

Press Release

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VOLVO MAKES VEHICLE FUNDING LESS TAXING FOR COMPANY FLEETS

- Volvo invests in tax training to help fleet managers, small and medium companies and company car drivers choose the most cost effective car funding solution
- Volvo Car UK warns companies not to fall into the trap of assessing a company car's cost on its monthly rental alone
- Tax breaks favour lower CO₂ emitting vehicles like Volvo's fuel efficient DRiVe range

Complex tax rules that apply to business cars means that companies should seek specialist advice when it comes to company car funding to maximise tax breaks, claims Volvo Car UK.

Volvo has embarked on a programme to train its corporate sales team and business centre dealers after it became clear that companies were continually highlighting areas of confusion including:

- Corporation tax advantages
- Lease disallowance
- Approved Mileage Allowance Payments

Volvo is urging fleet managers, user choosers and small and medium-sized companies to seek car funding advice from Volvo dealership-based business teams following the launch of its new tax efficient training programme delivered by Hampshire-based BCF Wessex. So far the in-house corporate sales team has received the specialist training and that is now being rolled out to Volvo UK's 24 business centres in its national dealer network.

Comments Volvo National Corporate Operations Manager Selwyn Cooper: "The tax rules are complicated, and depending on a customer's personal situation, play a great part in determining whether they would be better off driving a company car or buying the car privately. Volvo invested in its bespoke car tax training programme to ensure its staff now have the highest level of expertise to help customers make informed decisions and not simply fall into the trap of looking at just the monthly rental figure."

Jeff Whitcombe, who devised and delivered the training alongside his business partner David Rawlings, says: "With the right training, a corporate sales manager can offer in-depth and insightful guidance to the customer which would be difficult to provide without specialist knowledge; what's more the advice is all part of the service. Volvo has taken the lead and companies can really benefit."

The corporation tax rules favour lower CO₂ emitting vehicles. For example, when a company purchases a sub-111g/km CO₂ vehicle, of which Volvo has three - the C30, S40 and V50 in the fuel efficient DRiVe range - it can claim a 100% first year allowance rather than spreading its capital allowances over several years. So, if a small company, that pays tax at 20%, spends £25,000 on such a low emission car, after claiming its first year allowance, the company's corporation tax charge is reduced by a massive £5,000, which is £4,000 more tax relief than would be available if the company had bought a comparable car with emissions of, say, 111 g/km.

Adds Jeff Whitcombe: "Invariably, when whole life costs are discussed corporation tax is omitted because of its complexity but, actually it can account for a vast boost in cash flow." Other factors

that need to be taken into account include disallowance for leased cars with CO₂ emissions exceeding 160 g/km; VAT blockage on company cars available for private use; and tax-free allowances (Approved Mileage Allowance Payments or AMAPs) that an employer can pay a driver using his or her own car for business worth 45p per mile for the first 10,000 business miles and 25p per mile thereafter, as well as being tax deductible for the company. Jeff Whitcombe concluded: "Once all the elements, including running costs and annual road tax, are put in the melting pot, there are a number of Volvo vehicles which prove exceptionally cost effective for both employer and employee."

The Volvo DRIVE range also has a positive effect on the income tax paid by company car drivers:-

Model	CO ₂	Benefit Kind	In (BIK)	20% Payer	Tax	40% Payer	Tax
VOLVO		2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
C30 1.6D DRIVe 115HP ES Start/Stop	99 g/km	13%	13%	£479	£959	£479	£959
S60 1.6 DRIVe 115HP ES Start/Stop	114g/km	13%	16%	£609	£750	£1,219	£1,500
V60 1.6 DRIVe 115HP ES Start/Stop	119g/km	13%	17%	£640	£837	£1,280	£1,674

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Note to editors: "DRIVE Towards Zero" is Volvo Cars' vision for developing cars entirely free from harmful exhaust emissions and environment-impacting carbon dioxide. The DRIVE badge is fitted to those models that offer the best environmental performance in their respective segments. The newly arrived S60 and V60 DRIVE models join the line-up alongside the London Congestion Charge beating C30, S40 and V50, along with the XC60 and XC70, whilst the Volvo V70 DRIVE (119 g/km) and Volvo S80 DRIVE (119 g/km) have been recently re-introduced with their new Euro V diesel engine. This provides drivers with a choice of nine DRIVE models, of which seven produce CO₂ emissions of under 120 g/km and three below 100 g/km.

Keywords:

Old S60, Old V60, Volvo XC60, C30, Press Releases, 2012, XC70 (2008-2016), V70 (2008-2016), S80 (2008-2016)

Descriptions and facts in this press material relate to Volvo Car UK's car range. Described features might be optional. All information is correct at time of going to press and may be altered without prior notification.

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