



COMPANY CAR ALLOWANCE SCHEME

CAR ALLOWANCE V'S COMPANY CAR

Companies have traditionally provided employees with a fully expensed company car. The level of car that an employee receives often depends on the role of the employee and their seniority.

When an employee has a fully expensed company car this is treated by the revenue as a benefit in kind. The employer will pay income tax based on the cost of the car when new and also on the emissions generated by the car. In addition to the vehicle being a benefit in kind, any fuel that is deemed to be used for private mileage is also regarded by the revenue as a benefit in kind.

The choice of many companies and employees is now to surrender the "company car" and instead receive an increase in salary which is known as a car allowance. For example if a company provided an employee with a £500.00 per month car allowance this will be added to the employees salary and will be taxed at the normal rate depending on the employees final salary.

Usually the employee will then use this increase in salary to fund their own car. In most cases this payment must also cover servicing of the vehicle including tyres. It is very important to consider how much the vehicle is going to cost to maintain through the year, depending on the annual mileage before committing all of the allowance to buying the car, work out a budget and retain some of your allowance to cover maintenance.

Companies will usually pay the employee for business mileage which on an economical car can very often work in favour of the employee. For example if the company is paying the employee 15p per mile and the vehicle is costing 9p per mile, there is a surplus of money which should cover a proportion of the employees private mileage.

THINGS TO CONSIDER BEFORE TAKING THE ALLOWANCE

1. Depreciation - consider how many miles per annum you will cover. The value of your car may reduce faster than you are paying off the finance and you may end up with a negative equity.
2. Discuss with your employer if there is a policy in place as to the type of car you can purchase, some companies may for example not allow a sport or convertible vehicle.
3. Consider your running costs, fuel and servicing and tyres.
4. Unemployment - consider what would happen should you lose your job, you will have to maintain your payments until you find new employment, or sell the vehicle.

CAR SOURCING

Car Sourcing is our consultative service where we work with you to establish your wants and needs with a view to establishing a shortlist of cars. Our aim is then to present you with a number of options for you to consider. In many cases, people are not sure what they want or need. We examine all aspects of the decision making process and try to establish a 'fit'. You then have a much easier informed decision - you just have to pick one!.....

Sometimes, people know exactly what they are looking for. It could be a specialist or prestige car you would like, or a car that is a bit older than our best sellers and current stock. In every case, we aim to find you the finest example that is available.

Our vehicles are obtained only from trusted sources. All vehicles are security checked, meet only the highest standards of quality and are offered at extremely competitive prices.

We offer our customers a full range of services including: financial services, part exchange, warranties, accessories, delivery or collection, after sales service, and ongoing advice. Furthermore, as licenced credit brokers, we are able to tailor financial packages to suit your budget and circumstances.

Our success lies in the personal service we afford our clients and the high standard of the vehicles we supply.

CAR FINANCE

Please talk to us before you agree to any finance contract, as we are here to help you. It can be quite complex trying to compare finance proposals, as many will have varying deposits, different flat interest rates linked to APR's, unrealistic or challenging Residual Values and options on the term of the finance.

There are many forms of car finance and some of the terms you might hear include:

- * Hire Purchase
- * Lease Purchase
- * Personal Contract Purchase
- * Bank Loan

* Contract Hire

* Personal Leasing

Which one suits your circumstance and budget?

Some of the things you might want to consider before signing a car finance agreement include: does it contain hefty document fees; high penalty fees for settling your agreement early; charges for damage to the vehicle at the end of the agreement; and associated charges for excess mileage.

You also need to make sure that if you are an individual buying a car that there is no VAT payable on your monthly payments – VAT will add 20% and will greatly add the amount of money you owe - And you cannot claim any of it back! Furthermore, some agreements have significant set up fees and make it unaffordable to exit early.

Our finance providers have been our partners for over twenty years and we understand the agreements totally. We will work out what is right for you, make sure you that you understand the agreement and cover all of the 'what-ifs' before you commit to anything.

Talk to us about the Consumer Credit Act and let us explain the differences between the available funding options so that you can make an informed decision.

INSURANCE

If you have been driving a company car for many years and are now looking to source your own vehicle, please note that your driving history will be recognised by most insurance companies. In most cases, you will need to contact your employer or company fleet manager who will be able to provide you will a letter that will support any no claims discounts that you might be entitled to.

CAR TAX GUIDANCE

The amount of vehicle tax for cars is dependent on engine size or on fuel type and carbon dioxide (CO₂) emissions. The amount you pay is also dependent on when the car was registered.

For further information on the vehicle taxation system and to find out what band and CO₂ emissions your car produces, please visit:

<https://www.gov.uk/vehicle-tax-rate-tables>

TEN THINGS TO CONSIDER WHEN BUYING YOUR CAR AND USING FINANCE FOR THE PURCHASE

1. Am I paying a competitive price for the car?

Many people only ever look at the monthly payments when taking on a finance package. Ask what the total price of the vehicle is and then compare the price offered with competitive sources. This might include another garage, your local newspaper or have a look on Auto-trader. We, at car allowance, always make sure you know these details.

2. Am I paying a competitive price for the Finance?

Again, many people only ever look at the monthly payments when buying a car on finance. Find out what the flat rate interest rate being offered is and the resulting %APR. We provide very clear guidance on the finance you will be paying. We break it down and explain why it represents a great deal for you and fits the car you are proposing to buy.

3. Are you comparing Apples with Apples on car prices?

Once you have your quotes, make sure that when you compare them they are all quoted on a like for like basis. "I have found a car £700 cheaper than the one offered – It has only done 9,000 miles more, it is only 5 Months older, it doesn't have leather, I am compromising a bit on colour. All aspects of a vehicle can affect the price - know what you are buying and what influences the price. We can assist you on all of the above.

4. I have found a car on the internet - Will it be okay?

This is the 64 Million dollar question. Always be sure that you understand the terms and conditions of any resulting sale. If it looks too good to be true, then it probably is! Always get a second opinion and always check the history of the vehicle and ensure there is a HPI check - This will confirm whether the car has been in an accident or has outstanding finance.

5. Does the Motor Company value my custom?

As a potential customer, you should feel valued and know where you are at every stage of the sales cycle. You should never feel pressured and your questions or queries should be answered completely to your satisfaction. You certainly shouldn't have to chase them – if you do, you will probably end up doing the same for the log-book, service history or spare set of keys!

FINANCE EXAMPLES

Figures shown are based on a representative example and are not guaranteed. The examples quoted are only one of a number of products which may be available and which may be more suitable, depending on your needs and circumstances. Finance is arranged subject to status and terms and conditions.



VOLKSWAGEN PASSAT DIESEL ESTATE 2.0 TDI SE Business 5dr

£342.67 per month - 36 month agreement

VOLKSWAGEN PASSAT DIESEL ESTATE 2.0 TDi SE Business 5dr

£299.16 per month - 48 month agreement

RATES

3.25% per annum
Fixed Rate of Interest
7.00%APR
Representative

£491.67	£342.67	£7,714.00
First monthly Payment	34 monthly Payments	Final monthly Payment
<i>inc arrangement fee *1</i>		<i>inc arrangement fee *2</i>

£448.16	£299.16	£6,247.75
First monthly Payment	48 monthly Payments	Final monthly Payment
<i>inc arrangement fee *1</i>		<i>inc arrangement fee *2</i>

Vehicle Cash Price	£18,250.00
Customer Deposit	£1,000.00

Vehicle Cash Price	£18,250.00
Customer Deposit	£1,000.00

Amount of Credit	£17,250.00
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Amount of Credit	£17,250.00
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ANNUAL MILEAGE 20,000

Total Interest Charges	£2,308.45
Arrangement Fee *1	£149.00
<i>Payable with first payment</i>	
Arrangement Fee *2	£149.00
<i>Includes option to purchase fee</i>	

Total Interest Charges	£2,909.27
Arrangement Fee *1	£149.00
<i>Payable with first payment</i>	
Arrangement Fee *2	£149.00
<i>Includes option to purchase fee</i>	

Total Charge for Credit	£2,606.45
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Total Charge for Credit	£3,207.27
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Amount of Credit	£17,250.00
Total Charge for Credit	£2,606.45
Balance Payable	£19,856.45

Amount of Credit	£17,250.00
Total Charge for Credit	£3,207.27
Balance Payable	£20,457.27

Customer Deposit	£1,000.00
Balance Payable	£19,856.45
Total Amount Payable	£20,856.45

Customer Deposit	£1,000.00
Balance Payable	£20,457.27
Total Amount Payable	£21,457.27

6. Do they understand my needs? Do they care?

You may not be sure what you want or what you could get for your money. If you do then fine, but they also may want to double-check this with you. As a sales rep, are miles per gallon important? – The company pay so that's okay, right? – But how might high mileage affect the residual value when I come to the end of my contract, would it vary between a BMW, Audi or Range Rover and why should I care? What benefits will I gain buying a new or nearly new car? At what point can I change the car during the lease term.

7. Are there any hidden charges?

Make sure you ask! Are you being quoted for a car that you can only do 10,000 miles a year in - It's easy to think "I'll worry about that later" but time soon flies by, and the excess mileage charges will cost you a lot more in the long run. You could pay high excess mileage charges and end up with a very hefty bill – Most companies will also charge you for any damage to the car at the end of the agreement.

8. What if my circumstances change?

Let's face it, life is never simple. There are always things that happen and can give you cause to reconsider the personal or company 'fit' of the car you have chosen. Talk to us and we will investigate the options available to you and provide you with the comfort of making the right decision.

9. What Finance Plan best suits my circumstances?

There are many forms of car finance and include: Hire Purchase, Lease Purchase, Personal Contract Purchase, Bank Loan, Contract Hire and Personal Leasing. You need to make sure you are comparing apples for apples when comparing finance proposals as there are so many variables that affect your monthly payments. If your circumstances change, what do you do and what are you liable for? Talk to us before, during and when you are ready to change your car, whether that be at the end of the finance term or earlier because your circumstances have changed. We will guide and assist you all the way.

10. Will the company offer references?

I have never done business with the company but they do seem to have some really great references! Ask them if you are able to speak to any of them, are they credible businesses and/or people who can genuinely offer a reference of association with the company. You can certainly speak to our customers. We have been supplying some of them for over twenty years and some for only a few months – We think they will all have similar views on their experiences. Please ask us for references. Never be afraid to ask questions. You will probably only ever be faced with a car purchase every 3 or 4 years. Get yourself a partner who can work with you to get the best deal for you and who is happy to help you after you have made the purchase. We would like you to recommend us to friends, family and colleagues – That is how our business has been built.

CAR ALLOWANCE BENEFITS

1. Tax efficient.
2. Choice of vehicle often better than the company car previously provided.
3. Option to add personal money to the allowance and upgrade the car.
4. Cover a proportion of private mileage.



VOLKSWAGEN TIGUAN DIESEL ESTATE 2.0 TDI BMT150 SE Nav 5dr £447.00 per month - 36 month agreement

VOLKSWAGEN TIGUAN DIESEL ESTATE 2.0 TDI BMT150 SE Nav 5dr £391.92 per month - 48 month agreement

RATES

3.25% per annum
Fixed Rate of Interest
7.00%APR
Representative

£596.00	£447.00	£9,414.00
First monthly Payment	34 monthly Payments	Final monthly Payment
<i>inc arrangement fee *1</i>		<i>inc arrangement fee *2</i>

£540.92	£391.92	£7,374.00
First monthly Payment	48 monthly Payments	Final monthly Payment
<i>inc arrangement fee *1</i>		<i>inc arrangement fee *2</i>

Vehicle Cash Price	£23,000.00
Customer Deposit	£1,000.00

Vehicle Cash Price	£23,000.00
Customer Deposit	£1,000.00

Amount of Credit **£22,000.00**

Amount of Credit **£22,000.00**

ANNUAL MILEAGE 20,000

Total Interest Charges	£2,910.00
Arrangement Fee *1	£149.00
<i>Payable with first payment</i>	
Arrangement Fee *2	£149.00
<i>Includes option to purchase fee</i>	

Total Interest Charges	£3,645.24
Arrangement Fee *1	£149.00
<i>Payable with first payment</i>	
Arrangement Fee *2	£149.00
<i>Includes option to purchase fee</i>	

Total Charge for Credit **£3,208.00**

Total Charge for Credit **£3,943.24**

Amount of Credit	£22,000.00
Total Charge for Credit	£3,208.00
Balance Payable	£25,208.00

Amount of Credit	£22,000.00
Total Charge for Credit	£3,943.24
Balance Payable	£25,943.24

Customer Deposit	£1,000.00
Balance Payable	£25,208.00
Total Amount Payable	£26,208.00

Customer Deposit	£1,000.00
Balance Payable	£25,943.24
Total Amount Payable	£26,943.24



WHO ARE CORPORATE CARS?

Corporate Cars are a long established Company. We have been supplying new and used vehicles with innovative finance packages for 20 years. In recent times, more and more companies are providing employees with a car allowance in place of a company car. Choosing the right deal can be daunting and if you get it wrong, very costly.

If you choose a main dealer to supply your new car you will probably pay over the odds for the vehicle whether new or used and you will find that you are only allowed to cover a set mileage in the vehicle, typically 10,000 miles per annum.

Our ongoing relationship with many major manufacturers has enabled us to offer competitive packages on our vehicles. Through smart purchasing of cars, we are able pass on great savings to our clients, coupled with finance packages that can be tailored to suit everyone's circumstances and budget.

In short we are supplying nearly new cars with manufacturer's warranty on transparent and flexible finance plans.

Corporate Cars 'Car Allowance Scheme' is designed to be transparent, competitive and most of all great value with no surprises.

If you would like to talk to us about any aspect of buying a car with your car allowance, financing a car from your own budget or if you are a company looking to finance vehicles, please speak to us. We make it our business to reduce the burden of finding the most appropriate car to suit your circumstances.

Call us now on 01604 385485.

www.corporate-cars.co.uk • 01604 385485

