

Tax Card

2024/25



**Lease
Electric**

Endorsed by

L A Y — E R S

Welcome to our 2024/25 Tax Card

The UK is home to one of the most intricate tax systems, making it challenging to stay compliant.

In this tax guide, we have compiled crucial tax rates concerning company vehicles for the 2024/25 tax year.

These rates and allowances are derived from the Spring Statement 2024 issued by the UK, Northern Ireland, Scottish, and Welsh Governments and are subject to change.

To navigate these complexities, Lease Electric recommends consulting your financial advisor or accountant.



Income Tax thresholds

The amount of Income Tax you deduct from your employees depends on their tax code and how much of their taxable income is above their Personal Allowance.

The standard employee personal allowance for the 2024 to 2025 tax year is:

- £242 per week
- £1,048 per month
- **£12,570 per year**

Income Tax Bands

England, Wales and Northern Ireland

PAYE tax rate	Taxable Income	Tax Rate
Personal Allowance	Up to £12,750	0%
Basic tax rate	£12751 to £50,0270	20%
Higher tax rate	£50,271 to £125,140	40%
Additional tax rate	£125,140	45%

The personal allowance is reduced by £1 for every £2 of income above £100,000. This means that when income is £125,140 or more, the personal allowance will be nil.

The effective tax rate for income between £100,000 and £125,140 is 60% because in addition to paying 40% tax on any income above £100,000, there's the impact of losing some or all of the personal allowance and paying 40% tax on that too.

You do not get a personal allowance on taxable income over £125,140.

Scotland

PAYE tax rate	Taxable Incomes	Tax Rate
Personal Allowance	£12,572	0%
Starter tax rate	£12,571 to £14,867	19%
Basic tax rate	£14,877 to £26,561	20%
Intermediate tax rate	£26,562 to £43,662	21%
Higher tax rate	£46,663 to £75,000	42%
Advanced tax rate	£75,001 to £125,140	45%
Top tax rate	Over £125,140	48%

You do not get a personal allowance if you earn over £125,140



National Minimum Wage

From 1 April 2024, workers aged 21 and over will be entitled to the National Living Wage.

	21+	18-20	Under 18	Apprentice
Hourly Rate	£11.44	£8.60	£6.40	£6.40

National Insurance

Class 1A NICs are paid on amounts reported on Form P11D(b).

Class 1B NICs are paid on earnings included in a PAYE Settlement Agreement and income tax thereon.

Class 1 - Employee and Employer Thresholds

	2024/25		
Earnings	Weekly	Monthly	Annual
Lower Earnings Limit (LEL)	£123	£533	£6,396
Earnings Threshold(ET)			
• Primary Threshold (PT)	£242	£1,048	£12,570
• Secondary Threshold (ST)	£175	£758	£9,100
Freeport Upper Secondary Threshold (FUST)	£481	£2,083	£25,000
Investment Zone Upper Secondary Threshold (IZUST)	£481	£2,083	£25,000
Upper Secondary Threshold (UST)	£967	£4,189	£50,270
Apprentice Upper Secondary Threshold (AUST)	£967	£4,189	£50,270
Veterans Upper Secondary Threshold (VUST)	£967	£4,189	£50,270
Upper Earnings Limit (UEL)	£967	£4,189	£50,270
Employment allowance			£5,000
Apprenticeship levy			£15,000

The PT will be frozen until April 2028.

The ST will be frozen until April 2028.

The UEL, along with the UST, AUST and VUST, will remain aligned with the UK higher rate tax threshold, at £50,270, until April 2028.

The annual employment allowance may be offset against an employer’s Class 1 NICs but must be claimed via the normal payroll process. The allowance is not available to companies of which a director is the sole employee, and is restricted to employers whose NIC liability is less than £100,000.

The apprenticeship levy is set at a rate of 0.5% of an employer’s annual pay bill and is collected via PAYE. As the annual allowance is used to offset the payment of the levy, the levy is only paid by employers whose pay bills exceed £3 million per year.

National Insurance

Class 1 Employee and Employer Rates

Earnings	2024/2025	
	Employee	Employer
Below Lower Earnings Limit (LEL)	Nil	Nil
Above LEL to Earnings Threshold (ET)	0%	0%
Above ET to Upper Earnings Limit (UEL)	8%	13.8%
Above UEL	2%	13.8%

Employers are not required to pay Class 1 NIC on earnings up to the Upper Secondary Threshold (UST) for any employee aged under 21. Employers are not required to pay Class 1 NIC on earnings paid up to the Apprentice Upper Secondary Threshold (AUST) to apprentices under the age of 25. As shown in the 'National Insurance Contributions Thresholds' tables, the UST and AUST will be the same as the UEL in 2024/25.

Employer Class 1 NIC relief is available up to the Veteran's Upper Secondary Threshold (VUST) to those who employ armed forces veterans. Employers are therefore not required to pay Class 1 NIC on earnings for 12 months from the veteran's first day of civilian employment after leaving the armed services. As shown in the 'National Insurance Contributions Thresholds' tables, the VUST will be the same as the UEL in 2024/25.

Employer Class 1 NIC relief is available for eligible employees working in all Freeports from April 2022 or when a tax site is designated as a Freeport after this date if later. Employers are therefore not required to pay Class 1 NIC on earnings up to the Freeport Upper Secondary Threshold (FUST) until at least April 2026 with the intention to extend for up to a further five years to April 2031, subject to a review of the relief. Relief will also be given up to the IZUST for employers operating in investment zones. As shown in the 'National Insurance Contributions Thresholds' tables, the FUST and IZUST are set at £481 per week, and its monthly and annual equivalents.

Employees over the State Pension Age do not pay Class 1 NIC, but employers are still required to pay Class 1 NIC on their earnings.

Class 1A and 1B Employer Rates

Earnings or benefits	2024/2025
Class 1A Most taxable benefits, including car and fuel benefit charge	13.8%
Class 1B Earnings in PAYE Settlement Agreement and Income Tax thereon	13.8%

Corporation Tax

Rates

Company rate	Profits	2024/25
Small rate	Up to £50,000	19%
Marginal rate*	£50,001 – £250,000	26.5%
Main rate	Over £250,000	25%

*Marginal rate relief is dependant on various factors and the amount of associated companies.

CTM03570 - Corporation Tax

Student Loan Deductions

How much you repay depends on your income – the amount you earn (including things like bonuses and overtime) before tax and other deductions.

You'll repay a percentage of your income over the 'threshold' for your type of loan, depending on how often you get paid. The thresholds are different for each plan type.

Plan type	Yearly Threshold	Monthly Threshold	Weekly Threshold
Plan 1	£24,990	£2,082	£480
Plan 2	£27,295	£2,274	£524
Plan 4	£31,395	£2,616	£603
Plan 5	£25,000	£2,083	£480
Postgraduate Loan	£21,000	£1,750	£403

If you're not sure which repayment plan you're on, you can sign in to your [online account](#) to check.

You'll repay either:

- 9% of your income over the threshold if you're on Plan 1, 2, 4 or 5.
- 6% of your income over the threshold if you're on a Postgraduate Loan plan.

The earliest you'll start repaying is:

- the April after you leave your course
- the April 4 years after the course started if you're studying part-time or doing a Postgraduate Doctoral course and your course is longer than 4 years
- April 2026 if you're on Plan 5

Your repayments automatically stop if either:

- you stop working
- your income goes below the threshold

Your repayments will be taken out of your salary at the same time as tax and National Insurance if you're an employee. Your payslips will show how much has been deducted.

Vehicle and Fuel Benefit-in-Kind

The taxable benefit-in-kind is calculated as a percentage of the car's UK list price. The percentage depends on the car's CO2 emissions in grams per kilometre (g/km).

CO2 Emissions (g/km)	EV Range (miles)	Appropriate Percentage * 2024 -2025
0	N/A	2%
1-50	More than 130	2%
	70-129	5%
	40-69	8%
	30-39	12%
	Less than 30	14%
51-54	N/A	15%
Over 54	N/A	+ 1% for every 5g/km up to 37%

*Add 4% for diesels up to a maximum of 37% (unless RDE2 compliant). Diesel plug-in hybrids are classed as alternative fuel vehicles, so the 4% diesel supplement does not apply to these vehicles irrespective of RDE2 compliance.

The list price is on the day before first registration, including most accessories, and is reduced by any employee's capital contribution (max £5,000) when the car is first made available.

Where the cost of all fuel for private use is borne by the employee, the fuel benefit is nil. Otherwise, the fuel benefit is calculated by applying the car benefit percentage to the car fuel benefit multiplier (below).

Company Car Fuel	2024/2025	2023/2024
Car fuel benefit multiplier	£27,800	£27,800

Company Vans*	2024/2025	2023/2024
Van benefit charge	£3960	£3960
Van fuel benefit charge	£757	£757

*Applies where private use is more than home-to-work travel. Payments by employees for private use may reduce these benefits-in-kind. Zero-emission vans have a benefit value of £0.

Electricity is not a fuel for car fuel benefit purposes.



Company Car advisory fuel rates

Use advisory fuel rates to work out mileage costs if you provide company cars to your employees.

Electric Vehicles = 9 pence per mile.

Engine size	Petrol - amount per mile	LPG - amount per mile
1400cc or less	13 pence	11 pence
1401cc to 2000cc	15 pence	13 pence
Over 2000cc	24 pence	21 pence

Engine size	Diesel- amount per mile
1600cc or less	12 pence
1601cc to 2000cc	14 pence
Over 2000cc	19 pence

Hybrid cars are treated as either petrol or diesel cars for this purpose.

Employee mileage allowance payments

Mileage allowance payments are what you pay your employees for using their own vehicle for business journeys.

You can pay your employees an approved amount of mileage allowance payments each year without having to report them to HMRC. To work out the approved amount, multiply your employee’s business travel miles for the year by the rate per mile for their vehicle.

Type of vehicle	Rate per business mile 2024 - 2025
Car	45 pence for the first 10,000 business miles in a tax year. Then 25 pence for each subsequent mile.
Motorcylce	24 pence
Cycle	20 pence

An additional 5p per passenger to be paid if the passenger is an employee and the trip is for business purposes.

The tax-free business mileage allowance rates apply for qualifying business journeys incurred by employees using their own vehicles over the course of the tax year. For National Insurance purposes, a 45p rate might apply for all business miles incurred by cars and vans.

EIM23900 - Car benefit

Special Cases: Issues relating to electric cars

Provision	Company car available for private use	Employees car used for business
Employer allows cars to be charged from a vehicle charging point at work	No taxable benefit	Before 6 April 2018, Taxable benefit based on cost to the employer. From 6 April 2018, see EIM01035
Employer pays for a vehicle charging point to be installed at the employee's home	No taxable benefit	Taxable benefit based on cost to employer
Employer pays for charge card to allow individuals access to public charging points	No taxable benefit	Taxable benefit based on cost to employer

Workplace Charging Scheme

Closing: 31 March 2025, 11:59pm

The Workplace Charging Scheme (WCS) is a voucher-based scheme designed to provide eligible applicants with support towards the upfront costs of the purchase and installation of EV chargepoints.

The contribution is limited to 75% of purchase and installation costs, up to a maximum of £350 for each socket, up to a maximum of 40 across all sites for each applicant. The Workplace Charging Scheme (WCS) is available to registered businesses, charities and public sector organisations that have dedicated off-street parking.

In addition to the £350 per socket, the WCS will also be able to provide additional help for small and medium-sized enterprises (less than 250 employees) to provide their staff or fleet car parks with EV chargepoints.

To find out more about these scheme, visit the Government's Grant Service by [clicking here](#).



Tax Relief for Electric & Plug-in Hybrid Vehicles

When it comes to adding electric or plug-in hybrid vehicles to your fleet there are several different types of tax relief to be aware of depending on what the vehicle is, its CO2 emissions and how you purchase/lease it. There is also tax relief available on the charging equipment used to charge these vehicles.

- **Lease Rental Restriction** - for vehicles that are acquired via a lease or contract hire
- **Capital Allowance** - for vehicles that are acquired via a purchase product such as Hire Purchase (HP) or purchased outright
- **Annual Investment Allowance** - for commercial vehicles or any vehicle that is licensed to be used for the transportation of goods or materials rather than passengers

Lease Rental Restriction

If a company leases its cars, then the finance element of the lease rental that the company pays constitutes a cost that can be offset against its profits (normally in the year that they are incurred), therefore paying less corporation tax.

From April 2021, if a car has CO2 emissions of 50g/km or less, then the full amount of the finance element of the lease rental will attract tax relief. However, where a car has CO2 emissions above 50g/km, there is a flat-rate reduction of 15% in the value of the lease rentals that can be considered for corporation tax relief.

For contracts entered in to from April 2021

CO2 Emissions	Allowed Rentals	Disallowed Rentals
50 g/km or below	100%	0%
Above 50 g/km	85%	15%

Capital Allowances

When a company purchases a fixed asset, such as tools, machinery or a car, it is not usually possible to deduct the entire expenditure on the asset from the profits straightaway on the basis that it represents capital expenditure. Instead, tax relief is calculated for qualifying capital expenditure by way of capital allowances, which effectively spreads the amount of tax relief that can be claimed over a number of years; as opposed to the depreciation for accounting purposes, which is generally not deductible for tax purposes.

With company cars, there are special rules dictating the amount of capital allowance that can be offset against profits each tax year.

- **First Year Allowance (FYA):** 100% of the value of the asset can be written down in year 1. Applicable to electric cars and electric charging points.
- **Main Pool Allowance:** 18% of the value of the asset can be written down each year. Applicable to cars that produce 1 - 50 g/km of CO2
- **Special Rate Pool:** 6% of the value of the asset can be written down each year. Applicable to cars that produce more than 50 g/km of CO2

For contracts entered in to from April 2021

CO2 Emissions	Allowed Rentals
0	100%
1 - 50	18%
Above 50	6%

Include cars used by sole traders or partnerships with private use in a single asset pool.

Until April 2025, a business that purchases a van with zero CO₂ emissions is eligible for a 100% First-Year Allowance (FYA) provided the business does not claim the government's Plug-In Van Grant (PIVG).

Any other van should be treated as plant and machinery and allocated to the main pool, where it will be eligible for writing down allowances at 18%, unless an Annual Investment Allowance is claimed.

Other allowances: Electric Charge Points 100% this will expire on 31 March 2025.

Annual Investment Allowance (AIA)

From 1st January 2021, the maximum Annual Investment Allowance (AIA) reduced from £1 million to £200,000.

It is effectively a 100% allowance that applies to most qualifying expenditure up to the annual cap, with expenditure on cars being the most important exception. Commercial vehicles, such as vans, should qualify for the annual investment allowance.

Where qualifying expenditure exceeds the annual cap tax relief will be given under the normal capital allowance regime via the main or special rate pools, with writing down allowances being given at 18% or 6% respectively, on the reducing balance basis.

Lease Electric's Salary Sacrifice Scheme

Salary Sacrifice for Electric Vehicles (EVs) is currently the fastest-growing vehicle financing method. This initiative, similar to the cycle-to-work scheme but tailored for electric vehicles, enables your employees to save up to 40% on the cost of an EV while boosting your company's sustainability efforts.

An employee can save money by opting for a salary sacrifice scheme where part of their annual salary is exchanged for a car and additional services before tax. This helps in reducing their tax and national insurance payments. In return, the employee receives a new fully maintained and insured vehicle at a more affordable rate than they would otherwise obtain. The car is considered a company car for tax purposes.

The employer collaborates with Lease Electric to procure the desired vehicle(s) for the employee and deducts the total cost from the employee's salary. This arrangement leads to reduced National Insurance Contributions (NICs) and provides corporation tax relief for the employer. Similarly, the car is treated as a company car for tax purposes.

To find out more about our Salary Sacrifice Scheme, or to sign your business up and begin providing this benefit to your employees:

Click here



www.lease-electric.com/salary-sacrifice/company-sign-up





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Important Notice

When it comes to tax, Lease Electric recommends consulting your Financial Advisor or Accountant.

The rates and allowances mentioned are based on the 2024 Spring Statement from the UK, Northern Ireland, Scottish, and Welsh Governments and are for information purposes only.

Please note that all details in this tax card are subject to change and confirmation by the relevant Governments. This information is not intended as advice, and no guarantee is provided for its accuracy or comprehensiveness. Lease Electric recommends seeking professional advice and guidance before making any decisions.