

## **2 LEASED CAR MILEAGE RATES (AN68-2004)**

Following trade union representations, leased car mileage rates were last reviewed with effect from 1st April, 1999, on the following basis:-

| <b>Engine Size (cc)</b> | <b>Pence per mile</b> |               |
|-------------------------|-----------------------|---------------|
|                         | <b>Petrol</b>         | <b>Diesel</b> |
| < 1,000                 | 8.0                   | 6.0           |
| 1,000 - 1,400           | 9.0                   | 7.0           |
| > 1,400                 | 10.5                  | 8.5           |

The above figures were based on advice taken from the Inland Revenue and the RAC at that time.

The trade union has recently requested a further review, on the grounds that fuel prices have increased in the interim. (Although prices have fluctuated during the period, they are now higher than on 1 April 1999).

The Inland Revenue now publishes on its website advisory fuel only mileage rates for company cars based on average fuel costs and the assurance is given that, if the rate paid per mile of business travel is no higher than the guideline rate, then there is no taxable profit and no class 1 national insurance contributions liability. The Inland Revenue rates are based on engines up to 1,400 cc, 1,401 cc - 2,000 cc and over 2,000 cc. The Inland Revenue does not adjust its rates in response to minor fluctuations in fuel prices. They are reviewed only if average fuel prices vary by more than 10% from the prices used when the rates were set. This provides some stability and the current rates have been in use since 28th January, 2002.

### **Inland Revenue - Current Rates**

| <b>Engine Size (cc)</b> | <b>Pence per mile</b> |               |            |
|-------------------------|-----------------------|---------------|------------|
|                         | <b>Petrol</b>         | <b>Diesel</b> | <b>LPG</b> |
| 1,400 or less           | 10.0                  | 9.0           | 6.0        |
| 1,401 - 2,000           | 12.0                  | 9.0           | 7.0        |
| Over 2,000              | 14.0                  | 12.0          | 9.0        |

It is, therefore, recommended that the Committee approves the adoption by the Council of the Inland Revenue advisory fuel mileage rates with effect from 1st January, 2004 and, in order to avoid the recurring pattern of trade union requests to review and catch up on price increases, it is further recommended that the rates in force each 1st April be applied for the whole of that financial year.

The cost of implementing this recommendation will be approximately £7,000 in a full financial year and will be contained within departments' existing revenue budgets.