

## **Reporting low emission vehicles – Changes from April 2020**

From 6 April 2020, new appropriate percentage bands – and new lower charges for low emissions cars – will apply for company car tax purposes.

From the same date, the way in which carbon dioxide emissions are measured is also changing. This means that in order to find the correct appropriate percentage for working out the taxable benefit of a company car, you will need to know whether the car was registered on or after 6 April 2020 or before that date, as well as the level of the car's CO<sub>2</sub> emissions. As a transitional measure, with the exception of zero emission cars, the appropriate percentage for cars registered on or after 6 April 2020 is 2 percentage points lower than cars registered prior to that date for 2020/21 and one percentage point lower for 2021/22. The figures are aligned from 2022/23. For zero emission cars, the charge is 0% for 2020/21, 1% for 2021/22 and 2% from 2022/23, regardless of the date on which the car is registered. The maximum charge is capped at 37%, and the diesel supplement applies as now.

More information will be needed to work out the appropriate percentage where the car's CO<sub>2</sub> emissions (however measured) fall in the 1–50g/km band. From 6 April 2020, this band is sub-divided into five further bands, each with their own appropriate percentage. The band into which the car falls depends on its electric range (also known as its zero emission mileage). This is the maximum distance that the car can be driven in electric mode without having to recharge the battery. The relevant bands are as follows:

- more than 150 miles
- 70 to 129 miles
- 40 to 69 miles
- 30 to 39 miles
- less than 30 miles

The greater the car's zero emission mileage, the lower the appropriate percentage.

Splitting the 1–50g/km band introduces additional reporting requirements. The precise nature of those changes depends on whether car and fuel benefits are payrolled.

### **Payrolled benefits**

Where car and fuel benefits are payrolled, information on cars provided to employees is submitted to HMRC on the Full Payment Submission (FPS), rather than on form P46(Car). From 6 April 2020, where an employee has a car with carbon dioxide emissions that fall within the 1–50g/km band, the car's zero emission mileage must be reported to HMRC in the new field that will be available from that date.

### **P46(Car) changes**

If car and fuel benefits are not payrolled, form P46(Car) provides the mechanism for letting HMRC know when an employee has been given a car for the first time or given an additional car. The form can be submitted in various ways – on paper, using the online service or PAYE online.

From 6 April 2020, the form will have an additional field for zero emission mileage which must be completed when providing an employee with a car with CO<sub>2</sub> emissions in the 1–50g/km band. The deadlines for submitting the form are unchanged and are as shown in the table below.

| <b>Period in which change took place</b> | <b>Deadline for reporting it to HMRC</b>                                |
|--|---|
| 6 January to 5 April                     | 5 April (where electronic form used)<br>3 May (where printed form used) |
| 6 April to 5 July                        | 2 August  |
| 6 July to 5 October                      | 2 November  |
| 6 October to 5 January                   | 2 February  |