



Company drivers looking for grey to keep out of red

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Author: Robin Roberts

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The number of employees paying company car tax has increased for the first time in 10 years.

But the latest figures suggest that government tax policy is driving staff into older, dirtier and more dangerous grey fleet vehicles, says the British Vehicle Rental and Leasing Association.

Recently released provisional data from HM Revenue and Customs (HMRC) shows that 950,000 employees paid benefit-in-kind (BIK) tax on a company car in 2014/15 – a 1% rise on the 940,000 recorded in the previous financial year. This is the first time the number of people paying BIK on company cars has increased since 2006/7, but the BVRLA believes these figures mask a more deep-rooted problem.

“Although the rise is welcome, it is disappointing that we only had growth of 1% during a period that saw a 500,000 increase in the UK workforce,” said **BVRLA** Chief Executive, Gerry Keaney.

“Company cars are amongst the newest, cleanest and safest vehicles on UK roads, but we believe uptake is being hindered by an ever-increasing tax burden.”

The 2014/15 increase puts the number of company car drivers on a par with that last seen in 2011/12, and shows the same number of drivers paying £150m or 12% more in company car tax. This tax burden has now risen further after the government announced a two percentage point increase in company car tax in the 2015 Budget and cancelled plans to eliminate the 3% diesel surcharge, which is paid by 82% of drivers.



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The BVRLA believes that this is leading to a growth in the 'grey fleet', with many employees preferring to take a monthly allowance, also known as a 'cash allowance', as an alternative to a company car. Research into grey fleet recently undertaken by the BVRLA and Energy Saving Trust suggests that the average cash allowance car is older, more polluting and has fewer safety features than the average leased company car.