

Employee Frequently Asked Questions

EV Salary Sacrifice Scheme

What is an Electric vehicle “EV” salary sacrifice scheme?

Simply put, you exchange some of your gross salary (the figure on your wage slip before tax and National Insurance Contributions (“NIC”) are taken off) to drive a brand-new electric car provided by your employer.

That amount of money you sacrifice in your gross pay each month depends on your choice of EV, the annual mileage you choose and how long you want to drive the vehicle. At the end of the contract, the EV is returned and the salary you exchanged to drive the vehicle is re-instated.

Do I own the electric car?

No, you do not own the electric car, the scheme is a form of long-term lease, where your business has leased the vehicle and provided you with access to drive the vehicle for the duration of the contract.

Electric car leasing is a popular way of driving a brand-new electric car.

What is Benefit-In-Kind (“BiK”) tax?

The Government have set very low rates of Benefit-in-kind (“BiK”) tax on pure 100% electric cars as an incentive to transition away from petrol and diesel powered cars and into zero tailpipe emissions cars.

The BiK is the tax you pay for using the benefit (i.e. the electric car). Currently BIK rates for EVs are as follows:

Cars registered from 6 April 2020:					
CO2 (g/km)	2023/24 (%)	2024/25 (%)	2025/26 (%)	2026/27 (%)	2027/28 (%)
0	2	2	3	4	5

This means BiK is extremely advantageous until at least 2028 compared to petrol and diesel cars.

What are the benefits of our EV salary sacrifice scheme?

It is a great way to drive a brand-new electric car for less money than you might think. By exchanging some of your gross salary for the EV, you reduce your income tax and

NIC liability, creating significant savings for you, in addition to reducing your personal CO2 emissions.

For lots of people it is a great way to get behind the wheel of a fully insured, fully maintained, brand new car, whilst also reducing your carbon footprint!

What cars are included in our EV salary sacrifice scheme?

Our scheme includes cars which are 100% electric, with zero tailpipe emissions. These are sometimes called EVs or Battery Electric Vehicles ("BEVs") but it does not include hybrid cars (which still use an internal combustion engine to help power the car).

There are three very good reasons why our scheme is for EVs only.

Firstly, they're better for the environment and produce zero tailpipe emissions, so no local air pollution.

Secondly, there are very low BiK tax rates on pure EVs making them far more affordable than other types of cars.

Thirdly, EV refuelling costs can be very, very low; much lower than petrol and diesel costs. Charging an EV at home or at a workplace (where available) can mean it costs only a few pounds to fully charge an EV.

What is included in my EV salary sacrifice contract?

In addition to the electric car, your salary sacrifice agreement will include all general servicing, maintenance and insurance. Your company may also allow you to include the cost of a home charger (including standard installation costs).

What isn't included in my EV salary sacrifice contract?

While you can specify a professionally installed home charger as part of your EV salary sacrifice bundle (if allowed by your employer), the contract does not cover the cost of electricity going into your EV. Therefore, charging costs whether at home, at work or at public charging stations are not covered as part of your contract.

You will also be liable for any unexpected costs arising during the contract or afterward. For instance, motoring fines, insurance excesses (subject to the company fleet insurance policy) and termination or excess mileage charges. Further details of what is not included in the insurance can be found in the contract.

Will my payslip change?

Yes, your payslip will include information about your EV salary sacrifice. Your payslip will still contain your pre-sacrifice gross salary figure, as well as details of any salary sacrifice elements such as your EV.

What are the drawbacks to this scheme?

This EV salary sacrifice scheme has been carefully designed to be as simple as possible, giving you all the guidance and information you need to make an informed choice as to

whether you want to proceed. As with any brand-new car, there may be a wait for the vehicle to be built and delivered.

To mitigate against long lead times, we do order desirable EVs in advance so you don't have to wait!

Does this impact my ability to borrow for a mortgage?

Salary sacrifice has been around for many years for items such as pension contributions, childcare vouchers and bikes to work. It should not affect your entitlement to mortgages or other loans. You may have already heard of salary sacrifice, and mortgage companies have been aware of the concept for a long time. The pre-sacrifice pay information is still provided with the figure appearing on your payslip, which you can provide if asked to confirm by a lender.

What about other “means tested” implications like student loans, “universal credit”, etc?

A salary sacrifice can impact certain means-tested benefits or costs. These are based on your income and some state allowances. For example, student loan repayments could reduce. You may need to take specific financial advice based on your own circumstances.

Salary sacrifice is unlikely to work for those on low incomes, as your take home salary is legally not allowed to fall below the national minimum wage.

What if I leave the business before the contract ends?

When you sign up to the agreement you are signing up for a specific length of contract (e.g. 2 years, 3 years, 4 years etc). If you decide to leave the business you cannot take the car with you and you will need to speak to your employer about the options available to you. There may be an early termination charge but speak to your employer to find out all the details.

What if I exceed my contracted mileage?

Built into your EV contract is a set mileage allowance, which you specify at the time of ordering your EV. This mileage figure covers the maximum number of miles your car is expected to do over the duration of the time you drive it. If you're under the set mileage at the end of the contract that's great but if you're over the agreed mileage then you will be subject to an 'excess mileage' charge.

The excess mileage figure is provided in your original EV quote and is shown as a pence per mile figure. It applies to every mile driven over your agreed mileage. For example, if your contract states 30,000 miles and your EV travels 31,000 miles, then you will need to pay an excess mileage charge on the 1,000 miles driven over your contract.

You may be allowed to amend your contract once during the term of the agreement, if you have significantly under or over-estimated your annual mileage.

What if there is damage to the car when it is returned at the end of the contract?

The electric car is provided to you, via your company, through a lease which means it is covered by 'fair wear and tear' guidelines. These guidelines are produced by the BVRLA (British Vehicle Rental & Leasing Association) and detail the level of damage deemed to be fair. It covers the location and size of any bodywork scratches or dents. Any damage which is deemed over and above fair wear and tear may result in damage recharges.