

# Salary Sacrifice

## The ultimate employee benefit

Salary Sacrifice enables employees to drive a brand new car, at no cost to the employer

As an employee benefit which can be provided to the whole employee base, any employee, whether eligible for a company car or not, can use the Salary Sacrifice scheme to access our low cost, all inclusive flexible car package.

Zenith was established in 1989 and is a market leader in the design, implementation, provision and management of Salary Sacrifice car schemes.

### How does it work?

Salary Sacrifice works because the employee gives up part of their salary and therefore saves in Income Tax and National Insurance (NI) contributions. The amount of NI and Corporation Tax payable by the employer is also reduced.

In addition the employee takes advantage of manufacturer discounts to provide substantial savings (on average between £75 to £200 a month) versus a driver sourcing a fully maintained and insured vehicle themselves.



### Benefits to the employer

- Allow your employees to significantly reduce the cost of sourcing a private vehicle
- Assists in attraction, retention and motivation of employees
- Cost neutral/cash generative to employer
- Improves duty of care compliance with 'grey fleet'
- Can be used in conjunction with or as a replacement to existing company car scheme
- Encourages low emission vehicles
- Scheme tailored to individual company's needs
- Pulse, Zenith's advanced online fleet diagnostic platform, provides instant analysis 24/7 on the scheme performance

### Benefits to the employee

- A low cost, brand new car
- Substantial savings against private market costs
- Paid from gross salary - saving tax and National Insurance
- All costs fixed for a 2/3 year period
- A wide range of choice, no restrictions unless imposed by the employer
- An all-inclusive package, no hidden fees or deposits
- Hassle-free motoring
- A dedicated team of specialists to help with pre- and post-order queries



## What does the employee get?

The Salary Sacrifice package includes:

- A brand new car
- Servicing and maintenance
- Road Fund Licence
- Breakdown and recovery
- Windscreen and glass cover
- Replacement tyres
- Fully comprehensive insurance
- Accident management
- Fully managed service accessed 24/7/365

## Does it work for all employees?

Traditional company car drivers can move to Salary Sacrifice on a cost neutral basis but receive increased trade up/down flexibility and real cost savings by running lower CO<sub>2</sub> vehicles. For cash drivers, Salary Sacrifice will make their money go further and attract them away from typically older, less well maintained and higher risk vehicles. 'All Employees' (those who do not have a company car or cash allowance) are provided with the ultimate benefit - the opportunity to acquire a new car at a much reduced cost.

For an employee to qualify for the scheme the sacrifice cannot take their salary below the National Minimum Wage.

## What is HMRC's view?

It is important that schemes are HMRC compliant and it is imperative that companies looking to launch Salary Sacrifice for cars do so with a credible and knowledgeable provider. It is also important for employers to seek independent tax advice on the structure of the schemes, through an experienced professional services firm.

For further details:

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## What are the risks and how can these be offset?

By working with an experienced provider, such as Zenith, an employer can ensure that the risks and administrative burdens associated with the scheme are offset. For example, all schemes must be properly designed to work in conjunction with employment law/statutory benefits and all parties should understand the impacts of areas such as Maternity Leave, Long Term Sick Leave (other lifestyle event), Sabbaticals, Tax Credits and Minimum Wages. There are also the financial risks of early termination from redundancies and resignations which need to be offset. Zenith can provide a range of risk mitigation solutions that are tailored to the employer's needs and can help manage any risk.

## Greening the fleet

Salary Sacrifice works best for low CO<sub>2</sub> emission cars, as less company car tax is payable for more environmentally friendly vehicles.

Many employers have therefore restricted their schemes to a maximum CO<sub>2</sub> limit that is well below the average for vehicles on the road today.

Under European legislation car manufacturers have been targeted to reduce the emissions of their new vehicles. This means that the choice of vehicles with emissions of 120g/km or less is increasing every year.