



Budget 2011

23 March 2011

Key announcements

Budget 2011 on March 23 announced a welcome reduction of 1p/litre in the price of petrol and diesel, applicable from the same date, although it was also announced that fuel duty will increase by a Retail Price Index (RPI)-linked 3.02p/litre on January 1, 2012.

The Government announced that the fuel duty escalator announced in Budget 2009 will be abolished and replaced by a 'fair fuel stabiliser', where fuel duty will increase by RPI when oil prices are high. In years when the oil price falls below a set trigger price on a sustained basis, the Government will increase fuel duty by RPI plus 1p/litre.

The Government believes a trigger price of \$75 per barrel is appropriate and will set a final level and mechanism after consulting with oil companies and motoring groups. The 2012-13 increase will be implemented on 1 August, 2012.

Other measures, taken from the June 2010 Budget announcement and policies, are detailed in the new 2011 Audi Guide to Company Car Tax.

Company car Benefit-in-Kind tax

- ▶ The 10% threshold for CO₂ emissions-based company car tax is set at 120g/km in 2011/12, reducing to 99g/km or less from April 2012.
- ▶ From April 2013 the 10% BIK tax threshold will apply to cars with CO₂ emissions of up to 95g/km. The rate for cars with emissions of 95-99g/km will be 11%, increasing by 1% for every 5g/km to the maximum of 35%.
- ▶ The £80,000 cap on list prices used to calculate the taxable benefit arising on company cars is abolished from 6 April, 2011, meaning company car tax will be calculated using qualifying cars' full P11D price from this date.

VED and Class 1A NICs

- ▶ VED rates rise in line with the Retail Price Index in 2011/12, applicable from 1 April, 2011. Cars with CO₂ emissions of up to 100g/km remain exempt from VED in 2011/12. First-year VED is zero-rated for all cars with CO₂ emissions up to 130g/km (Bands A-D). The alternative fuel discounted annual VED rate remains at £10 for all qualifying cars.

- ▶ Class 1A NICs, payable by employers on the company car benefit, rise by 1% to 13.8% on 6 April 2011.

Fuel reimbursement rates and employer-provided 'free' fuel for private use

- ▶ The fuel benefit charge multiplier used to calculate the tax due on employer-provided fuel for private use rises to £18,800 from 6 April, 2011.
- ▶ Approved Mileage Allowance Payments (AMAPs) rates rise to 45p/mile for the first 10,000 business miles, remaining at 25p/mile for business mileage over 10,000, applicable from 6 April, 2011.