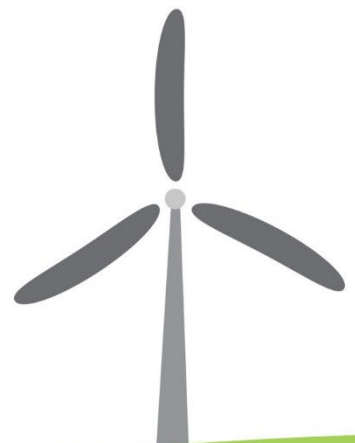




## Salary Sacrifice Cars

# Employee Pack

Everything you need to source your next car the  
tax efficient way



*"Cost-Effective, Time-Saving and Easy"*

[www.fleetevolution.com](http://www.fleetevolution.com)

## **Contents**

1. Introduction
2. Overview of Salary Sacrifice for cars
3. Summary of scheme rules
4. Ordering a Car
5. In-life management
6. Day to day running of your new car
7. Returning your car/leaving your employer
8. Frequently Asked Questions

## **Appendix One**

### Useful forms

- i. Benefit in Kind Rates
- ii. Understanding Your Tax Code Changes

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## 1. Introduction

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Fleet Evolution's Salary Sacrifice Scheme is your new salary sacrifice based EV Scheme. This document has been produced to outline how the scheme works and the benefits of joining the scheme. It is important that you read this document carefully.

Your employer has decided to introduce this benefit as it offers employees a cost-effective way to choose a new ULEV car with the additional benefits of maintenance including servicing and tyres, road fund licence and breakdown assistant. Your employer has appointed Fleet Evolution to supply and administer all cars on their behalf to ensure you, the employee, make savings on your motoring.

The Driverline Team are on hand to guide you through the various options and advantages of salary sacrifice. For any FAQ's, you can refer to the dedicated page at the end of the pack.

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## 2. Overview of Salary Sacrifice for Cars

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### How does a car salary sacrifice scheme work?

Under the salary sacrifice scheme you (the employee) agree to 'sacrifice' some of your salary in exchange for a fully funded & managed car. This benefit is taxable but when salary sacrifice is applied to a low emission car such schemes can be extremely cost effective for employees.

Savings can be significant, and you can benefit hugely from the tax treatment coupled with the attractive discount rates agreed with our suppliers. You will have all the added benefits of a company car such as full management and access to our Driverline.

### What are the advantages?

The advantages are numerous and vary according to the specifics of the Scheme but for employees the main benefits are:

- Access to a wide range of electric and hybrid cars
- A 'fully managed' car, all you need to do is charge!
- No worries motoring, if anything goes wrong, we will handle it.
- No deposit, your first payment commences on the month of delivery.
- Salary sacrificed from gross pay, saving you tax and national insurance.
- All the benefits of a company car including a helpline for any issues from service bookings to roadside recovery.

The price we quote is the all-inclusive price you will pay. We will arrange delivery of your new car to wherever you need it, and collect it at the end of the term, dropping off a new one if you renew.

## What are the Disadvantages?

- Your payment does not cover fuel or other consumable items (e.g. screen wash)  
Whenever these items need topping up, it is your responsibility to do so. For a full list of consumable items contact [operations@fleetevolution.com](mailto:operations@fleetevolution.com)
- You will reduce your gross salary for the contracted period. This may affect other arrangements such as pension contributions, student loans etc. If you are unsure if this is the right arrangement for you, please seek independent financial advice.
- You will pay tax on the benefit – HMRC will charge you benefit in kind tax on the car, based upon the CO<sup>2</sup> and list price, the cleaner the car the lower the tax on the benefit. You will have to notify HMRC of your new benefit and you may receive a revised tax code to reflect this 'Benefit in Kind' or 'BIK' tax. This is reflected in the quote, so you can account for it fully and we recommend certain cars to reduce the effect of this. This usually brings additional savings as the modern low polluting car has significantly better fuel economy than its older counterpart.
- The car provided can be used for business use. Should you raise a business mileage claim, this will be reimbursed at the current HMRC Advisory Fuel Rate which is a lower rate than using a personal car.
- You are committing to a long-term agreement with your employer. If you remain employed with your current employer, you must maintain the agreement for the term you choose. If you choose to leave your employer part way through the contract, the car will need to be returned to our offices or a £250 collection fee is charged. The car needs to be clean and in good condition and within pro rata mileage. However, if your employment is terminated by your employer, you can return the car without penalty.
- If you wish to terminate your contract whilst still employed, under HMRC rules there will be termination fees applied which can be as much as 50% of the remaining rentals. The car will need to be returned to our offices or a £250 collection fee is charged. The car needs to be clean and in good condition and within pro rata mileage.

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### 3. Summary of scheme rules

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#### Who is eligible?

Selected permanent employees are eligible for the scheme subject to the following:

- Minimum age 21
- Completion of 6 months service and outside of probation
- Minimum salary of £26,000 (salary must not fall below the national living wage or minimum wage if relevant after this and all other sacrifice arrangements)
- Full driving licence held for a minimum of 6 months with no more than 6 current endorsement points for all drivers of the car

Entry to the scheme is ultimately at your employer's discretion.

#### What does my contribution include?

Your monthly salary deduction includes:

- The use of a car as per your order for the contracted period
- Routine maintenance
- Routine tyre replacement including puncture repairs
- Fleet management
- Road fund licence

#### What can I choose from?

You will have access to an extensive list of cars through the quotation engine supplied. You can choose any car from our quotation engine. By choosing an Ultra-Low Emission Car (ULEV) emitting below 75CO<sup>2</sup>/km you can make the highest savings.

### **How many cars can I take under the scheme?**

You can usually take up to 2 cars on the scheme, subject to your employer's scheme rules, and providing your salary does not fall below the national living wage after this and any other salary sacrifice arrangements you may have. If at any point your salary does reduce below this level, your employer will no longer be able to make the usual salary sacrifice deduction pre-tax, so you agree to a deduction from your net salary, of the Total Rental (inc. VAT) as shown on your signed quote.

### **What Term and Mileage Can I Spread My Agreement Over?**

The agreement term must be between 24 and 48 months. The term mileage is completely flexible to suit your requirement, but you must state the mileage you will cover whilst you have the car before you place the order. This allows the financial calculation to take account of the impact of mileage.

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## 4. Ordering a car

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Your employer has arranged for a quotation engine to be made available to you. This will guide you through all the car and quote options open to you. Quotations include all servicing, routine tyre replacement, recovery and road tax.

To get a quote, logon to [www.fleetevolution.com/other/get-a-quote](https://www.fleetevolution.com/other/get-a-quote) and select the quotation link. To set up your login details you will need to contact Driverline on ☎ 0300 302 0626 or ✉ [driverline@fleetevolution.com](mailto:driverline@fleetevolution.com). You will need your National Insurance number as this will be used as your username and will form part of your password. Your password will be the first 4 digits of your NI number followed by the first 3 letters of your surname, all lower case.

Once logged on you can search all available cars by style, economy, NCAP safety rating or even boot size. If your details do not work for any reason, contact ✉ [driverline@fleetevolution.com](mailto:driverline@fleetevolution.com).

Once you have produced a quotation you can save it or progress it by confirming an order. You can also save a selection of quotations to review later and email them if required. The 'Gross Salary Sacrifice' figure is the amount that will be deducted from your gross salary, and the figure you will see on your pay slip. The 'Net Cost to Employee' is the amount that your take home pay will be reduced by after BIK tax, Income tax savings and NI savings are considered.

Once you are happy simply select 'order' to pass the request to Fleet Evolution. We will confirm your entitlement with your employer, and you will be sent a formal order document confirming your order and the change in your terms and conditions. The final document will be based upon your specified gross salary and, once you return this with an online e-DECS (allowing us to check your driving licence), we will progress the order on your behalf.

After that just relax. General lead times for factory orders can be requested by asking our Driverline team.

Once your car arrives you will receive a thorough handover before you take the keys to your new car, complete with our Welcome Pack. On some occasions the Welcome Pack may follow. You will need to notify the HMRC you have taken delivery of your new car. This can be done online via the HMRC website, <https://www.gov.uk/log-in-register-hmrc-online-services>. You will need to create yourself an online account if you do not already have one. You will then be able to update your account with your new car information. Once the information has been provided to the HMRC they will reissue your tax code accordingly.

### Pay slip details

Your pay slip will show a reduction in gross pay equal to the amount you have agreed to. Any additional deductions required in accordance with items specified through the Scheme Rules will show in the deductions section of your pay slip.

By entering the scheme, you are agreeing to such deductions as are set out in these documents and these Scheme Rules being made from your net salary (in addition to the salary exchange). You



are responsible for checking your pay slip on a monthly basis to ensure deductions and/or credits are correct. Any issues should be raised immediately with HR/Payroll.

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## 5. In Life Management

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We hope you will have many years of trouble-free motoring within the scheme but one of the benefits of a car through Fleet Evolution is that whatever the road throws at you, we're here to help.

Your car is covered for in-life events such as routine maintenance, replacement tyres and recovery in the event of mechanical failure but we're also on hand to help with other incidents.

Our processes are constantly evolving as we strive to exceed our customers' expectations. For your convenience our Driver Information guide is available online at:

 <http://www.fleetevolution.com/info/driver-info>

If you have any other queries at any time at all please do not hesitate to contact us on

☎ 0300 302 0626 or ✉ [driverline@fleetevolution.com](mailto:driverline@fleetevolution.com)

### What if my circumstances change?

If your circumstances change you should contact your employer and us. Generally, such changes would fall under one of the following headings:

**Motor insurance** – You are responsible for ensuring that your salary sacrifice car is insured on a fully comprehensive policy which needs to include Business Use, which is a HMRC requirement for the scheme. You are required to provide Fleet Evolution a copy of your policy and statement of facts throughout the life of the contract.

**Mileage amendment** – Sometimes due to a house move or change in role it may be necessary to amend your agreed mileage. Please contact us and we will happily re-quote you on the new basis. You need to do this as soon as possible as delays may incur additional costs. We will also review mileage annually and where applicable automatically realign contracts should they be significantly above contract mileage. We normally allow one mileage change during the term of a contract however an administrative charge may be made. You are only permitted to change after 12 months have passed and with 12 months remaining on your contract. If preferred, where excess mileage charges apply, you may make a payment for excess mileage at the end of each 12-month period for mileage that exceeds the original quotation mileage.

**Car requirement changes** – Your agreement is for a fixed term, but we realise that things may change – for example, new arrivals meaning a larger car needed. If your needs change, please contact us. It's not always possible to change the car without any penalty but we will always try our best to accommodate your request.

**Loss of licence** – If you lose your licence whilst still having an active vehicle contract, you are still required to maintain the monthly payments and ensure someone with a valid UK licence is insured on the vehicle policy for the duration.

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## 6. Day to Day running of your new car

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### What is covered under the scheme?

- Delivery and collection\* of the car from your employer's offices (we may be able to deliver to your home at no cost if required, please contact us to discuss)  
\*Collection of the car at the end of the vehicles natural contract.
- All finance and depreciation
- Routine service, maintenance, and tyre replacements (including punctures, excluding shoulder/sidewall damage)
- Road fund licence
- Termination insurance allowing you to return the car if your employment is terminated or you are made redundant.
- Breakdown and recovery cover
- GAP Insurance

Accidental damage is not covered; examples include glass damage or body damage, but these may be covered under your insurance policy. If not, these will incur a recharge.

General in-life rules and processes are covered under our online Driver Information guide which can be found at:  <http://www.fleetevolution.com/info/driver-info>

This has all the information you will need separated into sections to make it easy to navigate.

### **Are there any usage restrictions?**

- a) You will use the car for the purpose of your business and for your private use. On no account will the car be used for a taxi business, rental or competing in any form of rally or motor sports. Driving tuition will be permitted only in respect of your employees and their immediate families. The use of the car for driving tuition for reward or for tuition of any other person is prohibited.
- b) You will not remove, change, or interfere with any registration plate, identification or trademark affixed to the car nor permit any such removal, change or interference without prior written consent. If you wish to assign a personalised registration to your car, please contact the Operations Team.
- c) You will not, nor will you permit, the painting, signwriting, lettering, impression, or erection of any lettering, writing or designs on the car nor deface or permit defacing of any of the paintwork or body without our prior written consent. You may affix windscreen stickers without our prior written consent.
- d) You will not use nor permit the car to be used for towing outside the manufacturer's recommended, or any statutory, towing limits. You will not affix any towing equipment to the car, without prior written consent.
- e) You will not affect any modification to the car, fit non-standard tyres or use non-standard fuel or fuel additives without prior written consent.
- f) You will not load nor permit any loading of the Car beyond the loading recommended by the manufacturer of the car's plated capacity weight.
- g) You will always ensure that the car is used in a manner consistent with the manufacturer's recommendations.
- h) You will not use the car in a manner that will invalidate any insurance or the car.

### **What is 'fair wear and tear'?**

You will see this term mentioned frequently. If your car needs a service at a manufacturer's usual frequency you do not need to pay for this. However, if for example mechanical failure is identified at a garage as being down to the driver (e.g., no oil in the car causing engine damage and oil warning light being ignored) you would be recharged. If you see any warning lights at all you should always consult your Welcome Pack or contact us. Recharges are rare, and we hope unnecessary. Other examples of events which may incur a recharge are:

- Recovery after running out of charge/fuel if hybrid
- Locking yourself out of your car
- Tyre damage
- Car being returned dirty and/or with odour in the interior
- Car damage
- Any other event where the driver has shown negligence
- Missing a service (a penalty of a minimum of £500 may be chargeable, higher costs may be chargeable dependant on manufacturer)
- Causing damage to the engine/motor/battery through driver error

The BVLRA have a fair wear and tear guide that outlines the expected standards of the car upon return. If you would like to see a copy of this guide, then please email Driverline

✉ [driverline@fleetevolution.com](mailto:driverline@fleetevolution.com).

### **When are routine services due?**

Most cars come with a dashboard indication of next service, and all will be delivered with a manufacturers' driver handbook showing you when a service is due. If in any doubt, please contact us. Providing your car is running to the agreed mileage we will usually contact you to arrange the service and we may be able to collect the car from your place of work and return it the same day subject to dealer availability and how much notice is given.

Your car must always be serviced by a franchised dealer, please contact Fleet Evolution if you are not sure who this is. You can book the car into your nominated dealership yourself or contact us and we will happily manage this process for you. If a service is missed for any reason, you may incur fees for misuse and/or mechanical damage.

### **What should I do if I have an accident?**

You **must** notify Fleet Evolution of any accident/damage immediately. We will advise on the next steps for accidents.

#### **How should I resolve windscreen damage?**

You must always ensure any chips or cracks are repaired swiftly. Please note, windscreens are not covered by the maintenance package but may be covered by your insurance policy.

#### **How should I pay parking fines & offences/congestion zone/toll charges?**

When a penalty charge notice is received by Fleet Evolution against your car we will notify you by email and provide you a copy of the penalty charge notice, it is then your responsibility to make a decision within 48 hours of receipt of the notification from Fleet Evolution as to whether you accept and settle the penalty; or wish us to make representation to transfer liability for the penalty into your name for you to dispute with the issuing authority. If you fail to notify Fleet Evolution of your decision within 48 hours, we will automatically attempt to make representation to transfer liability into your name and for the penalty charge notice to be reissued to you at your home address. However, if the authority rejects this representation Fleet Evolution reserves the right to pay the penalty charge notice and recharge you directly. Fleet Evolution will not be held liable for any increases in penalty amounts during this process.

Please note: Fleet Evolution do not charge an administration fee for the administration of the first fine received in a 12-month period. If 2 or more fines of any nature are received within a 12-month period, an administration fee of £25.00 + VAT will be charged for each fine

#### **I think I may have a pending speeding conviction, what should I do?**

If you have been pulled over at the roadside and incurred a fixed penalty for any offence or are requested to attend a court hearing, you should advise Fleet Evolution so we can update your records. In any event you should always notify your insurer.

If you think you have been caught speeding on camera, please note any such notification will initially come to us and we will pass it onto you. It is your responsibility to identify who was driving the car at the time.

#### **Does it matter how many miles I drive?**

The agreement with Fleet Evolution and subsequent salary sacrifice will be based upon a pre-determined annual mileage which must be agreed at the time of ordering your preferred car.

When you first take the car, you commit to a mileage figure that you are expecting to cover during the contracted period. If, at the end of the contract, you have exceeded' the contracted mileage you will be charged for the excess mileage at the appropriate pence per mile (ppm) rate that was stated on your final quote document at the time of ordering your car. If, during the contract, you suspect that you will exceed the agreed mileage you may amend the contracted mileage at any time after 12 months and 12 months prior to the end of the lease, subject to your employer's approval. However, only one such amendment may be made during the term of the lease and an administration charge may be made.

#### **If I am exceeding the contracted mileage, how do I amend the contract?**

Subject to the conditions noted above you may apply to amend the contract mileage. Please contact Fleet Evolution providing your current mileage and the revised mileage you would like to change this to and we will confirm your eligibility and if appropriate issue a contract realignment quotation.

Please note that any amendment will only apply from the pay date in the month following the receipt of the signed contract realignment quotation by Fleet Evolution. Amending the annual contract mileage may result in either an increase or decrease of the amount of salary you sacrifice.

### **Can I take my car abroad on holiday?**

To take your car abroad you must first obtain the authority of Fleet Evolution at least 14 days before travel and ensure the car is covered by a European breakdown/recovery service.

You must also obtain authority and an International Registration Certificate (Form VE103) from Fleet Evolution at least 14 days before you are due to travel as this is a legal requirement. There is a charge for this certificate. To request a VE103, please apply online by completing the Foreign Travel Request (VE103) form within the Driver Information section of our website, which can be found at:

 <http://www.fleetevolution.com/travelling-outside-the-uk>

You may need to provide some additional information to confirm that suitable insurance and/or roadside recovery services are provided whilst you are outside of the United Kingdom.

Please refer to the following Driver Information sections of the Fleet Evolution website.

- Travelling Outside the UK
  - Accident Recovery Cover Outside the UK
  - Breakdown Outside the UK
  - Foreign Travel Authority
  - Foreign Travel Insurance
  - Foreign Travel Preparation
  - General Information on Driving Abroad

Once your application has been acknowledged by Fleet Evolution the fee will be confirmed – this is set by the DVLA. Please forward a cheque payable to ‘Fleet Evolution’ for the fee or contact us to make an electronic payment. Once the fee has been received, Fleet Evolution will issue an International Registration Certificate (VE103) together with a letter confirming our authorisation for you to take the car outside of the UK. This is a legal requirement as you are driving a leased car. The VE103 and letter of authority will cover the dates and countries involved in the journey.

For all other events please refer to our online driver guide.

### **Returning your company car**

#### **How do I return my car at the end of the term?**

It is your responsibility at the end of your contract or on early termination, to make your car available for collection. We will usually contact you 6 months prior to the end of your contract to

remind you that your current car will need to be handed back and to remind you of the replacement options. We will arrange to collect the car from your employer's offices during the last week of the contract, however we may be able to collect it from your home should this be preferable. Our collection agent will ask for car keys and any other items issued to you such as manufacturers' handbook and SD cards.

It is your responsibility to ensure that your car is clean, odour and damage free prior to return/collection. If your car is returned dirty, we may not be able to identify damage on collection meaning you could be charged for a valet and damage that was not identified on the collection sheet which causes frustration for both sides. A clean car means we can accurately identify any damage at point of collection.

Prior to collection you will receive our BVRLA fair wear and tear guide advising the standards we expect any returned car to meet. We recommend a car refurbishment specialist inspects the car prior to collection to avoid any unexpected charges. Where a car is returned damaged Fleet Evolution will invoice you for any loss in resale value because of such damage.

For recommendations of car refurbishment specialists, or if you would to send photographs or videos of your car for Fleet Evolution to advise, please contact [✉ driverline@fleetevolution.com](mailto:driverline@fleetevolution.com).

#### **What if I want another car at the end of my current contract?**

If you have ordered a replacement car through Fleet Evolution this will normally be delivered the day your old car is collected. We recommend you order your new car as soon as possible to ensure a smooth transition.

#### **What if I want to buy my car at the end of my contract?**

If you would like a price to purchase your car at the end of your contract, just contact Driverline. We are unable to provide this price until towards the end of your contract as car values can change at any time.

#### **What if I hand the car back early?**

Should your employment cease, you should contact Fleet Evolution to arrange collection as soon as possible. Should your employment cease due to resignation, you will be required to pay termination fees and a £250 collection cost direct to Fleet Evolution. This payment can be deducted from your final salary if you prefer. We will inspect the car and assuming no damage exists, and mileage is within the profile you originally specified, no further monies will be due.

However, if your employment is terminated by your employer, you can return the car without penalty.

In any case, you should contact the Driverline team to provide photographs of the condition of the interior and exterior of your car, including a current mileage reading, to ensure swift collection of the car.

Any additional Items including within your quote, such as charging points will need to be repaid in full on termination of your contract.



### **How do you calculate mileage if I return a car early?**

When you initially enter into the agreement you specify the miles you expect to cover during the contract. We state on the final quote document, the excess pence per mile (ppm) charge that will apply should you cover more miles. We do this as we base quotations on the expected future value of a car and the expected maintenance spend. If a car comes back with more miles covered the resale value is reduced.

We work out how many miles you said you would do monthly and how many you did. So, for example:

John Smith signs up for a 36-month contract based on 36,000 miles. Unfortunately, John leaves the company in month 4. This means John's employer has paid 4 payments and the final payment will be taken from John's salary.

John said he would do 1,000 miles per month so he can hand the car back within the mileage parameters if it has 4,000 miles or less on the ODO. In this case John hands the car back with 4,200 miles on the clock so he will incur a charge based on the ppm rate. If we say this was 7 pence the company will be charged an additional £14 which they will recharge to John as a deduction from his final salary.

### **What if I want to extend my current contract for a few months?**

If you are still deciding on what car you want to order next, or if it is going to take longer to be delivered than anticipated, we may be able to extend your current contract while you wait. These informal extensions are agreed on a month-by-month basis and are continued at the current monthly cost of your existing contract, as per your original signed car quotation. This may not always be possible; in which case we will provide an alternative car.

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## 7. Returning Your Car at the end of your contract

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You will be contacted by Fleet Evolution at least 6 months before the end of your car contract to see if you would like to order a new car for when your current car contract expires. If you wish to order a new car, you can begin the quotation and order process. This is to try and ensure that your new car is available for delivery when your existing car contract ends.

If at the end of your contract do not wish to order a replacement car, you should contact Fleet Evolution to make the arrangements to return your car.

We will normally collect the car from your home or office address providing you give us enough notice. We would expect the car to be returned within the contracted mileage, clean, odour free and damage free. Please refer to frequently asked questions for more information.

You will need to ensure the car is legal to drive in terms of its condition and there is sufficient charge or fuel in the car to travel at least 60 miles.

The car should include the service book, mats, codes, keys, and spare keys; you may be liable for a charge associated with replacing these where they are not included on return of the car.

You will need to remove any accessories fitted to the car at your expense after delivery such as roof racks and all personal belongings. Any damage caused by the removal of such items will be charged to you. Any items provided with the car must remain in the car on collection.

Please note that the salary reductions are collected in whole months and no credit will be given for part months. You should therefore arrange a collection date that is as near as possible to the date in the month that you received the car, as you will be charged for the whole month regardless of the date you return the car.

For example, if you received your car on the 30th of the month you may wish to return your car on (or just before) the 29th of the month.

Please ensure that you check the car thoroughly for any personal items and remove them prior to collection. As the cars are collected by agents, and in most cases are sent to auction, they may be disposed of shortly after collection from you has taken place. You will be responsible for collecting any personal items from where they are being held. Fleet Evolution will do everything we can to assist with the return of any personal items, but in some instances, this may not be possible.

You are not normally allowed under HMRC guidelines to exit a salary sacrifice arrangement unless you have left your employer. Certain 'lifestyle events' may entitle you to leave the scheme but this is a long-term arrangement and penalties for early exit may be severe. You will be responsible for termination penalties. These are calculated by the value of the car and the remaining term. These are subject to VAT due under the agreement and become payable in full on return of the car.

## **Termination**

You understand that this agreement is for a fixed period specified on this quotation and if you leave your employer in this time, you will incur termination fees detailed below and a £250 collection fee. If you wish to terminate the contract whilst still employed, the termination fees are 50% of the remaining rentals + VAT.

The exception is where your employer terminates your employment in which case the car can be returned with no penalty.

Terminated within the first 6 months = 2 months rentals + VAT (plus £250 collection fee)

Terminated within the first 6 -12 months = 1 months rental + VAT (plus £250 collection fee)

Terminated after the first 12 months = £250 collection fee

Collection Fee

£250 - *Collection fees are waived if car is returned to Fleet Evolution Offices.*

Any additional items included your quote, such as charging points will need to be repaid in full on termination of your contract.

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## **8. FAQ's**

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### **Eligibility**

#### **Am I eligible to join the scheme?**

Providing you are at least 21 years old and have worked for the company for at least 6 months, have held a full driving licence for at least 6 months, with no more than 6 current endorsement points and earn above £26,000 you should be eligible to join the scheme. Please refer to the scheme rules on page 6 for more information.

#### **How many cars can I take under the scheme?**

You can usually take up to 2 cars on the scheme providing your salary does not fall below the national living wage after this and other salary sacrifice arrangements. If at any point your salary does reduce below this level, your employer will no longer be able to make the usual salary sacrifice deduction pre-tax, so you agree to a deduction from your net salary, of the Total Rental (inc VAT) as shown on your signed quote.

#### **If I have to make a work-related journey how will this be reimbursed?**

You will be reimbursed by your employer at Advisory Fuel Rates for company cars, published here:

 [http://www.hmrc.gov.uk/cars/advisory\\_fuel\\_current.htm](http://www.hmrc.gov.uk/cars/advisory_fuel_current.htm)

These rates are reviewed by HMRC every few months. Please refer to Driverline for more guidance.

## **Taxation**

### **What is the impact of a salary sacrifice scheme on my salary?**

A salary sacrifice scheme works on the premise that you contractually agree to a reduced annual salary in return for a benefit - in this case a fully maintained company car. You save tax and national insurance by sacrificing salary, but you incur 'benefit in kind' taxation on the car benefit.

### **Why do I need to pay benefit in kind tax?**

Your employer is providing a car for your benefit. HMRC rules dictate that this benefit has a taxable value if you use the car for personal use. We fully account for this in our calculation, our quote engine clearly showing the charge for each car and how this impacts on the effective cost.

### **Do I need to notify HMRC?**

Once the car is delivered, you will need to notify HMRC regarding the allocation. HMRC will account for the additional benefit you are being provided with and will recoup all monies due through your tax code. We strongly recommend you advise HMRC of your new benefit as soon as possible. Please refer to Appendix One iii: Understanding your tax code changes.

You can contact HMRC by phone on ☎ 0300 200 330 or register at 📄 <https://www.gov.uk/update-company-car-details>

### **How will future budget changes affect the scheme?**

Each year the government reviews the rate an employee pays tax and NI and the taxation treatment of a company car. The taxation treatment may change slightly resulting in a slight increase in your contribution, however, in previous years this has also seen an increase in NI rate which has reduced the amount you would pay overall.

Your employer reserves the right to discontinue the scheme if tax changes make such schemes no longer beneficial. If this were to happen, you would not be able to order a replacement car at the end of the contract and your salary would revert to your pre-sacrifice or 'reference' salary. The government has set rates until 2025 so the future costs of salary sacrifice cars are well defined.

## **Pay and benefits**

### **How will this affect my normal terms and conditions of employment?**

The scheme has been introduced to enable you to source extremely tax efficient cars in return for a salary sacrifice. You will have to confirm that you agree to reduce your salary in exchange for the benefit provided by the car and commit to this for a fixed period.

### **How are other benefits affected?**

Your pension may be impacted by salary sacrifice, please refer to your pension administrator if you want to understand the impact on you.

### **How will this impact future salary reviews?**

The salary sacrifice arrangement will not impact salary reviews.

### **What happens if my income drops?**

There could be many reasons why income could reduce during the term of the agreements, these include a **reduction in hours, maternity/paternity** leave and extended **sickness**.

You may continue to partake in the scheme providing your 'post sacrifice' income exceeds two measures - the 'national living wage' as specified by law and the Lower Earnings Limit (LEL).

We set the qualification salary at £26,000 to negate the possibility of income dropping below these levels. If, however, income does drop below these levels you will still be expected to reimburse your employer for the pre-sacrifice or 'Total Rental (inc VAT). You would be unable to benefit from tax or NI savings; however, the contribution would be treated as a 'private' contribution which would reduce your 'benefit in kind' taxation.

If you feel your income may fall below the minimum wage or lower earnings limit you should contact HR immediately for the best advice in your situation. You may withdraw from the scheme, but this would attract termination penalties, please refer to the termination section.

### **What is the impact on state benefits?**

Providing income remains above the lower earnings limit, future state benefits should not be impacted. The exception is **tax credits** where HMRC take any sacrifice into account but also add in the benefit provided by a car. HMRC have a calculator on their website you can use at: [www.hmrc.gov.uk/taxcredits](https://www.hmrc.gov.uk/taxcredits) or call the HMRC tax credits helpline on ☎ 0845 3003 900.




If you are not in a 'contracted out' pension arrangement you may see a slight reduction in the second state pension or 'SERPS' as this is based upon NI contributions, and you will save and reduce your NI payments by taking part in a salary sacrifice arrangement.

Your pension advisor will be able to advise you on whether your scheme is contracted in or out.


If you are currently making **student loan** repayments these may reduce as such payments are based upon your new gross salary and do not take into account, any additional benefit such as a car.

### **Selecting Your New Car**

#### **How do I obtain a quote?**

Logon to:  [www.fleetevolution.com/other/get-a-quote](http://www.fleetevolution.com/other/get-a-quote), select the quotation link and enter your logon details. To set up your logon details you will need to contact Driverline on  0300 302 0626 or  [driverline@fleetevolution.com](mailto:driverline@fleetevolution.com). You will need your National Insurance number as this will be used as your username and will form part of your password. Your password will be the first 4 digits of your NI number followed by the first 3 letters of your surname, all lower case. If this password no longer works, please contact Fleet Evolution on the contact details above.

### **Why can I only select from certain manufacturers?**

We work in partnership with manufacturers who offer the most cost-effective low emission cars. It may be possible to order a different car although this may not be as cost effective. Please contact Fleet Evolution on the above email or  0300 302 0626 should you wish to discuss this.

### **Can I choose accessories and colours?**

Yes, you can choose any accessories and specify colours although please note these choices may impact upon lead time.

### **How can I see how much the car will cost me?**

The quotation engine will clearly display the company cost, your reduction in gross salary and your 'net' contribution or how much your take home pay will be reduced by after any benefit in kind charge for private use. We also display useful information such as anticipated fuel-spend to allow you to budget fully. If you need any clarification, then please contact Fleet Evolution's Driverline.

### **Why do I need to enter my salary?**

We need to know your salary to produce a quotation. We need to understand what tax band you fall into and the NI you pay. We do not retain this information and comply fully with the Data Protection Act. The net cost of our quotes indicative and do not include any non-guaranteed bonus, commission, and your own personal tax code.

### **What mileage profile and term can I choose and why is this important?**

You can choose to have a car for between 24 and 48 months. You should choose mileage carefully as it is generally more cost effective to return a car slightly under mileage than over as monthly rentals attract tax and NI relief whereas excess mileage charges upon termination will not. You can specify any mileage that you expect to do over the term. If circumstances change you will have the opportunity to amend this once in the contract life although this will affect the cost.

### **Why do I need to complete a driver licence check?**

To streamline the process, we check details direct with the DVLA. This means you don't need to worry about presenting your licence every year or every 6 months as we check it automatically saving you and your employer time.

### **Who needs to insure the car?**

We will insure the car for you and named drivers on your behalf.

### **Who can drive the car?**

Only drivers with a full driving licence named specifically on the insurance policy may drive the car as per the terms of the policy. It is your responsibility to ensure that they hold a valid driving licence and are fully insured. Any liability for damage or loss not covered under the insurance policy will be your responsibility.

### **Can I smoke in my salary sacrifice car?**

We expect all cars to be returned odour free and cigarette smoke odour is very hard to remove, please do not smoke in your salary sacrifice car.

You will incur a charge for cleaning and deodorisation upon return. It is also an offence to smoke in the car with persons under 18.

### **How long will my new car take to arrive?**

Lead times for factory ordered cars may vary considerably. Please contact our Driverline Team for lead times on specific cars.

### **Can I add a private plate to my new car?**

Yes, you can add a cherished plate on your vehicle. There is an administrative fee for this process, £75 for both additional and removal of your cherished plate. The DVLA also charge a retention fee of £80 which is payable directly to the DVLA.

### **When does my salary sacrifice commence?**

Your salary sacrifice commences the month the car is delivered and continues for the term. This can mean your last payment will be after the car has been handed back.

### **What happens if I need to cancel my order?**

If you need to cancel your order, whether you've just changed your mind, or you are leaving your employer, you need to contact Driverline as soon as possible. You may be charged a cancellation fee depending on how close your delivery date is, which is why it is important to let us know as soon as

you can. You will be responsible for paying any cancellation charges that Fleet Evolution incurs from the dealership.

**Will my employer make any additional deductions from my salary?**

For the period of the agreement, you will be liable for any penalty offence and charge, excess mileage charge or car damage recharge including insurance excesses.

These costs will be your responsibility and will be recharged directly to you, however if you fail to pay us within 30 days of invoice we may contact your employer to make a deduction from your net salary. This may attract an additional £50 administration fee.



## Appendix One Useful forms

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### i. Car User Agreement and Personal Indemnity

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This form is part of your agreement but unlike the car salary sacrifice agreement is specifically between you (The Employee) and the hirer (Fleet Evolution). It sets out the basis of your authorisation to use the car and your legal responsibilities from that use.

This agreement related to quote number (OUR QUOTE NUMBER)

Between Fleet Evolution Ltd

And (EMPLOYEE NAME)

(EMPLOYEE ADDRESS)

You confirm that you have received car (REGISTRATION NUMBER) on the date indicated in good condition unless otherwise noted on the car delivery document.

You understand that your salary sacrifice car is provided by your employer in connection with your salary sacrifice and includes certain services and has certain usage restrictions.

#### Usage restrictions

- a) You will use the Car for the purpose of your business and for your private use. On no account will the Car be used for a taxi business, rental or competing in any form of rally or motor sports. driving tuition will be permitted only in respect of your employees and their immediate families. The use of the Car for driving tuition for reward or for tuition of any other person is prohibited.
- b) You will not remove, change or interfere with any registration plate, identification or trademark affixed to the Car nor permit any such removal, change or interference without prior written consent.
- c) You will not, nor will you permit, the painting, signwriting, lettering, impression or erection of any lettering, writing or designs on the Car nor deface or permit defacing of any of the paintwork or body without our prior written consent. You may affix windscreen stickers without our prior written consent.
- d) You will not use nor permit the Car to be used for towing outside the manufacturer's recommended, or any statutory, towing limits. You will not affix any towing equipment to the Car, without prior written consent.
- e) You will not affect any modification to the Car, fit non-standard tyres or use non-standard fuel or fuel additives without prior written consent.
- f) You will not load nor permit any loading of the Car beyond the loading recommended by the manufacturer of the Car's plated capacity weight.
- g) You will always ensure that the Car is used in a manner consistent with the manufacturer's recommendations.
- h) You will not use the Car in a manner that will invalidate any insurance of the Car.

You understand that you are responsible for any services outside of that agreement from the date you are given the car, to the date Fleet Evolution provide signed evidence of its return, whether this be while you remain with your employer or have left them. Examples of such excluded services are provided here but this is by no means exhaustive. You are personally responsible for any costs not included within your scheme and will repay them on demand. Examples of such costs are below, cost estimates are typical and may vary, where costs are higher a full invoice from relevant third parties will be produced to substantiate this.

The terms in the employee pack together with those contained in your quote document constitute the variation of your contract of employment. The terms set out the basis of your authorisation to use the car and your legal responsibilities for that use. Fleet Evolution Limited have been appointed as agent on behalf of your employer to gain your acceptance to the contract variation and to legally recover any financial costs your employer occurs by providing this benefit from you directly and personally.

Type of Cost	Description	Typical Cost
Fines from road use	Parking fines, bus lane fines, congestion/toll fines and other third-party fines	Varying amounts depending on type of office & issuing
Car damage	Damage below BVRLA 'fair wear and tear', typically scratches to panels or alloys above 25mm in size and not repaired	£80 per scratch £80 per damaged alloy £300 per dented panel
Car condition	Your car should be clean inside and out on return	£15 external clean £50 internal and external valet
Enforced collection	Any car collection other than routine collection at end of contract	£250 per collection attempt
Uninsured loss	Any costs where the insurance policy does not pay out	Recharged as incurred
Windscreen/light damage	Any cracks or chips in windscreen or lights. * *In order to reduce the recharge to you, we strongly recommend that these are rectified under your insurance policy prior to the car return.	£80 for chips or small cracks. £550 minimum for complete windscreen replacement.
Abuse	Ignoring a warning light or mis fuel damage. Damage from ignoring car recall advisories from Fleet Evolution	Costs as incurred
Overseas Travel	Failing to obtain a VE103 (us authorising you to take your car abroad)	Costs for recovery and repatriation as incurred
Insurance claims	Repair in the event of an accident under car insurance policy	The applicable policy excess
Excess mileage	Car returned with more mileage than you originally committed to	The excess pence per mile cost detailed on your quotation
Carriage of passengers and goods	You will bear the risk of any loss, delay or damage howsoever caused to persons conveyed in the Car or goods carried in, loaded or overload from the Car. You will indemnify us against all claims in respect of any such loss, delay or damage and any costs and expenses incurred as a result.	Costs as incurred
Termination costs	You have entered into an agreement for a set term, if you choose to return the car before the end of the term where you remain employed by your employer termination fees will be chargeable	Typically, 50% of remaining rentals

In all cases you are required to pay within 14 days of invoice, failing which additional administration fees may be charged. You agree to a salary deduction if not paid within 28 days.

I agree to these terms and personally warrant this agreement.

Signature: .....

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## ii. Benefit in Kind Rates

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The table below details the current Benefit in Kind tax rates currently set to the tax year 2024/2025. Your Benefit in Kind value is calculated by multiplying the car's P11d value (list price of the car including optional extras, VAT and delivery charges, minus the first-year registration fee and annual road fund licence) by the Co2 and EV range banding your car sits in. Your Benefit in Kind rate will also be detailed within in your quotation. Please note; current Benefit in Kind rates are set until the end of the tax year 2024/2025.

Co2 From	Co2 To	EV Range	2022/23	2023/24	2024/25
0	0	na	2%	2%	2%
1	50	130+	2%	2%	2%
1	50	70-129	5%	5%	5%
1	50	40-69	8%	8%	8%
1	50	30-39	12%	12%	12%
1	50	0-29	14%	14%	14%

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