Salary Sacrifice car scheme

Guide for employees

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What is Salary Sacrifice?

It's the opportunity to use some of your salary before Tax and National Insurance is deducted, to pay for a brand-new leased vehicle. It means you can save money by reducing your Income Tax and National Insurance contributions compared to personally leasing the same vehicle.

The benefits increase significantly if you lease a pure electric vehicle.

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Say you're earning £35k a year...

Your monthly salary looks like this:

With a Salary Sacrifice car, it looks like this:

The difference in take home pay is £397
And that's what you pay for a
Kia EV4 81.4kw Air

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Or, if you're earning £80k a year...

Your monthly salary looks like this:

With a Salary Sacrifice car, it looks like this:

The difference in take home pay is £462
And that's what you pay for a
Polestar 2 200kw Standard Range

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Your monthly salary deduction can include all of this...

A brand-new leased vehicle of your choice

Fully comprehensive motor insurance*

Tyre replacement due to wear and tear

Roadside assistance in the event of a breakdown

Road fund licence

Fully fitted electric vehicle home charging point

Early termination protection for unforeseen circumstances *

And that's on top of:

Significant savings compared to retail alternatives

Typically, 30-40% savings on Tax and National Insurance

Low Benefit in Kind (BIK) when a pure electric vehicle is chosen

No large upfront deposit

No employee credit check

*Exclusions apply

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Why go electric?

Choosing an electric vehicle not only makes your switch from petrol or diesel easier, but it also enhances your salary sacrifice further, with...

The ability to include a fully fitted home charging point

Low Benefit in Kind (BIK) charges

Current BIK rate in 2025/26 tax year only 3% for 100% electric vehicles, 4% in 2026/27 year.

Zero tailpipe emissions

Free parking in some cities

Lower running costs

ULEZ compliant

Upon application

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How it works

Once your employer sets up and rolls out the scheme, it's all very straightforward...

1

Choose your vehicle

We offer all makes and models, however the best savings are gained by taking a pure electric vehicle due to the current low BIK costs.

2

Decide your contract length and mileage allowance

3

Get your quote and calculated savings

4

Sign your Salary Sacrifice agreement and Vehicle Order Form

5

Take delivery of your new car

Your vehicle order is placed and an estimated delivery date provided. Delivery is arranged with you for a convenient date.

6

Salary deductions begin

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FAQs

Is the scheme compulsory?

No - employees need only participate if they wish to. The scheme is open to all eligible employees within the following criteria:

Your gross basic pay must not fall below the applicable National Minimum Wage or National Living Wage at any time during employment, after the salary sacrifice reduction.

You must have held a full UK or EU driving licence for a minimum of 12 months.

You must be a permanent PAYE employee for a minimum of 6 months and have completed your probationary period.

You must not have resigned, be at risk of redundancy or due to retire before or during the lease period.

You must not be long term absent due to illness or leave.

You must meet the vehicle insurer's eligibility criteria, eg. age, claims and convictions.

Where can I find more information?

There is extensive information on HMRC's website relating to salary sacrifice arrangements. Additionally, you can take external advice.

Is there any limit to the amount of salary I can choose to sacrifice?

Yes – you cannot sacrifice your salary to an extent which will cause your earnings to fall below the applicable National Minimum Wage or National Living Wage.

Your employer may impose other exclusions, you would need to speak to your employer to clarify.

Do these arrangements change anything else about my employment?

No – the variation to your employment terms relates only to the agreed reduction in gross salary and the provision of the benefit described; your terms and conditions will remain unchanged.

Can I withdraw from the scheme and revert to my original salary at any time?

Termination fees will apply should you wish to terminate the lease before the end of the agreed term.

However, in certain circumstances when you experience a life event, for example long-term sickness or maternity leave, you may be able to withdraw from the scheme without being liable for the termination fee.

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Get in touch

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