

Broadcast

FACTSHEET: ADVISORY FUEL RATE CHANGES

SPECIAL ISSUE

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Advisory Fuel Rates can only be used by employees using a company car. The rates can be used to:

- Reimburse employees for business travel in their company cars, or
- Repay the cost of fuel used for private travel.

Note for employers

If the mileage rate you pay is no higher than the advisory fuel rates for the engine size and fuel type of the company car, there will be no taxable profit and no Class 1A National Insurance to pay.

If your cars are more fuel efficient, or if the cost of business travel is higher than the guideline rates, you can use your own rates to reflect your situation.

If you pay rates that are higher than the advisory rates but cannot show that the fuel cost per mile is higher, there will be no fuel benefit charge if the mileage payments are only for business travel. Instead, you will have to treat any excess as taxable profit and as earnings for Class 1 National Insurance purposes.

Note for employees

There will be no fuel benefit charge if you correctly record all private travel mileage and use the correct rate (or higher), to work out how much your employees must repay you for fuel used for private travel.

You will not need to use the advisory rates where you can show that employees cover the full cost of private fuel by repaying at a lower mileage rate.

Advisory Fuel Rates to use from 1 June 2024

Engine size	Petrol – rate per mile	LPG – rate per mile
1400cc or less	14 pence	11 pence
1401cc to 2000cc	16 pence	13 pence
Over 2000cc	26 pence	21 pence

Engine size	Diesel – rate per mile
1600cc or less	13 pence
1601cc to 2000cc	15 pence
Over 2000cc	20 pence

Electric – rate per mile

8 pence

Drivers of fully electric vehicles will be interested to note that the 8p per mile rate to use from 1 June 2024 was 9p per mile in the previous quarter. There is a growing lobby group that is arguing for a higher mileage rate if a car is charged on commercial charging points rather than charging at home.

Perhaps in future, HMRC will create two rates to accommodate these commercial differences in electricity charging rates.

We can help

The Car Fuel Benefit Charge that applies to employees who are funded by their company for private fuel costs is a punitive tax charge and best avoided by simply repaying any private fuel provided by applying the above rates to a record of private miles in the tax year.

To avoid Car Fuel Benefit Charges for the tax year 2023-24, repayments of private fuel need to be made on or before 6th July 2024.

For further information on this, please call us on **01753 888 211** or email **info@nhllp.com**. We would be happy to help.