



## Employers – watch out for tax increase on private use of company vans

In April 2007 the chancellor will enforce a £3500 taxable benefit for van drivers using company vans for personal use. Only journeys to and from the place of work will be allowed.

The scale charge for unrestricted private use will increase to £3,000, and if an employer provides fuel for unrestricted private use, an additional £500 as a fuel charge will apply. The onus will be on employers to provide proof of use.

Orange Fleet Link vehicle tracking solution can protect against unnecessary tax. It has an additional Private/Business mileage switch so that ALL journeys can be declared by type.

OFL is used to monitor, manage and improve fleets operations of all sizes using GPS technology. If the driver wishes to avoid the taxable benefit they can prove what personal journeys were made with the Orange Fleet Link vehicle activity reports.

OFL private/business mileage capture keeps only a summary of total private miles, not the details, therefore conforming to data protection regulations & protecting your employees' privacy.

In addition to this you are able to see the exact location of your fleet in real time allowing several improvements to your business including:

- easier deployment of emergency jobs improving customer service
- ability to verify time sheets with vehicle start and end of day times
- improved driver behaviour may save mileage and fuel consumption
- prove adherence to Service Level Agreements as arrival and departure times are provable
- faster and more accurate invoicing, improving efficiency & profitability

All these benefits will save your business considerable amounts of money. Typically the installation of such hardware pays for itself in cost savings within 3 months and yield a DAY ONE cost reduction. Benefits to your business and to your employees.

(See over for FAQs from H. M. Revenue & Customs.)

# FAQs: (From H. M. Revenue & Customs)

## What if I only use the van for work journeys?

If the only journeys you make 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 you mainly use the van for work and the only journeys you make in it are work journeys and travelling between home and work, there is also no tax to pay.

## How can I show there was no other private use?

Your employer must be able to show to the Inland Revenue that you don't have to pay tax. This means you could be asked to

- Keep mileage records
- Sign an agreement about the van use
- Have use of the van put into a contract of employment

## Other private journeys

If you do make other private journeys in the van, you will be charged. However, if this private travel is insignificant, (like taking an old mattress or other rubbish to the tip once or twice a year) then you won't have to pay any tax.

The amount is reduced if you do not have the van for the whole tax year, if someone else also uses it for private travel, or if you pay something for using it privately.

## Fuel for the Van

If your employer lets you have free or subsidised fuel for private use, you will have to pay an extra tax from 2007. For a basic rate taxpayer this will mean paying tax of around £110.

( [www.hmrc.gov.uk/vans/van-facts.htm](http://www.hmrc.gov.uk/vans/van-facts.htm))