage rates that are higher than the advisory rates but is unable to demonstrate that the fuel cost per mile is indeed higher, there is no fuel benefit charge if the mileage payments are made solely for miles of business travel. Instead, any excess will be treated as a taxable profit and as earnings for Class 1 NICs purposes. The employee can obtain relief for any actual expenses which have not been reimbursed.

Employers who require employees to repay the cost of fuel used for private travel

Providing that all private miles of travel have been properly identified, the Revenue will accept that there is no fuel benefit charge, and therefore no Class 1A NICs liability, where the employer uses the appropriate rate from the above table (or any higher rate) to work out the cost of fuel used for private travel that the employee must repay to the employer.

If you have any queries regarding this subject please call me.

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