



ALPHABET

# Alphabet Salary Sacrifice

An alternative way for you to offer your employees a new vehicle.



# What is a Salary Sacrifice Car Scheme?

Put simply a Salary Sacrifice Car Scheme can be offered to all of your employees, even those who were not previously eligible for a Company Car. Your employees agree to give up or "sacrifice" part of their pre-tax salary towards the lease of a car provided by Alphabet.

Whilst a reduction in salary may initially seem unacceptable to your employees, when they see what they receive in return this could change. Salary Sacrifice brings savings benefits to you as the employer and to your employees, which are indicated on the following page.

## How does Salary Sacrifice from Alphabet work?

The Alphabet Salary Sacrifice Car Scheme is an additional benefit you can offer your employees, its easy to set up and run and our dedicated teams are here to help.

Your employee selects a new car from a wide range of vehicles (currently available in the UK) using our dedicated website. They can compare lease quotes, add any additional extras before submitting them for approval.

Then you take an agreed fixed amount from their salary each month - before income tax and National Insurance are deducted - for the duration of their contract.

Employees will pay benefit-in-kind (BIK) tax for their new car, based on its value and CO2 emissions. By selecting a low emission car, they can pay very little BIK tax - effectively making their money go further (compared to a car loan or hire purchase made after-tax)

For businesses that offer a cash allowance to cover the cost of a vehicle, Alphabet's Salary Sacrifice scheme will add to the package of benefits you offer to attract and retain top talent.



# What Are The Main Benefits?

Alphabet's Salary Sacrifice scheme is a perk that benefits both your business and employees.

Salary Sacrifice could save you the cost of car allowances, while the lower tax levels paid by participating employees are reflected in your Class 1A National Insurance Contributions. To fully understand the potential savings, please consult a tax advisor.

## Easy to implement

Our expert team offer support implementing and managing your scheme. We also supply formatted payroll reports to make deductions simple.

## More choice, more transparency

Employees can explore as many quotes as they like, with all costs shown clearly, including maintenance and breakdown cover. You stay in control.

## Improve your business' reputation

By encouraging your employees to select low and zero-emission cars, you will improve your business' sustainability credentials.

## Safer, smarter vehicles

Your employees will be driving properly maintained vehicles, reducing their risk and ensuring your business always looks professional.

## Online quoting and ordering

We provide an online quoting and ordering portal for your employees to access, which gives them access to a wide range of vehicles available in the UK. We will work with you to scope out exactly what you would like your employees to see for example all manufacturers or perhaps two of three of your choice.

## Keep your employees moving

An Alphabet Salary Sacrifice scheme gives all of your employees (not just those eligible for a company car) the chance to drive a new car at a lower price.

## Insurance requirements

It is your responsibility to ensure that all vehicles have the relevant insurance cover. Salary Sacrifice vehicles can be added to your existing motor insurance policy or you can arrange insurance through Alphabet's preferred provider. The monthly insurance premium can then be included within the quotations shown to your drivers.

## What's included in Alphabet Salary Sacrifice?

Your scheme includes:

- Expert implementation and support
- A wide range of new vehicles
- Breakdown cover
- Servicing, maintenance and repair
- Accident Management
- Driver Licence Checking (optional add on)

## What isn't covered?

Employees are responsible for:

- Parking fines, congestion charges, etc.
- Early termination\* or excess mileage costs
- Maintenance outside of your agreement
- End of contract damage \*\*

\* Early Termination charges

These charges are dependent on your company policy agreed with Alphabet during the implementation process. This may cover situations such as Resignation, Redundancy, Parental Leave or Long Term Illness.

\*\* End of Contract Damage charges All Alphabet vehicles are appraised using the BVRLA Fair Wear and Tear Guidelines, any damage outside of these guidelines are considered End of Contract Damage Charges which Alphabet will discuss with you.

# Gain The Electric Advantage

An Alphabet Salary Sacrifice scheme gives your employees the incentive to switch from a traditional petrol or diesel engine to a cleaner electric vehicle.

## Enhance your reputation

Your Alphabet Salary Sacrifice scheme could be just the thing to encourage your employees to make the switch to electric. As the world moves towards a more sustainable future, it can only benefit your business to be seen as a greener, more responsible employer.

## Lower Whole Life Costs

Electric vehicles can have higher initial costs, but employees can reap the rewards of long-term savings. With lower BIK tax, and as NIC and income tax are no longer applied to employees' sacrifice, the benefits of choosing an EV can outweigh the costs in the long run.

## Charging Convenience

With home and workplace charging options available, your employees can have the advantage of being able to refuel their EV wherever they are. The growing on-the-go charging network means your employees are never far from a charging point, too.

## Lower emissions mean lower BIK tax

As BIK tax rates incentivise lower-emission vehicles, drivers can save thousands of pounds during the life of their vehicle by choosing an EV instead of a combustion engine vehicle.

| Vehicle type   | Typical CO2 emissions | BIK tax rate |         |         |
|--|-----------------------|--------------|---------|---------|
|  |                       | 2022/23      | 2023/24 | 2024/25 |
| Battery Electric Vehicle                                 | 0 g/km                | 2%           | 2%      | 2%      |
| Plug-In Hybrid Electric Vehicle (higher electric range)* | 1-50 g/km             | 8%-14%       | 8%-14%  | 8%-14%  |
| Hybrid Electric Vehicle (lower electric range)*          | 100+ g/km             | 15%-24%      | 15%-24% | 15%-24% |
| Internal Combustion Engine Vehicle                       | 100+ g/km             | 24-37%       | 24%-37% | 24%-37% |

\*BIK rates vary by CO2 emissions and electric-only range. Figures shown are indicative only, and based on the most common currently available vehicles of this type.

# Savings Your Employees Will Love

| Overview   | Salary Sacrifice (20% PAYE) | Salary Sacrifice (40% PAYE) | Personal Contract Hire |
|--|-----------------------------|-----------------------------|------------------------|
| <b>Vehicle Name</b>                                  | <b>BMW i4</b>               | <b>BMW i4</b>               | <b>BMW i4</b>          |
| List Price   | 51,850.00                   | 51,850.00                   | 51,850.00              |
| CO2 Emission   | 0.00                        | 0.00                        | 0.00                   |
| BIK %  | 2%                          | 2%                          | NA                     |
| <b>Employer Cost of Providing Company Car</b>        |                             |                             |                        |
| Lease Rentals  | 7,416.24                    | 7,416.24                    | 8,899.49               |
| Maintenance (SMR)                                    | 188.28                      | 188.28                      | 225.94                 |
| Total Rental   | 7,604.52                    | 7,604.52                    | 9,125.42               |
| <b>Employer NIC</b>                                  |                             |                             |                        |
| Employer Annual NIC on Car Benefit                   | 156.07                      | 156.07                      | 0.00                   |
| Employer Annual Cost of Company Car                  | 8,502.21                    | 8,502.21                    | 9,125.42               |
| <b>Employee Quotation</b>                            |                             |                             |                        |
| Gross Monthly salary reduction by employee           | 708.52                      | 708.52                      | 760.45                 |
| Employee Monthly Savings                             | 233.24                      | 303.39                      | 0.00                   |
| Employee Monthly BIK                                 | 17.28                       | 34.57                       | 0.00                   |
| Employee Net Monthly                                 | 485.52                      | 432.65                      | 760.45                 |
| <b>Employer Saving from Salary Sacrifice</b>         |                             |                             |                        |
| Annual Savings NI                                    | 1,161.64                    | 1,161.64                    | 0.00                   |
| <b>Employer cost reduction</b>                       |                             |                             |                        |
| <b>Employer Saving from Salary Sacrifice 3 years</b> | <b>3,484.92</b>             | <b>3,484.92</b>             | <b>0.00</b>            |

8,000 Mileage, 3 years Contract, No pension contribution

## Assumptions:

- No Employer Pension savings passed back
- RFL and Maintenance included
- No Employer contribution is included

The examples shown are based on 8,000 Miles Per Annum and for a 36 Month lease period, these are for illustrative purposes only. Calculation is valid at time of publication.



We're here to help

Call us on **0370 50 50 100**

Or visit [www.alphabet.co.uk/salary-sacrifice-car-scheme](http://www.alphabet.co.uk/salary-sacrifice-car-scheme)

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