

ARE ELECTRIC VEHICLES THE WAY FORWARD?



EBCam

Employee Benefits

ABOUT EBCAM

EBCam Ltd is a specialist Employee Benefits firm focusing on providing comprehensive, engaging and rewarding benefits to employees.

We work with employers to design, manage, and support a range of employee benefits to aid in the attraction of new, and retention of existing employees.

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EBCam Ltd is authorised and regulated by the Financial Conduct Authority (FCA registration number 921376).

From 6 April 2020 there have been changes to the way salary sacrifice cars are taxed where the emissions are ultra-low. We have outlined some of the key changes in our Q&A document below:

What is a salary sacrifice car scheme?

A scheme whereby an employee can sacrifice an element of their monthly salary, in exchange for a low emission vehicle.

What are the benefits?

For an employee they will benefit from the use of a brand-new car at low cost which can be paid via their salary. For an employer, you will save Employers National Insurance on the amount an employee pays each month towards the car, it will also provide a method of transport to work for those who are normally reliant on public transport.

How much can an employee spend on a car?

You can set the limit as to how much you allow your employees to sacrifice on their car.

Does the car have to be used solely by the employee?

No. The car can be used either by the employee's family in addition, or solely by the employee only.

Are electric cars included?

Electric cars are encouraged as from a tax perspective, and of course the environmental impact, these have huge benefits. Set out below are the benefit in kind income tax rates applicable for the employee depending on the emissions of the car they select:

Vehicle CO2 (g/km)	Electric range (miles)	FY 2022-25		FY 2025-26		FY 2026-27	
		%BIK Rate	%BIK Rate	%BIK Rate	%BIK Rate	%BIK Rate	%BIK Rate
		Petrol, Electric, RDE2 Diesel**	Petrol, Electric, RDE2 Diesel**	Petrol, Electric, RDE2 Diesel**	Petrol, Electric, RDE2 Diesel**	Petrol, Electric, RDE2 Diesel**	Petrol, Electric, RDE2 Diesel**
0		2	3	2	3	2	3
1-50	130+	2	3	2	3	2	3
1-50	70-129	5	6	5	6	5	6
1-50	40-69	8	9	8	9	8	9
1-50	30-39	12	13	12	13	12	13
1-50	<30	14	15	14	15	14	15
51-54		15	16	15	16	15	16
55-59		16	17	16	17	16	17
60-64		17	18	17	18	17	18
65-69		18	19	18	19	18	19
70-74		19	20	19	20	19	20
75		20	21	20	21	20	21

** Rate applies to diesel vehicles not meeting the RDE2 standard. For diesel-hybrids, the Non-RDE2 4% diesel surcharge does not apply. All BIK rates apply to cars registered since 1998.

Please see above for tax tables up to April 2027. After April 2025, the company car tax rates on EVs will increase by 1% pa for 3 years. The rates will be 3% for 2025/26, 4% for 2026/27 and 5% for 2027/28. The company car tax rates for ultra-low emission cars (non EVs) emitting less than 75g/km will also increase by 1% from April 2025 for 3 years, rising to a maximum of 21%. Source: HMRC

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Who owns the car?

The vehicle is leased through the Salary Sacrifice Car provider. They will often provide the vehicle along with everything the employee needs such as insurance, the employee simply needs to add fuel.

What about if an employee leaves?

Insurance is generally included within the scheme to ensure that you are not left with a vehicle.

Improving your sustainability strategy

Introducing an Electric Vehicle (EV) focused salary sacrifice car benefit scheme, offers employees access to environmentally friendly and highly affordable new cars, and comes with many sustainability advantages for employers and employees, and a range of other benefits too.

An EV scheme can offer affordable access to emission free vehicles, which means that as tailpipe emissions fall, so too will a company's scope 1 and scope 3 emissions, as drivers move away from petrol and diesel cars for company business and commuting.

How can I set up a scheme?

There are a number of different companies who offer Salary Sacrifice cars. We can provide you with a recommendation based on our previous experience. We can also work with your team and the selected supplier to support the scheme set up and promotion to your employees.

If you'd like to learn more about salary sacrifice car benefits scheme, get in touch with us today to find out how we can help your business and your employees reach your sustainability goals.