

Important tax changes for you to be aware of

Changes to Fuel Rates from 1 July 2008

HMRC publish new mileage rates every six months which employees and employers can use to calculate the fuel cost of running their vehicles. The rates can be used in three ways;

- an employee who has company car but who is obliged to provide fuel for all mileage may base a claim for business mileage from his employer on these rates.
- where an employee has a company car and the employer pays for all fuel there is a punitive car fuel benefit. If the employee is required to make good all fuel for private mileage (and actually does so), the employee will avoid the car fuel benefit charge. Private mileage costs can be based on these figures.
- employers can use these rates to calculate the input VAT on fuel included in staff mileage claims. Employers will require the employees to provide a VAT receipt to cover the amount of VAT claimed and the date of the receipt should cover the same time period as the claim.

The new rates are:

Engine Size	Petrol	Diesel	LPG
1400cc or less	12p	13p	7p
1401cc to 2000cc	15p	13p	9p
Over 2000cc	21p	17p	13p

If you have any questions at all please do not hesitate to contact Lesley Tooley or your usual partner contact.