



## **Business Motoring Update**

Updated June 2007

### **Small cars – low emissions.**

If you are prepared to drive small cars with emissions of no more than 120g/km you can take advantage of the best that the tax system has to offer to motorists.

According to the published statistics there are just 24 models that comply!

The purchase of the car will presently qualify for a 100% write off for tax purposes – however when you sell ALL of the proceeds will be taxable.

Obviously the more expensive cars are less tax effective – the net cost to both employed and self-employed drivers will therefore be greater.

### **Company car or private car.**

For drivers whose average annual mileage is in the 12,000 miles range the decision to buy and run your car privately and charge your business or employer for business mileage can be marginal. The more you spend on a car the more likely it will be that you should own the car personally.

The tax regime for cars post 2008 is still unknown and there are a number of changes that have been mooted.

- o Lower benefit in kind charges for “green” cars
- o Higher rates per mile which drivers of “green” cars can claim for business mileage, or reduced mileage rates for higher CO2 emissions cars.

### **Summary.**

The factors which need to be taken into account can therefore be summarised as:

1. CO2 rating of the vehicle.
2. Annual mileage.
3. Proportion of business to private mileage.
4. Individual car running costs.
5. The cost of the vehicle when new.
6. The prevailing tax position!

If you would like us to take a look at your car utilisation to work out the best fit tax position please call.

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