

What is Salary Sacrifice?

When viewed in its most basic form, the use of salary sacrifice to provide cars to employees is a simple marriage of three established tax principles – PAYE, NIC and BIK.

An employee agrees to have their salary reduced, and will therefore pay less PAYE and NI on the reduced salary.

In return for the salary reduction, they receive a traditional company car, on which they pay BIK tax like any company car.

The trick to making salary sacrifice work, therefore, is to ensure the saving in PAYE and associated NI is greater than the BIK tax incurred by the employee.

Of course, where an employee pays NIC, their employer pays Class 1A NIC, so if the employee saves money, then so does the employer (in saved employer's NIC).

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How it works

In practice, a funder leases a company car to the employer in the same way they would normally do with their corporate clients.

This is a business lease, with the employer as the contracting party, and VAT is charged on the monthly rental. The funder owns the vehicle, and the employer makes it available to their employee. The employee returns the vehicle at the end of the agreement.

In a traditional company car scheme, the employer doesn't charge their employee anything for this (except for trade-ups or private mileage contributions), but the employee pays BIK.

However, where an employer enters a salary sacrifice arrangement with the employee, it agrees a change to their employment terms, to reduce gross salary and provide a company car in return. This is a contractual benefit of employment. The amount deducted from the employee's gross salary is typically equal to the amount the employer pays to the scheme provider for the monthly rental for the car, including maintenance and motor insurance, plus the 50% of VAT that cannot be recovered on the finance element of the rental. This is known as the 'effective rental'. The employee pays the same BIK as with any company car.

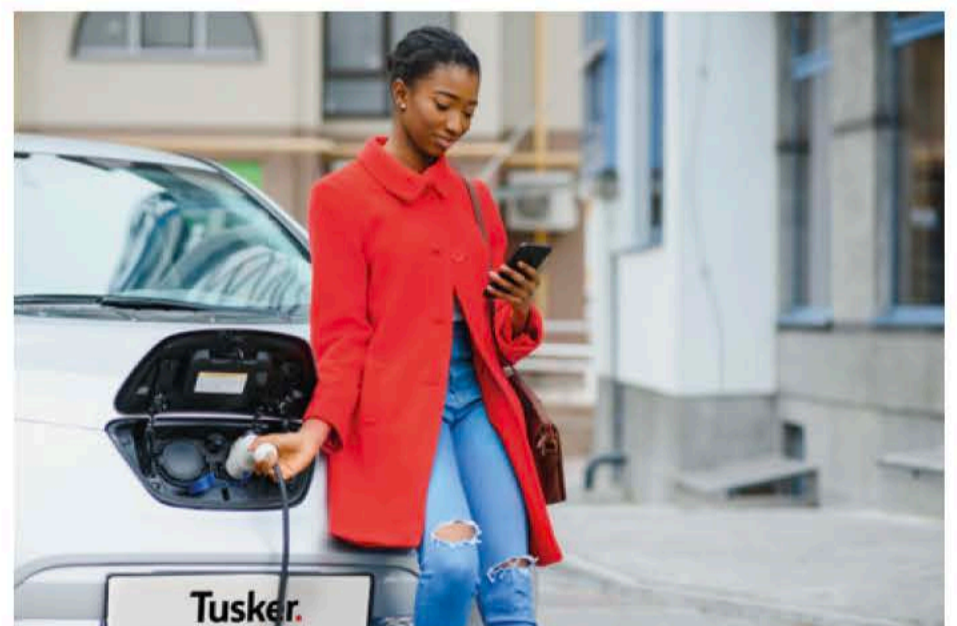
Tusker

Tusker.

We're Tusker, the UK's leader in salary-sacrifice cars. Part of Lloyds Banking Group, we have around 2000 active customer schemes, and we partner with all the top employee benefit providers.

We're committed to protecting our environment, which is why we're a member of the EV100, a group of organisations championing the move to zero emissions. Not only do we reduce and offset our own carbon emissions, but we also offset the emissions from every car we put on the road.

With more than 15 years' experience, we offer an affordable way for employees to drive a new, fully-insured and maintained car to over 1.8m UK employees. Our scheme offers a range of options, from pure electric cars to hybrids, and even traditional petrol and diesel vehicles.



We understand that every organisation is unique, so we tailor each scheme to the client's specific needs. Just let us know your preferences, and we'll take care of the rest.

BENEFITS

- Offering fully-insured and maintained cars via salary sacrifice in an all-employee benefits package
- Tailored schemes, customisable to employer requirements
- Integrated with all leading benefit providers and public sector frameworks
- Helps with ESG agenda, as we

- offset all tailpipe or charging emissions of our cars on the road
- Cost neutral – free to set up and class 1a NIC savings available on electric cars
- Lifestyle protections mitigate risks for a number of employee life changes, such as resignation and redundancy



KINTO UK

Providing effective solutions for all fleets



We give everyone the freedom to move. From quick trips across the city, to operational fleets up and down the country, we've got you covered. Priding ourselves on a flexible service, KINTO

"We provide fleet solutions that align with your objectives and help you drive your business forward"

keeps lives and businesses moving, helping you focus on what's really important.

As one of the UK's largest fleet-management and mobility organisations, providing flexible solutions to corporate, public sector and non-profit customers throughout the UK for more than 50 years, we take immense pride in our customer service delivery.

By combining the experience of our people, with efficient processes, systems and infrastructure, we provide fleet solutions that align with your objectives and help you drive your business forward.



FACT FILE

- Extensive portfolio of fleet, funding and mobility solutions
- Fleet consultancy
- Dedicated Commercial Vehicle team
- EV specialists
- Around-the-clock driver support
- In-life vehicle operations management, with a focus on downtime management
- Vehicle solutions for everyone - consumer through to large corporates, public sector and non-profit organisations

Salary sacrifice summary

- Salary sacrifice delivers significant tax efficiencies for EV and PHEV users, and the potential variable costs (ET, Damage, excess mileage etc) can be covered either by insurance, self-insurance or passing the cost on to employees.
- Consideration should be given to how external factors such as pensions and mortgages are affected, but these should not preclude the employer from considering introducing a salary sacrifice scheme.
- EVs may not suit the needs of all drivers.
- Employees cannot sacrifice their salary to such an extent that it takes them below the National Minimum Wage.
- If the employer experiences high levels of staff turnover, then greater consideration should be given to protection (insurance) against leavers. This will impact the levels of Early Termination protection they may wish to build into the scheme.
- Salary sacrifice schemes generate administration



(as you are creating a fleet), so any potential provider should seek to minimise this burden and do most of the 'heavy lifting' for the employer.

Further details

For additional buying guides and product information please scan the QR code, or visit <https://fleetwise.info/>



VLS Salary Sacrifice

VLS salary sacrifice makes electric vehicles accessible to businesses of all sizes through an employee benefit that saves money, reduces hassle and delivers on sustainability goals.

For a fixed cost, employees receive...

- A brand-new electric vehicle
- Fully-comprehensive vehicle insurance
- Breakdown cover
- Servicing, maintenance and repair
- Incident management support
- Dedicated in-life support

JCT600 | VLS
TRUSTED Vehicle Leasing Solutions

From consultation to in-life services, the scheme is tailored to your business, and you receive expertise from our experienced account managers at every step of the journey.

At VLS, one of our main ambitions is to provide the best customer experience through delivering high-quality, trusted solutions. We have the knowledge, the team and the technology to provide the best experience for your employees.



Fleet funding



Fleet management



Salary sacrifice

JCT600 | VLS **trusted** vehicle leasing solutions, **tailored** to your business.

Contact one of **our expert team** on **0113 391 1791** or head to jct600vls.co.uk/talk-to-us to learn more

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