

# **Company Vehicle Use Policy Community Warden Vans September 2012**

## **Introduction**

This policy sets out the way in which Eden District Council manages and deals with the use of company vehicles.

## **1. Policy**

- 1.1 In line with the Inland Revenue legislation regarding the use of Council vans for private use, the Council has adopted the policy that Council vans cannot be used for private use and can only be used for insignificant use as outlined by the legislation.

## **2. Individuals Affected**

- 2.1 All members of staff where a Council van is available for use for the work of the Council and to commute to and from home and the office.

## **3. What is the Definition of a Company Van?**

- 3.1 This is a vehicle provided by an employer built primarily to carry goods or other loads with a 'design weight' of up to 3,500 kilograms.
- 3.2 It does not include vehicles such as cars, estates or minibuses, built primarily to carry people. Nor does it include heavier vans or lorries weighing more than 3,500 kilograms.

## **4. What is a Van's 'Design Weight'?**

- 4.1 It is the maximum weight a loaded vehicle is designed (or adapted) to carry, when in normal use and travelling on the road. Also known as the 'manufacturer's plated weight', it is usually shown on a plate attached to the van.

## **5. Overview of the Legislation**

- 5.1 From 6 April 2005, the government introduced new taxation rules, which deal with the use of the Council's vans by employees. Where employees have unrestricted use of vans outside work the new legislation considers that they are in receipt of a 'Benefit in Kind' and the employee would incur a tax liability based on the value of this benefit as determined by the legislation. The employer would only incur National Insurance liability.
- 5.2 The Council operates a policy whereby staff are not permitted to use Council vans for private use and this policy document clearly outlines this requirement, therefore employees are not considered as receiving a 'Benefit in Kind' in this instance and therefore would not have to pay tax on their Council van.

5.3 The Council policy states that no employees will be permitted to use Council vans for private use, with the exception of insignificant private use, which is deemed as very much the exception to the normal use.

## **6. Business and Private Use**

### **6.1 What is Business Use?**

6.1.1 Business travel includes two types of journey:

- those you have to make in the course of doing your job
- those you make to or from a place you have to attend in order to do your job

### **6.2 What is Insignificant Private Use?**

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

Examples of insignificant private use include an employee who:

- calls at the dentist on the way home

6.2.2 Examples of use which is NOT insignificant includes an employee who:

- regularly uses the van to do the supermarket shopping
- uses the van outside of work for non-work related activities

### **6.3 Carriage of people and Goods**

6.3.1 No people other than employees of the Council or people associated with the work of the Council shall be carried in the company vehicle.

6.3.2 The company vehicle shall not be used for the carriage of goods other than those associated with the work of the Council or the personal possessions of the employee.

### **6.4 Do I Have to Pay Tax on Private use of a Company Van?**

6.4.1 You have to pay tax on any benefit in kind you receive, including any private use of a company van, if you are an employee earning £8,500 or more a year. Your earnings for this test include:

- your wages or salary
- payments for business expenses, and
- the value of benefits, such as the company van

### **6.5 How much is the charge?**

6.5.1 The benefit of private use of a company van is taxed by way of a standard charge.

- The standard charges are, 2012/13, £18,800 to £20,200 from 6 April 2012. The multiplier will increase by two per cent above the rate of inflation (based on RPI) in 2013-14.
- The van fuel benefit charge multiplier will be frozen at £550, and will increase by inflation in 2013-14. The 2013-14 changes will be made by statutory instrument in autumn 2012.

(A tax year begins on 6 April and ends on 5 April in the following year.)

## **7. Implementing the Policy**

### **7.1 Employees**

- 7.1.1 The Inland Revenue requires sufficient records to be kept to show that private use is restricted between home and work. Therefore, all employees who have use of Council vans will be provided with a copy of this policy and will be required to sign a statement (see Appendix A), stating acknowledgment of the Council's policy around private use of Council vans and the consequences of not adhering to the policy.
- 7.1.2 Departmental managers will be required to monitor the application of the policy and ensure that their employees are adhering to its requirements.
- 7.1.3 Employees who do not adhere to this policy will be subject to disciplinary action and would incur a tax liability based on the value of the benefit at a rate determined by the Government.

### **7.2 Employer**

- 7.2.1 The legislation states that where employers consider there is no tax to pay, they will have to keep sufficient records to show that private use is restricted between home and work.
- 7.2.2 This may include making the conditions clear in employment contracts or asking employees to sign a statement acknowledging company policy on what use is allowed and any disciplinary consequences (see Appendix A for the Council's template form).
- 7.2.3 Where there is tax to pay, employers will need to identify each vehicle used by an employee.
- 7.2.4 Where employers consider that employees should pay tax on less than the full scale charge they may also have to be able to show:
- If a van is shared, by whom and in what proportions
  - Periods of 30 or more consecutive days when a van was incapable of use
  - Contributions paid by an employee who had private use of a van
- 7.2.5 This will need to be provided at the end of each tax year (tax year runs from April to March), and no later than May.

## Appendix A

Employee Name	
Employee Number	
Section/Department	
Line Manager	
<p>I can confirm that I have read and understood the policy on use of Council Vans and agree that my use of any Council van for personal use will be restricted to driving between home and work but not for other personal journeys of any significance.</p> <p>I accept that should it be found that I have not adhered to the policy I will be subjected to disciplinary action, and would incur a tax liability based on the value of the benefit as determined by the Government.</p>	
Employee Signature	
Print Name	
Date	