YOUR QUICK GUIDE TO BIK

BENEFIT IN KIND – THE FACTS

All company cars are subject to a tax known as Benefit in Kind (BIK). This is payable on a company car if it's available for private use and is decided by the level of CO_2 emissions of the vehicle.

HOW BIK IS CALCULATED?

BIK is calculated using three things: the price of the vehicle (often referred to as the P11D value), CO_2 emissions, based on the government's emissions figures table, and your own personal tax bracket.

For Example: A Peugeot 3008 Diesel HYbrid4 with a P11D price of £26,940 with a CO_2 rating of 99g/km would be work out like this:

£26,940 x 10% = £2,694

This figure is then calculated subject to your personal rate of tax to give you your overall BIK payment for the year e.g. A 40% tax payer pays:

£2,694 x 40% = £1,078 for that tax year*

This equates to £90 per month.

ALTERNATIVELY...

Many companies are choosing to give employees the chance to take a salary increase or a vehicle allowance as an alternative to the traditional company car. This may be more tax efficient for the individual, but they will still pay tax on any car allowance the company offer*

*This is an example for illustrative purposes. For a more accurate breakdown, consult your own tax advisor.

3% DIESEL SURCHARGE

At the moment diesel cars attract an additional tax surcharge of 3% above that of a petrol vehicle, because although they emit less CO_2 than petrol engines, they produce more particulate pollutants.

However the new diesel-hybrid vehicles are exempt from the surcharge, because they're not pure diesel vehicles. So the benefit in kind liability for a diesel hybrid is the same as a petrol vehicle.

It's also useful to know that the technology of diesel engines has improved in the last few years, making them much cleaner than they once were. So from 2016, the diesel surcharge will no longer apply, and engines will have the same level of liability whether they're petrol or diesel.

Please see the table below that shows the percentage of tax that relates to each vehicle dependent upon its CO_2 emissions.

% of P11D Price	2012/13 CO_2 (g/km)	2013/14 CO_2 (g/km)	2014/15 CO_2 (g/km)	2015/16 CO_2 (g/km)	2016/17 CO_2 (g/km)
0	0	0	0	N/A	N/A
5	1-75	1-75	1-75	N/A	N/A
10	76-99	76-94	N/A	N/A	N/A
11	100-104	95-99	76-94	N/A	N/A
12	105-109	100-104	95-99	N/A	N/A
13	110-114	105-109	100-104	0-94	N/A
14	115-119	110-114	105-109	95-99	N/A
15	120-124	115-119	110-114	100-104	0-94
16	125-129	120-124	115-119	105-109	95-99
17	130-134	125-129	120-124	110-114	100-104
18	135-139	130-134	125-129	115-119	105-109
19	140-144	135-139	130-134	120-124	110-114
20	145-149	140-144	135-139	125-129	115-119
21	150-154	145-149	140-144	130-134	120-124
22	155-159	150-154	145-149	135-139	125-129
23	160-164	155-159	150-154	140-144	130-134
24	165-169	160-164	155-159	145-149	135-139
25	170-174	165-169	160-164	150-154	140-144
26	175-179	170-174	165-169	155-159	145-149
27	180-184	175-179	170-174	160-164	150-154
28	185-189	180-184	175-179	165-169	155-159
29	190-194	185-189	180-184	170-174	160-164
30	195-199	190-194	185-189	175-179	165-169
31	200-204	195-199	190-194	180-184	170-174
32	205-209	200-204	195-199	185-189	175-179
33	210-214	205-209	200-204	190-194	180-184
34	215-219	210-214	205-209	195-199	185-189
35	220+	215+	210+	200-204	190-194
36	N/A	N/A	N/A	205-209	195-199
37	N/A	N/A	N/A	210+	200+

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