Q&A WITH ALISTAIR WALLACE FCCA CTA

Your next car could be more expensive than you think

You would not believe how many times we are asked, "What are tax implications of buying this car or that?"

Large family diesel estates now boast emissions of under 110g/km and fuel consumption of over 50 mpg. Hybrids half the emissions and over 100 mpg.

Owned in a business and a car with emissions of under 75g/km achieves full tax write off in year 1. Compare that for a normal petrol/diesel, which attracts only an 18% write off.

The position becomes even worse for employees. Let's compare a £30,000 hybrid car with 49g/km and a similar diesel car with 109g/km.

What you would pay tax on each year is:

Tax year	Hybrid	Diesel
2016/17	£3,000	£6,300
2017/18	£3,600	£6,900
2018/19	£4,800	£7,500

Electric cars suffer the most with forthcoming changes. If you drove a £30,000 electric company car, last year you would have only paid tax on £1,500. By 2019, this rises to £5,700 – a whopping 280% increase.

What conclusion do we draw from this?

As an employee, it might push you into buying your own car and charging for business mileage and therefore have no regard for environmental factors. All types of cars seem hard hit by future tax changes and one wonders if company cars have had their day.

As a sole trade business owner and for a company, there are still benefits for the time being for buying electric and hybrid, but petrol and diesels less so.

It would seem that our clients' favourite question will continue to be asked for a few years yet so some things won't change.