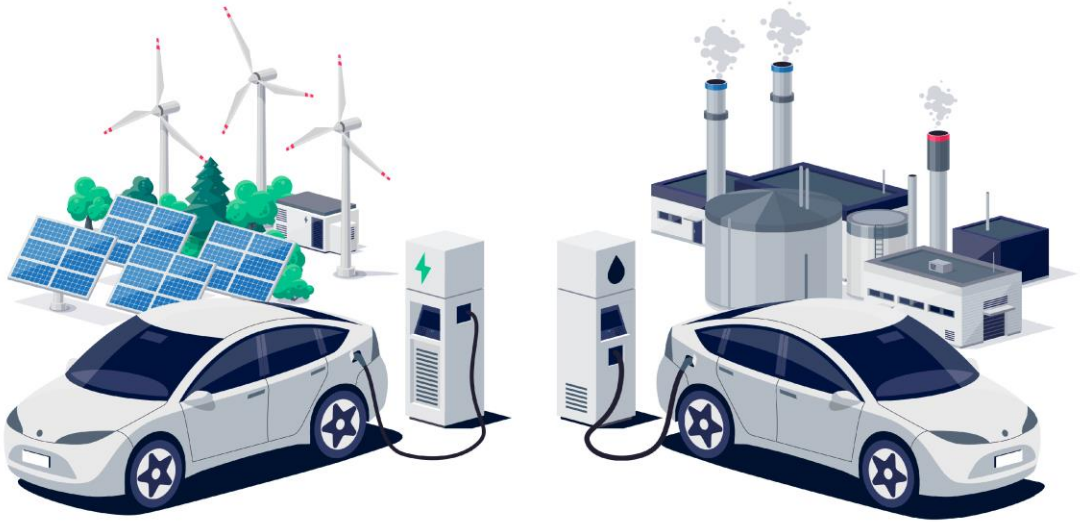
Salary Sacrifice car scheme



Guide for employers

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What is Salary Sacrifice?

In a nutshell, it's an employee benefit scheme that enables your employees to 'sacrifice' some of their salary in return for a brand-new leased car.

Because the sacrifice is a deduction from an employee's gross salary, the cost of leasing a car is cheaper than leasing the same vehicle on a Personal Contract Hire agreement.

Additionally, the company makes savings on national insurance contributions so there are financial benefits for both the employee and the business. Benefits are increased significantly for both parties if the vehicle leased is pure electric.

Salary Sacrifice will save both your company and your employee's money.

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Benefits for your business

Aids recruitment, employee satisfaction, motivation and retention

No cost to your business

There is no set-up fee or on-going cost. All employee savings are retained by the employee.

Low-administration employee benefit car scheme

Savings for your company

Reduced National Insurance contributions for employees participating in Salary Sacrifice. Savings can also be made by reclaiming VAT on the rental (50% of VAT payable on the lease element of rental and 100% of VAT payable on the service element of rental) subject to eligibility

Bespoke webinars to support and engage your employees

Suitable for all employees

Regardless of their status or need for a company car within the business, so long as the individual's salary is at least the national minimum wage after any deductions and they have passed their probationary period.

Fully managed service

From initial set up, employee eligibility, company credit line, employee vehicle quotations including salary deduction, income tax and NI savings, and BIK calculation. Through to vehicle order, salary deduction calculations, vehicle delivery and in-life support for both employee and employer, including periodic reporting to assist with HMRC submissions and payroll deductions – your broker and our experts are on hand to assist with all elements of your scheme.

Tailored for your business

The scheme can be tailored to your company's requirements, for example, limiting employee choice to only low or zero emission vehicles, size or type of vehicle or contract length.

Early termination protection

Industry leading life event cover, protects both the business and your employees from expensive early termination fees.

Electric vehicles

When electric vehicles are chosen it helps your employees make the switch from petrol or diesel without worrying about changes to used car values or maintenance costs. It also assists with your green agenda and help to deliver on your Environmental, Social, and Governance (ESG) and Corporate Social Responsibility (CSR).

Vehicles are transferrable

If an employee leaves the company, their lease vehicle can often be transferred to the employee's new employer or to another employee in your company, subject to eligibility.

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Benefits for your employees

One set monthly Salary deduction can include:

A brand-new lease vehicle of their choice

Vehicle servicing, maintenance and repair

Tyre replacement due to wear and tear

Roadside assistance in the event of a breakdown

Road fund licence

Fully fitted electric vehicle home charger

Early termination protection for unforeseen circumstances

Tax and National Insurance savings

Because payment is taken from the employee's gross salary via payroll, they benefit from Tax and National Insurance savings (typically 30-40% savings for an electric vehicle) making the overall cost substantially less than a Personal Contract Hire (PCH) agreement.

Low Benefit in Kind (BIK) payable for electric vehicles

Current BIK rate on an electric car are 3% in the 2025/26 tax year and 4% for 2026/27 year.

No large upfront deposit

No employee credit check

Additional savings

Compared to retail alternatives where there's a risk of fluctuating used car values and maintenance costs.

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How do your employees order their vehicle?

1

The employee selects their vehicle, obtains quotes and their salary deductions are calculated.

2

The company and the employee provide confirmation of the order and the employee signs the addendum to their employment contract.

3

The vehicle is ordered through a manufacturer authorised dealership and an estimated delivery date is provided to the employee.

4

You sign the vehicle lease agreement for the vehicle.

5

The vehicle is delivered, and salary deductions commence.

6

The employee is provided with contact details to assist with any queries such as parking permits, foreign travel and vehicle maintenance.

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Get in touch

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