



DEPARTMENT OF HEALTH
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To: General Managers/Administrators of:)
Regional Health Authorities)
District Health Authorities)
Special Health Authorities) For action
Family Practitioner Committee)

Secretaries of:)
Prescription Pricing Authority)
The Central Blood Laboratories)
Authority) For action
The Public Health Laboratory)
Service Board)

The Clerk of:)
Dental Estimates Board)
) For information
The Chairman of:)
Community Health Councils)

Your reference:
Our reference: EL(89)MB/ 121
FPCL 125/89

Date: 14 July 1989

Dear Sir or Madam

TAXATION OF STAFF BENEFITS AND ALLOWANCES

1. This Circular advises health authorities of changes to Inland Revenue's assessment of taxable benefit from the private use of a crown car following the Budget. It also requests authorities to provide Inland Revenue with a list of all employees who use their own cars on NHS business and are Regular and Standard rate recipients. Finally, it provides advice in respect of the tax treatment of home to work travel.

TAXABLE BENEFIT SCALE CHARGES FOR PRIVATE USE OF CROWN CARS - 1989/90

2. With effect from 6 April 1989, the new scale charges, applicable for the 1989/90 tax year, are as follows:

1400cc or less	1401- 2000cc	Over 2000cc
(a) £1,400 (£1,050)	£1,850 (£1,400)	£2,950 (£2,200)
(b) £ 950 (£ 700)	£1,250 (£ 940)	£1,950 (£1,450)

(Figures (a) represent a vehicle under 4 years old and figures (b) are for vehicles over 4 years old. 1988/89 figures are shown in brackets).

3. Where the annual official mileage travelled by employees who contract for private use of a Crown car is less than 2,500, the taxable benefit is 1.5 times the appropriate scale charge, and for official mileages in excess of 18,000, the taxable benefit is 0.5 times the scale charge.

4. The Car Fuel Scale Charges remain unchanged for 1989/90.

TAX RETURNS OF BUSINESS MILEAGE - 1987-89

5. Each year, employing authorities are required to provide Inland Revenue with an annual schedule of the business mileage undertaken by certain categories of staff. Inland Revenue have requested that authorities be reminded to provide them with lists in respect of the following employees who undertake business mileage and who are Regular and Standard Rate recipients. Lists should show the name and national insurance number, the class of car for which the allowance was paid and the actual business mileage covered, excluding any home to work travel which has been taxed under PAYE, but including any mileage paid under the certification procedure for emergency call out:-

(a) GWC Staff for the year to 5 April 1989

(i) Regular Users

Business Mileage 1988/89	Size of Car
up to 12,000 miles	up to 1000cc
up to 11,000 miles	1001 to 1500cc
up to 12,000 miles	1501 to 2000cc
up to 13,000 miles	over 2000cc

(ii) Standard Rate Users

Business Mileage 1988/89	Size of Car
between 1,500 and 6,499 miles	up to 1000cc
"	1001 to 1500cc
"	1501 to 2000cc
"	Over 2000cc

(b) Hospital Medical and Dental Staff for each of the years ended 5 April 1987, 5 April 1988 and 5 April 1989

(i) Regular Users

Business Mileage in appropriate year	Size of car
up to 9,000 miles	up to 1000cc
up to 9,000 miles	1001-1500cc
up to 10,000 miles	1501-2000cc
up to 12,000 miles	over 2000cc.

(ii) Standard Rate Users

between 2,500 and 7,499 miles	up to 1000cc
between 2,500 and 7,499 miles	1001-1500cc
between 1,500 and 10,499 miles	1501-2000cc
between 1,500 and 13,499 miles.	over 2000cc.

6. Authorities will be advised in due course of the profit elements for the year ended 5 April 1989, according to the outcome of discussions on the uprating of mileage allowances currently taking place in the Motor Car Allowances Sub Committee of the General Whitley Council.

TAX TREATMENT OF TRAVELLING EXPENSES

7. Inland Revenue has advised that paragraph 19.1 of Section 24 of the GWC Terms and Conditions of Service seems to have been misinterpreted in some instances. For tax purposes, where an employee has a normal headquarters or base, any travel between their home and base is private mileage and PAYE must be operated on any allowances in respect of such travel. The words "the distance actually travelled" in paragraph 19.1 excludes any travel between home and base.

The only exception to this is where the employee is called out in an emergency and the circumstances are such that the certification procedure applies. In such circumstances PAYE need not be operated on the home to base mileage allowance but as confirmed in HC(87)34 such mileage is then regarded for tax purposes as business mileage and should be included in the returns of regular and standard rate users made at the end of each tax year.

ENQUIRIES

8. Authorities should consult their local Inspector of Taxes if any difficulties arise over taxation. Enquiries on allowances generally should in the first instance be addressed to Regional Personnel Offices (or Specialists in Community Medicine (Medical Staffing) in respect of hospital medical and dental staff); if necessary, they can consult Mr B Reynolds (Health Authority Personnel 2C, Room 1218, Hannibal House, Elephant and Castle, London SE1 Telephone 01-972 2112).

9. This letter may be cancelled on 1 April 1992.

Yours faithfully

N B J Gurney

N B J GURNEY
Under Secretary