



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

Lease Car Salary Sacrifice

Tax Implications

When an employee joins a salary sacrifice arrangement, their tax code will change. This is because HMRC view a salary sacrifice lease car in the same way as a company car and, thus, the employee will be liable to an annual car benefit tax charge. The amount of the tax charge will depend on the vehicle chosen (i.e. the list price, fuel emission levels and fuel type).

Employees will also be liable to pay tax on travel expenses reimbursed in respect of business miles undertaken whilst carrying out their official duties. Mileage will be reimbursed at the NHS Wales Mileage Rate. Tax will be charged on the difference between the HMRC Company Car Advisory Fuel Rate ([click here](#)) and the NHS Wales Mileage Rate for any mileage reimbursement received.

Each spring you will receive HMRC form P11D which will detail the value of the tax charge on the vehicle and the amount of taxable travel expenses you have been paid during the previous tax year.

Fuel scale charge – implications for Excess Travel

As part of the NHS Wales Organisational Change Policy, staff required to change base, as a result of organisational change, will be reimbursed any excess travelling expenses they necessarily incur for a period of up to 4 years or until new arrangements are agreed between management and the trade unions.

However, travel from home to base, **including excess mileage as a result in change of base**, is defined under HMRC rules as private use of a lease or company car and the car fuel benefit would apply. This in effect means that anyone claiming excess mileage or home to work mileage for any reason would be subject to **additional tax charges** arising from the fuel benefit charge.