

PERSONNEL MEMORANDUM 1

CAPES - CAR LEASING SCHEME FOR EMPLOYEES

Scope and Purpose: Personnel Memoranda (PM)

1. This revised memorandum replaces PM1 dated 19 October 2000. Personnel Memoranda set out personnel procedures for managers to follow or give guidance or information on personnel related or people management issues. Managers are expected to make themselves aware of the content of PMs and use them for future reference, whenever necessary. PMs will be numbered sequentially as they are issued by Personnel Development.
2. FDMs/Conservators/Heads of Branches/Business Unit Managers should ensure that their managers see new PMs. The PM should also be made available to all prospective CAPES users.

Scope and Purpose: PM 1

3. This PM sets out revised guidelines for the operation of the CAPES scheme.

Background

4. A new CAPES 2003 contract has been drawn up and will apply to all staff who are new to the CAPES scheme, and to those whose existing contract has come to an end. Drivers of new CAPES cars delivered from 1 August 2002 under the CAPES 2000 Agreement have the option of migrating to the CAPES 2003 Agreement. There is a reduction in the driver's monthly charge for most CAPES 2003 users. Other improvements to the scheme include increased mileage rates for both CAPES 2000 and CAPES 2003 users with effect from 1 April 2003 and the payment of passenger and equipment supplements to all CAPES users with effect from 1 September 2003. The new contract is available on Personnel's eConnect site. The contract has been revised and improved following comments from managers and staff. The Trade Union Side was consulted fully during the preparation of the new contract and fully support the improvements which it contains.

Action

5. The PM must be used by anyone who either has a CAPES vehicle or who supervises someone wishing to apply for a CAPES vehicle. Within the text of the PM, individuals who are required to take action at specific points are **highlighted in bold italics**.

Contacts

6. Contact MES HQ in Stirling (Tel: 01786 435600) for quotes and information about costings and cars. Other enquiries can be referred to Martin Finlayson (0131 314 6518) or Fiona Wright (0131 314 6204) in Personnel Policy, Silvan House.

CAPES - CAR LEASING SCHEME FOR EMPLOYEES

Ref.: PP5/9/1

Introduction

1. PM 1 provides managers and members of staff with information about the CAPES scheme. Eligible staff may lease a vehicle for business and private use provided it represents a cost-effective option for carrying out the business of the Commission.

Eligibility for Joining the Scheme

2. The Commission requires all staff to undertake official travel by the most efficient and economic means available. In deciding whether an individual should receive a CAPES vehicle, **Cost Centre Managers** must take into consideration all other means of travel. These include public transport, hire cars, use of the person's own car (where this is acceptable to the individual), and provision of an official vehicle solely for business use. Where an official vehicle has been provided for business travel, a CAPES car cannot be provided. MES can advise on the relative cost-effectiveness of these travel options, taking into account the number of miles to be travelled each year on official business and the number of days in the year on which the car will be required.

3. Cost-effectiveness is assessed taking account of cost of travel, amount of travel, time taken to travel and any subsistence incurred. CAPES does not detract from this requirement and it may be that, at certain times, other forms of transport should be used, even when someone has a CAPES vehicle. **Cost Centre Managers** have an on-going management role in ensuring that business travel is conducted in the most efficient way within their unit.

4. An application for a CAPES vehicle can be made when an employee is required by management to travel 5,000 miles or more annually by car on official business and where the CAPES car is the most cost-effective option for this travel.

5. An applicant's annual mileage must be confirmed by **line managers** and approval for the request to be provided with a car authorised by the unit manager.

6. The contract will last for a period of 3 years but will be reviewed at any time if the business requirement for travel changes. **Managers** are required to review the mileage of anyone with a CAPES car on an annual basis.

Administration and Charging

7. Vehicles are supplied by a car leasing company through **Mechanical Engineering Services (MES)**, which has overall responsibility for administering the CAPES scheme. The cost of leasing the car is split between the cost centre and the member of staff, with the latter paying a monthly charge, through a deduction from salary, to cover private use of the vehicle. Since private use is viewed as a taxable benefit by the Inland Revenue, the employee will be required to pay the tax that arises. The FC informs the Inland Revenue of relevant details for each CAPES participant. Further information on taxation is given in paragraphs 49-50 and at Annex B.

Making an Application

8. Staff should send a completed Form C70 (available from MES) to their **line manager**. The manager must confirm the business mileage required by the job and, if satisfied that the provision of a CAPES vehicle is the most cost-effective option, submit the application to the unit manager.

9. If the application is approved it should then be forwarded to MES who will arrange for the vehicle to be ordered and for a contract to be drawn up between the Commission and the employee.

Agreeing the level of private mileage

10. Staff in the scheme have the full private use of the car, including use by anyone that has the member of staff's consent, provided:

- he/she has a valid driving licence and comprehensive insurance compliant with the insurance requirements detailed in para. 14 to drive the vehicle;
- the private use will not conflict with the requirement to have the car available for business travel;
- the use is not for a reason excluded by the contract.

It is the individual's responsibility to ensure that anyone who drives the car is qualified and insured.

11. In the agreement drawn up between the Commission and the member of staff, the number of annual private miles which he/she says is needed is written into the agreement and used to determine the level of the monthly employee payment. Typically, the member of staff will contract to drive 10,000 private miles per year, although an agreement can be drawn up for greater or lesser amounts down to a minimum of 5,000 miles per year. At the end of the contract, a charge will be levied for each mile in excess of the contracted mileage at the rate stated in the agreement. Mileage reimbursements can only be made where the unused mileage represents no more than 15% of the contracted mileage. At any time before six months prior to the end of the contract, the individual may request that the agreement and payment be amended to take account of a change in estimated private mileage. No changes are permitted within the last 6 months of the contract.

12. Excess fare miles do not count towards the annual private or business mileage. To ensure that any additional contract charges, imposed by MES for these miles, are met by Personnel Services the excess fare mileage must be reported to MES.

Making the vehicle available for business use

13. It is a condition of the scheme that the vehicle must be available for official duties whenever required except when employees are on annual leave or sick leave. If the car is unavailable for business use for an extended period of time because of accident or breakdown, a relief vehicle may be provided at the discretion of the car manufacturer. Alternatively, the member of staff may choose to have the provision of a relief vehicle included in their contract at extra cost.

Driving Licence and Vehicle Insurance

14. The member of staff must hold a full driving licence for the class of vehicle taken out under the CAPES contract. He/she is also responsible for ensuring that anyone who drives the car is properly qualified to do so. He/she is responsible for arranging and financing fully comprehensive insurance of the vehicle and ensuring that the following points are covered:

- the insurers should be made fully aware that the leasing company is the owner and registered keeper;
- the insurers should also be made aware of the Commission's interest in the vehicle;
- that business travel will be undertaken as well as private use;
- breakage or damage to windscreens;
- the uninsured damage liability should not normally exceed £100. Where the uninsured damage liability exceeds this amount the Commission must be informed. The individual will be responsible for all charges due in respect of the uninsured damage liability except as stated in Clause 19 of the contract;
- the other drivers who may be likely to use the car, e.g. spouse, partner and other family members;

and optional:

- towing of trailers, caravans, etc;
- provision of a vehicle for private use during periods when the car is off the road following an accident.

Choosing a CAPES vehicle

16. Although staff can choose from any make or model of vehicle currently available on the market, the Commission prefers that the chosen vehicle is a small or medium fuel-efficient, diesel engine or LPG/petrol engine car. On request, MES will prepare a quotation for any given car, showing the monthly employee payment, fuel consumption figures and carbon dioxide emission levels. When making their choice, staff should bear in mind that the current benefit in kind taxation system penalises drivers of high CO2 emission cars. Staff who choose a less fuel-efficient vehicle or larger car must accept that the level of compensation paid by the Commission may not be sufficient to cover in full the actual fuel and insurance costs incurred by their personal choice or a larger or less fuel-efficient car.

FC Radios

17. Where the Commission requires that an FC radio be fitted to a CAPES vehicle, this may only be done with the permission of the leasing company, obtained through MES, and provided that the radio uses a glass mounted or magnetic aerial. Under no circumstances is drilling into the bodywork of the vehicle permitted.

Other Accessories

18. Accessories can only be fitted during the contract with the permission of the owner, through MES.

19. These will be charged at the current manufacturer's prices and, unless required for official purposes, the member of staff will bear the full cost through the monthly payment. Accessories may be removed from the vehicle at the end of the contract, but only with the permission of the owner (through MES). Any damage must be repaired and the vehicle made up to good condition. The individual will be charged for any remedial work required by the owner unless the accessory was specifically required by the Commission.

Delivery of the vehicle

20. Once the CAPES vehicle has been chosen and the necessary paperwork completed, delivery of the vehicle will be arranged by **MES**.

Servicing, maintenance and recovery service

21. The leasing company, as part of the CAPES package, provide and pay for planned servicing and maintenance of the vehicle (including parts and labour) and membership of one of the main recovery services. The leasing company will also replace tyres and exhausts due to normal wear and tear as and when required.

Routine maintenance

22. The **member of staff** is responsible for routine periodic checking of oil, water and tyre pressures etc. as specified in the vehicle's handbook. The CAPES fuel allowance includes an element to cover the cost of top-up materials.

Damage Responsibility

23. If tyres or exhausts are prematurely damaged through the fault or negligence of the employee, the cost of lost usage may be charged to the individual. He/she is responsible for minor bodywork damage, other than that covered by insurance, headlight glass damage, and other damage which is not classed as fair wear and tear (see paragraph 37)

24. In cases where accidental damage occurs off the public highway on official business the Forestry Commission may pay the costs of repair up to £100 (i.e. the level of insurance excess).

Foreign Travel

25. The individual must give one month's notice to the car leasing company when the vehicle is to be taken abroad for business or private use, or give notification as advised in the car leasing company's user guide. He/she must obtain comprehensive insurance for the countries visited, including breakdown and recovery insurance if this is not provided by the leasing company. The Commission will only pay insurance for business travel abroad. The contract hire charge may not provide for repairs or maintenance costs incurred abroad and MES should be asked for advice.

Transfer or change of duties during contract

26. If the member of staff is transferred or their job changes significantly, the official mileage will be reassessed and the payment recalculated. If such a change means that the annual mileage that they are required to travel on business falls below the CAPES eligibility threshold of 5,000 miles, the employee will be given the option, effective within 3 months of transfer or change of duties, of remaining in the scheme and paying the recalculated higher monthly Employee Payments, or of opting out of the scheme without termination penalties.

Normal completion of the contract

27. The contract will run for three years except where it is not possible for it to run for this normal duration e.g. staff who will reach their contractual retirement age within three years.

Renewal

28. At the end of the contract the **individual member of staff** can renew their CAPES contract by applying for another CAPES vehicle, provided their business mileage continues to meet the required threshold. An application should be made in the usual way through line management. **Line managers** must re-confirm the business mileage required by the job for a further 3 years. The member of staff must allow a minimum of 3 months for approval, ordering and delivery.

Early termination of the contract: penalty not imposed

29. The member of staff will not be liable to pay the early termination charge when the CAPES contract is terminated for any of the following reasons:

- compulsory redundancy;
- in the interests of the efficiency of the service;
- dismissal of the employee;
- permanent ill health or disability which prevents driving, or ill-health retirement;
- death of the employee;
- a substantial reduction in hours of employment being imposed by management;
- if the vehicle is damaged while on official business, not as a result of the individual's negligence (as determined from information supplied by the line manager on the C128CI accident report form), so as to be, in the opinion of the Insurers, beyond economic repair. The Commission i.e. the member of staff's cost centre will stand the loss of any difference between the owner's depreciated value and insurance company valuation.

30. In addition to the above, the Commission may terminate the CAPES contract at any time, by giving not less than 2 months written notice to the member of staff. This clause will not be invoked unreasonably. In the event of such a termination he/she will not be liable for early termination charges.

Early termination of the contract: penalty imposed

31. The employee will be liable for termination charges if he/she:

- resigns before the contract expires;
- decides to take early retirement (unless it is under a scheme offered by management in interests of the efficiency of the service);
- asks to reduce their working hours and cannot pay the monthly payments due under the contract;
- decides to withdraw from the scheme before their contract has expired.

32. The Commission is entitled to terminate the contract, with 28 days' notice, and apply a termination charge when:

- the member of staff becomes disqualified from driving, except where disqualification results from the ill-health of the individual. Such health factors would have to be confirmed by the GP. With prior management approval, the employee may arrange to provide, at personal expense, a qualified driver, who is comprehensively insured to drive the car for business purposes for a temporary period, to enable him/her to undertake all official travel;

- the member of staff assigns his/her rights under the contract, or hires or pledges the vehicle, to any person or parting with control or possession of the vehicle for any other reason;
- the vehicle is damaged and, in the opinion of the Insurers, is beyond economic repair;
- the individual defaults in payment of any sums payable under the contract.
- there is reckless driving or bad handling by the individual or any other person permitted to drive the vehicle. Evidence of reckless driving or bad handling may be, amongst other things, a bad record of accidents, a bad record of mechanical breakdowns or repairs due to driver abuse, a criminal conviction for a serious motoring offence, e.g. drink driving, reckless driving, dangerous driving etc.
- the individual fails to provide insurance as required under the contract.

33. In the event of the contract being terminated in the circumstances set out in 31-32, the individual shall be liable to pay an early termination charge set at 35% of the remaining rental charges.

34. Staff should refer to the contract for information about practical arrangements, such as return of the car, if the contract is terminated early.

Purchase/Transfer of the Vehicle

35. The following options may be offered at the discretion of MES in the event of early termination:

- purchase of the vehicle by the member of staff
- transfer of the vehicle to another eligible member of staff

Neither option can be guaranteed in any individual case.

Assessing the condition of the vehicle at the end of the contract

36. At the expiry of the contract period, the leasing company will assess the vehicle's condition and a charge made to bring the car up to a good condition where there has been any undue wear and tear. Where the charge is for damage to the exterior of the car, the Commission will pay a contribution towards this charge in proportion to the official mileage undertaken during the contract term. No allowance will be made where the vehicle was damaged as the result of an accident or other circumstance that should have formed the subject of an insurance claim.

Wear and Tear

37. The individual will be liable for any undue wear and tear or damage that has resulted from the vehicle being used to carry passengers or equipment, whilst on official business. Fair wear and tear is difficult to define precisely. In simple terms, it could be said that this will be influenced by the mileage required to be undertaken for business. In assessing fair wear and tear, account will be taken of any adverse road conditions that the Commission may have required the individual to drive on for official purposes.

Fair wear and tear will generally be defined as:

- superficial scratches and scuffs to bumpers, stone chippings on front and lower sides of the vehicle and minor scratches to paint work up to 25mm in length where the paint is not broken or undercoat or metal visible.

Excess or undue wear and tear includes:

- scrapes and scratches where the paint surface is broken, i.e. where cutting will not restore the finish and repainting is necessary;
- dents greater than 10mm in diameter or other impact damage to bodywork and bumpers;
- broken or cracked lenses, roof and gutter damage due to the fitting of a roof rack;
- tears, rips, cuts, burns, etc. to seats interior trim, carpets and headlining;
- stains from oil, glue, chemicals or other materials that cannot be removed using proprietary upholstery cleaners;
- missing or scuffed wheel trims
- major corrosion or distortion to the underside caused by stone or impact damage.

38. In assessing the condition of the vehicle, the leasing company adheres to the guidelines laid down in the booklet "Fair Wear and Tear Guide for the Contract Hire Industry" published by the British Vehicle Rental and Leasing Association (BVRLA). In the event of a dispute arising over the assessment of wear and tear, reference may be made to the **Automobile Association** who will provide independent third party expert advice.

CAPES Mileage Allowance Rates

39. Details about the calculation of mileage allowance are set out in Annex A. Staff should read this together with the contract before making an application for a vehicle. The current CAPES rates are published in a CAPES Addendum to Staff Notice 16.

Making Claims for the CAPES Mileage Allowance

Business mileage

40. Claims for payment for business miles covered in the CAPES vehicle should be made on a C180 claims form and submitted to the **line manager** for authorisation. A running total of the business miles covered in the financial year for each driver must be recorded on form E171 by **the person responsible in the unit for processing claims. Cost Centre Managers** must ensure that such records are kept. Claims should be submitted on a monthly basis.

Excess fare mileage

41. Staff authorised to drive excess fare miles in their CAPES vehicle during a period of detached duty or in the course of a staff transfer, should submit excess fare mileage claims, for both authorisation and processing, to whoever is normally responsible for processing their transfer or detached duty claims. In most cases this will be **Personnel Services in Silvan House**.

42. The level of CAPES mileage allowance changes at thresholds of 5,000 miles and 10,000 miles. In calculating when a driver has reached one of these thresholds, account must be taken of both business miles and excess fare miles. Claims for business miles and claims for excess fares may be processed by different units (the Cost Centre and by Personnel Services). This means that all claims submitted to Personnel must be copied by the **claimant** to the person responsible for keeping the

record outlined in paragraph 40 so that a full record of all mileage is retained at Cost Centre level and the correct rate approved for subsequent claims

Passenger & Equipment Rate

43. Following a change to Inland Revenue regulations CAPES users are eligible to claim the appropriate passenger and equipment rate with effect from 1 September 2003. The rates and conditions for claiming are provided in Staff Notice 16 Travel & Subsistence Rates:

- Passenger Rate – this rate can be used by staff using their CAPES vehicle for official business and carrying other staff on official business. Details of the passengers and their reason for travel should be included in the claim.
- Equipment Rate – An equipment supplement may be payable when you necessarily carry equipment inside your CAPES vehicle, which is likely to cause abnormal deterioration to the interior of the car. The equipment supplement cannot be claimed if the equipment either could be or is carried in the boot or luggage rack of a normal car, or is carried in a utility or similar type of vehicle, or in a trailer. Staff should be aware of any health and safety issues when carrying equipment, particularly inside the vehicle.

Cost Centre Payments

44. The cost centre is required to pay MES a monthly fixed charge based on the budgeted business mileage. At the end of the contract, a charge will be levied for each mile in excess of the budgeted business mileage. Mileage reimbursements can only be made where the unused mileage represents no more than 15% of the budgeted business mileage.

Monthly Employee Payments

45. A monthly rental charge for private use of the cars is deducted at source from the member of staff's salary. This charge is derived from the leasing company's (the owner's) total annual contract hire charge for the vehicle. This charge splits into maintenance and finance elements. Added to this charge, under current legislation, is VAT on half of the finance (applicable due to private use) and the Employer's National Insurance Contribution, which is based on the outstanding benefit in kind.

The payment takes into account the Commission's administration charges, less the Commission's business mileage contribution.

46. The rental charge will be increased for any additional accessories requested. Charges will be amended during the period of the contract if the rate of VAT or the liability to VAT changes. Any sum owed because of an increase in Vehicle Excise Duty will be collected at the end of the contract.

47. On expiry of the contract, further charges might be payable by the member of staff as a result of:

- private mileage, in excess of that agreed;
- the vehicle being in a sub-standard condition;
- early termination occurring as a result of one of the circumstances outlined in paragraphs 31-32.

Rental Charge Information

48. A list of current rental charges for a range of cars is published from time to time in the MES Newsletter, which is e-mailed to all subscribers. These are for guidance only and anyone interested in the scheme must seek an up-to-date quotation specifying the model, annual private mileage and accessories required.

Tax Liability from 6 April 1999

49. Employees provided with a car are liable to be assessed for tax on the benefit if their total annual pay in the tax year is £8,500 or more. Annual pay includes all emoluments received from an employer- not just basic salary.

A copy of the calculation of 'benefit in kind' tax is attached at Annex 2.

50. MES will provide a benefit in kind calculation (P11D) to Inland Revenue by 6 July each year for each CAPES driver. Inland Revenue will then calculate the tax due and adjust the employee's tax code accordingly. A copy of the return made to Inland Revenue will also be sent to the employee. Those employees who receive a self-assessment form will be required to give information about 'benefits in kind' on their tax form.

Information

51. A copy of this PM and a copy of the CAPES contract will be sent to each new/renewal applicant for a CAPES vehicle. CAPES drivers and managers of CAPES drivers should also be aware of the guidance provided in the [Operational Guidance Booklet No.22 Driving at Work](#).

Personnel Development
1 September 2003

ANNEX A: CONTRACT CALCULATIONS

1. The Commission pays an allowance for each mile travelled on official business. This allowance is paid as a contribution towards the cost of fuel and the driver's annual insurance premium.

Insurance

2. The Commission makes a contribution towards the cost of the CAPES driver's annual insurance premium by paying a Primary Insurance Element for the first 5,000 miles made on official business, and a Secondary Insurance Element for the subsequent 5,000 business miles. No contribution to insurance costs is paid beyond 10,000 business miles. Through the payment of these insurance elements, employees are reimbursed up to a maximum of half the cost of a notional average annual insurance premium.

3. The notional average insurance cost has been derived from information on the AA website and is fixed over the length of the CAPES scheme (but checked against the AA average on an annual basis and adjusted if the AA average exceeds £500). The calculation of the primary and secondary elements is detailed in the CAPES contract in Schedule 2.

Fuel

4. The contract is aimed at fairly compensating the CAPES driver who has chosen a fuel-efficient, medium sized diesel motor car. A fuel allowance is paid for each mile travelled on business.

5. The CAPES mileage allowance is paid at one of three rates. The first two rates consist of a fuel element and the insurance element. The third rate consists only of a fuel element. The fuel element includes a surcharge to cover the purchase of top-up fluids e.g. oil, windscreen wash etc. and to compensate for the higher cost of fuel in remote areas.

The fuel element is calculated from the following information:

- Average UK diesel prices
- A surcharge to cover the cost of top-up fuel and lubricants and the increased cost of fuel in rural areas
- An average fuel consumption figure of 40 mpg.

The cost of fuel will be derived from established indicators on the AA website.

The details of the calculation are set out in the CAPES contract as Schedule 2, which can be found on the Personnel eConnect site.

7. The CAPES fuel element may be revised during the year if, according to the data on the AA website, there is a variance in the monthly UK average price of diesel of plus or minus 5% from the time the fuel element was last calculated.

Applying the Fuel and Insurance elements

8. As the CAPES vehicle progressively covers more business miles in the financial year, the rate to be applied will change as follows:

Rate	when payable
Primary CAPES rate (CAPES fuel element* + primary insurance element)	Up to 5,000 business miles
Secondary CAPES rate (CAPES fuel element* + secondary insurance element)	Between 5,001 and 10,000 business miles
CAPES fuel rate* (CAPES fuel element only)	Over 10,000 business miles

**The fuel element has the same value in each of the three CAPES rates*

9. The level at which each of the three rates is to be paid will be that shown in the most recent Staff Notice on CAPES. All changes to the rate will be notified by Staff Notice or a similar communication. The three CAPES mileage rates will be reviewed annually and any change in rate, whether it is an increase or a decrease, will take effect from 1 April.

ANNEX B

EMPLOYEE'S TAX LIABILITY: THE CAR BENEFIT CHARGE

When an employer makes available a leased vehicle for both business and private use, a tax liability on the employee, known as the car benefit charge, arises from the private use element. In calculating this car benefit charge, account is taken of the 'on the road price' of the car, its CO₂ emissions and any payments the employee makes towards private use.

The cash equivalent of the benefit of the car is calculated on a percentage of its price, set according to the level of its CO₂ emissions and varies between 15% and 35%. The resulting figure is reduced as appropriate unavailability and payments for private use.

The percentage charges for the CO₂ emissions levels are as follows:

CO ₂ g/km				
03/04	04/05	05/06	BiK %	Diesel Supplement
155	145	135	15	3%
160	150	140	16	3%
165	155	145	17	3%
170	160	150	18	3%
175	165	155	19	3%
180	170	160	20	3%
185	175	165	21	3%
190	180	170	22	3%
195	185	175	23	3%
200	190	180	24	3%
205	195	185	25	3%
210	200	190	26	3%
215	205	195	27	3%
220	210	200	28	3%
225	215	205	29	3%
230	220	210	30	3%
235	225	215	31	3%
240	230	220	32	3%
245	235	225	33	3%
250	240	230	34	3%
255+	245+	235+	35	3%

Example

A CAPES car is provided for an employee at a total purchase price of £14,850, including any accessories or optional extras ordered with the vehicle. The user pays £144.31 per month for their private use of the vehicle and it is a diesel car emitting 135g of CO₂ per kilometre.

The car benefit charge, and the tax the employee is liable to pay on this charge, is calculated as follows:

Purchase price of the car	£14,220.00
18% tax charge on purchase price	£2559.60
Employee pays £104.31 for 12 Months	£1251.72
Tax charge minus employee payments	£1307.88
Car Benefit Charge for the tax year is therefore	£ 1307.88

An employee who normally pays tax at the *standard rate* of 22% (rate for 2002/03) would therefore be liable to pay tax of £1307.88 X 22% = £287.36 (£15.42 per month)

An employee who normally pays tax at the *higher rate* of 40% (rate for 2000/01) would be liable to pay tax of £1307.88 40% = £523.15 (£43.60 per month)

Notifying Inland Revenue of the Car Benefit Charge

The Car Benefit Charge for each CAPES driver is notified to Inland Revenue by MES in July of each tax year through form P11D. A copy of this form is also sent to the CAPES driver. Using the information provided on the form, Inland Revenue will adjust the tax code of the employee to such a level as to ensure that the tax due is collected over the following 12 months. The P11D must be retained as it will be required to complete the driver's Income Tax Return.