

Low Carbon Car Scheme

Frequently Asked Questions

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About the Scheme and Salary Sacrifice Arrangement

1.1 What is salary sacrifice and why should I consider it?

A salary sacrifice arrangement means you agree to give up the right to receive part of your gross salary due under your contract of employment, in exchange for a non-cash benefit – in this case, a brand new car and the services and benefits provided in connection with the car. On this basis, the car is specifically for you but there is an opportunity to add additional drivers onto your insurance policy.

The salary is sacrificed before income tax and national insurance, so you pay less tax and national insurance on your reduced salary. However, you will be liable to pay a Benefit in Kind charge on the provision of the car. The additional tax is recovered by a reduction in your tax code.

If you decide to join the Car Scheme, you will agree to a salary sacrifice arrangement for the car and for the other services and benefits provided in connection with the car. You will receive the use of the car and a fully inclusive motoring package for a fixed amount. You will also benefit from fantastic discount rates because the scheme is provided through Perth & Kinross Council (PKC).

1.2 What's included in the Car Scheme?

- The use of a brand new car of your choice.
- Maintenance of the car including all servicing, batteries, exhausts and tyres (excluding winter tyres) under normal wear and tear conditions. This excludes any damage to the car and updates to satellite navigation systems.
- Fully comprehensive motor insurance including all business travel for you. Any additional drivers are insured for social, domestic and pleasure purposes only unless requested otherwise.
- Protection against penalty charges incurred as a result of exiting the Scheme early due to you leaving PKC and returning a car as a result of resignation, redundancy, loss of life or loss of licence on medical grounds.
- Annual vehicle tax.
- Roadside assistance (homestart & recovery UK & European cover).
- Relief car for when the scheme car is off the road (if selected).

1.3 What's not included in the Car Scheme?

- Fuel.
- Top-up oil, lubricants, screen wash and AdBlue if needed between services.
- Damage to the car if not covered by the motor insurance.
- The termination charge if you decide you no longer want the car.
- The motor insurance excess, in the event of an accident, which may be payable when repairs are carried out to the car.
- The excess mileage charge plus VAT if you exceed the agreed mileage as selected by you.
- Mechanical failure due to driver fault.
- Rental vehicles whilst the car is off the road, if not provided by the motor insurer (unless you have selected the relief car option).

1.4 What is a Benefit in Kind (BiK) and how is it paid?

Any benefit that you can use in your personal time as well as during business hours, such as a vehicle, is considered a perk and HMRC will require you to pay tax. The type of tax HMRC requires you to pay is called benefit-in-kind, which is often abbreviated to BIK.

Benefit in Kind is payable on the provision of a company car by your employer if the car is available for private use by an employee.

In basic terms, the benefit in kind car tax contributions are calculated based on the P11d value of the car, the amount of carbon dioxide emissions (CO₂) it produces and how much you earn.

You will pay tax on the Benefit in Kind value as determined by its P11D value (list price, including extras and VAT, but without the first-year registration fee and vehicle tax), multiplied by the BIK rate which is based on its CO₂ emissions and fuel type. This figure is then multiplied by your tax rate (e.g. 20%, 21%, 41% or 46%) to calculate the annual amount of tax to be paid. It should be noted that BIK rates are subject to change in line with budget announcements.

Tusker's online quoting system builds in the monthly Benefit in Kind as per the screen shot below to provide an estimate of the net cost of the car. It is important to note that this tax is recovered by a reduction in your tax code therefore until such times as HMRC advise you and PKC of a tax code change, the additional tax cannot be recovered from your salary.

£520*	
Monthly net amount (Effect on take home salary)	
Skoda Octavia Hatch 5Dr 1.4TSI iV PiH 13kWh 245 GPF SS EU6 vRS DSG Auto6	
Hide quote breakdown	
Amount taken from gross salary:	£713
Income Tax saving:	-£140
National Insurance saving:	-£95
Pension contribution saving:	-£49
Benefit in Kind:	+£89
Effect on net salary:	£520

P11d value: **£42310**
 Monthly net amount: **£520***

Please note that the value provided on the quote is an estimate – Tusker does not have access to all your personal information.

1.5 If I am able to access the online site, does this mean that I'm automatically eligible to join the Scheme?

No, your eligibility will still need to be checked and approved by PKC before you are able to order a car on the Scheme.

The eligibility criteria is detailed below:

- You are required to be aged over 18 years old.
- You need to have a permanent contract or have a fixed term contract for a longer period than the proposed Salary Sacrifice Agreement.
- Your gross salary after taking into account all salary sacrifice arrangements must be above the National Living Wage or National Minimum Wage for the duration of the Salary Sacrifice Agreement.
- Overtime and any additional payments you may receive should not be included when you enter your gross annual salary into the online site, unless it is contractual and guaranteed.

1.6 Will a salary sacrifice arrangement affect any state benefits I may receive?

A salary sacrifice arrangement may affect your entitlement to certain state benefits. The following will need to be considered if you are entering into a salary sacrifice arrangement:

- Pension contributions - provided you pay the minimum requirement for national insurance payments; this Scheme should not affect your basic State Pension.
- Entitlement to earnings-related benefits such as Maternity Allowance or Statutory Maternity Pay.
- Entitlement to work-related payments such as Statutory Sick Pay.

A salary sacrifice arrangement may affect the amount of tax credits you receive. Before you decide to go ahead, you may want to consult HMRC's Tax Credit section via their website <https://www.gov.uk/browse/benefits/tax-credits> or ring their Tax Credit Helpline on 0345 300 3900.

It may also affect any student loan repayments as they are calculated on your earnings. As your gross salary would be reduced, so would your student loan payments, and this may increase the repayment period. For more information, please visit HMRC's [website](#) and the Student Loans Company website: <http://www.slc.co.uk/>

1.7 Who owns the car?

The car is owned by and registered to Tusker. PKC and Tusker have entered into a contract to provide the use of a car to eligible employees. The Salary Sacrifice Agreement for the car is between you and PKC.

1.8 Is there a mileage cap?

Once you have selected the vehicle, you will then be able to choose the mileage based on your own personal circumstances (to the maximum of 35,000 miles). This is the number of miles you anticipate you will drive during the duration of the agreement.

1.9 What rate can I claim for business miles?

If the car is used for business travel, mileage will be reimbursed. Mileage rates can be found [here](#)

1.10 Is there a minimum contract duration?

The minimum duration of a contract is 2 years and the maximum duration is 4 years.

Ordering a Car

2.1 I already have a sacrifice salary in exchange for other employee benefits (e.g childcare vouchers and/or cycle scheme), what salary should I enter into the site?

A salary sacrifice arrangement cannot reduce your salary below the National Living Wage or National Minimum Wage. You should always enter your gross basic salary (your salary before tax), excluding any additional payments you may receive unless those payments are contractual.

If you have already entered into other salary sacrifice arrangements, you will need to enter the total monthly amount of your other salary sacrifice commitments into the site.

If you work part-time, please enter your part-time equivalent basic salary and then the number of hours you work in the 'weekly part-time hours' box.

2.2 The car I'd like to order doesn't appear on the site or there are no cars appearing, what should I do?

Firstly, check the car's CO2 emissions on the manufacturer's website. If the CO2 emissions are within the limit on the Scheme, please email the full car description to the Tusker Employee Engagement Team on EETeam@tuskerdirect.com. If the car doesn't appear on the site, it's usually just because they're waiting on some further information from the manufacturer so they should be able to provide you with a manual quotation.

If no cars appear, this may be because your gross salary will be taken below the National Living Wage or National Minimum Wage threshold set by your employer. If you are unsure if this applies to you, please contact the Tusker Employee Engagement Team through the online instant messaging service 'Live Chat'. Alternatively, you can call them on 0333 400 7431 or email EETeam@tuskerdirect.com.

2.3 I would like to order a car on the Scheme, but I have an existing vehicle I want to sell – when should I arrange to sell it?

Although Tusker will provide you with an approximate lead time for the car you order, the manufacturer may sometimes change the date, which is outside of Tusker's control. If you have no other means of transport, you are advised to keep your existing vehicle until you take delivery of the new car. Alternatively, you can contact Tusker to find out more about their StopGap cars.

2.4 I have ordered my car, when will the salary sacrifice arrangement start?

Tusker will inform PKC of the relevant salary sacrifice information, following delivery of the car. The sacrifice (for the car and other services and benefits) will then be effective from your next pay date. Depending on the exact date of delivery and the payroll deadline, you may find that the salary sacrifice reductions are a month behind, but in this case the arrangements will still be in place for 24, 30, 36, 42 or 48 months (depending on the term you choose), they just won't coincide exactly with the period the car and other services are available to you.

2.5 Where will the car be delivered to?

Employees can choose a suitable location eg home address. This is also the case when the car is being collected at the end of the agreement.

Leaving the Scheme Early

3.1 What happens if I decide I don't want the car any longer?

You are committing for the term you select. If you decide you no longer want the car, you can obtain an early termination quotation at any time during the term of the Scheme, but you will be responsible for the early termination charge.

3.2 What happens if I resign?

If you notify your employer that you wish to resign during the first 3 months commencing from the delivery date of the car, or if you resign and leave without giving prior notice during the first 3 months following delivery, you will be liable for an early termination charge to exit the Scheme.

If you know that you'll be leaving your employment before the end of the agreement, you should not take a car through the Scheme.

If you resign and leave your employer after this 3-month exclusion period, an arrangement is in place to cover the early termination charge.

Please note that it is not your leaving date which is used to work out if there will be an early termination charge, it is the date you notify your employer that you wish to resign from your position.

3.3 What instances are early termination fees not applicable?

Employees do not have to pay an early termination charge if they resign, retire, TUPE or redundancy 3 months after of delivery of the vehicle.

There will be an early termination charge payable for the following reasons: loss of licence (driving convictions), reduction in working hours (see Section 4.2 below), career breaks, dismissal and choosing to hand the car back early.

Employees who are on long term sickness, maternity, paternity, shared parental and adoption leave will be protected – see section 4.

3.4 How can I work out how much an early termination fee will be?

Early Termination Charge Calculator	
Months Remaining	Gross Rentals (months)
1	1
2-11	2
12-17	3
18-23	4
24-29	5
30+	6

Long Term Leave and Changes to my Contract of Employment

4.1 What happens if I go on maternity, paternity or adoption leave during my employment or have a long-term absence from work?

Participation in the Car Scheme will not take your gross pay below the statutory minimum levels applicable during periods of maternity, paternity or adoption paid leave and you may continue to have use of the car.

Where you are absent from work and your pay either falls below the statutory minimum levels or you are in receipt of no pay in any month, the Salary Sacrifice Agreement will be suspended for that month and you may continue to have use of the car. When you return to work, the Salary Sacrifice Agreement will resume and continue for the remaining number of months. This may result in the salary sacrifice continuing after the car has been returned.

4.2 I'm thinking of reducing my working hours, how will this affect my salary sacrifice arrangements?

You cannot sacrifice amounts which would result in your salary being lower than the National Living Wage or National Minimum Wage. A reduction in your hours of work would prompt a reassessment of your eligibility for the Scheme by your employer. If the reduction in your hours of work takes your pay below the National Living Wage or National Minimum Wage, you will be asked to return the car and you will be responsible for any early termination charges to exit the Scheme. In these circumstances, the salary sacrifice arrangement will cease and you will return to your original salary and terms and conditions of employment.

Car Insurance

5.1 What happens if the car is involved in an accident and the insurance company declares the vehicle as beyond economic repair?

In the event of a total insurance loss to the car (accident, fire or theft), you are protected for the difference between the motor insurer's settlement figure and the early termination charge. You will still be required to pay the insurance excess, which may be refunded to you if the accident was not your fault and there is a third party to claim from.

A hire car will be provided until such time as the car is confirmed as written off by the insurer. Details of this can be found in the insurance documents. If you would like to order another car under the Scheme, you may be able to take a StopGap car whilst you wait for the new car to be delivered. Please note the salary sacrifice arrangement will remain in place until such time as the motor insurer declares the car a total loss.

5.2 What happens if I have several claims on the policy?

You are allowed to have two fault claims within the first 12-month period of the arrangement and three fault claims within the first 24-month period without it affecting the insurance premium for year three. If you have more fault claims than this, the insurance premium for the following years may increase.*

In the event of more than two fault claims in the first 12 months or more than three fault claims in the first 24 months, you will be billed directly for any subsequent increase in premium.

**Please note that in all instances the premium will not be affected until the next renewal date. The policy is issued on a 12-month insurance basis.*

5.3 Are there any insurance group restrictions?

You and any named drivers will need to be a certain age to be insured on some cars. Tusker's Employee Engagement Team will be happy to discuss your options with you and can be reached on 0333 400 7431 or email EETeam@tuskerdirect.com

5.4 Can learner drivers be added to the insurance?

It may be possible for learner drivers to be added to the insurance. Please contact Tusker's Employee Engagement Team on 0333 400 7431 or email EETeam@tuskerdirect.com and they will be happy to contact the insurer to see if it is possible.*

**Please note that if you are able to add a provisional licence holder to the insurance policy, when they do pass their test, you will need to notify Tusker immediately. The driver will not be insured to drive the car on their own until the motor insurance has been updated.*

At the End of the Arrangement

6.1 What are my options at the end of the arrangement?

Most drivers choose to get a new car through the Scheme at the end of the arrangement, but Tusker will contact you near the end of your agreement to let you know your options.

You can return the car to Tusker and get a new one on the Scheme (the delivery of the new car will be arranged to coincide with the return of the old car).

It may be possible to purchase the car at the end of the agreed term. The Tusker Customer Services Team will be happy to provide you with a purchase price in the last two months of the agreement.

6.2 What happens at the end of the arrangement if the car is damaged?

Tusker work according to the damage guidelines provided by the British Vehicle Rental and Leasing Association (BVRLA). Please find a link below to the BVRLA Fair Wear and Tear guide which will give you an understanding of what is considered acceptable and unacceptable fair wear and tear damage on a vehicle when it is returned. Any damage that is considered unacceptable fair, wear and tear will incur a cost which will be invoiced to your employer and they will recharge this cost to you.

[BVRLA Fair Wear and Tear Guide](#)

6.3 What happens at the end of the arrangement if the car is over its agreed mileage?

If the car is found to be over the agreed scheme mileage when it is returned, Tusker will charge an excess mileage cost. This cost will be calculated by multiplying the number of miles in excess of the scheme mileage by the rate per mile set out in your quote plus VAT. This cost will be invoiced to PKC and they will then re-charge this cost to you.

Impact on Pension

7.1 I'm in the Local Government Pension Scheme (LGPS). What effect does this salary sacrifice have on my future pension?

Under previous LGPS rules, pension benefits were based on 'final pensionable pay'. This was normally based on your final year of service or, if your pay had reduced shortly before leaving, you could pick one of the two preceding years to be your final pay period for pension calculations. These were the only two options for calculating 'final pensionable pay' where pay is reduced because of a salary sacrifice scheme.

The benefits in the LGPS which have been built up in the Scheme up to 31 March 2015 under the current final salary arrangements will be banked until eventual retirement but not be 'preserved' i.e. worked out on pay in the year up to 31 March 2013. Instead these benefits will continue to be linked to the final pay in the year up to leaving or retiring whether this is 2015, 2025 or later. This is likely to be of significant benefit to current LGPS members. If a member has a 'clear year' of

unreduced pay without a salary sacrifice car immediately before leaving at whatever later date, pension benefits will be based on the higher pay figure (before salary sacrifice). This will relate to all pension benefits accrued up to April 2015.

Under the new LGPS Regulations 2015 which came into effect in April 2015, pension benefits are based on 'Career Average Revalued Earnings' rather than final salary; that is, instead of waiting for the final year of employment to work out what your pension benefits will be in retirement, members earn a 'pension pot' for each year of membership based on pay for that year.

If pay is reduced because of salary sacrifice for one or more years, the amount of pension earned for that year is based on that lesser amount. At retirement, all the individual annual 'pension pots' are revalued based on CPI, totalled to reflect the number of years of membership and retirement benefits based on the cumulative figure. There won't therefore be the opportunity to 'make up' the reduction in pensionable pay due to salary sacrifice by referring to a 'clear year' immediately before leaving.

In addition, death grant and dependants' benefits are impacted by participating in this salary sacrifice scheme.

7.2 What can I do to ease this reduction?

You can choose to pay extra into the pension scheme by way of a Shared Cost AVC (Additional Voluntary Contribution). For more information, visit [our website](#).

7.3 I am a Teacher, does this scheme impact my pension?

The Scottish Teachers Pension Scheme 2015 is a Career Average Revalued Earnings Scheme (CARE), which provides benefits based on your earnings each year which are revalued annually to keep pace with inflation. A non-pensionable salary sacrifice scheme will affect a member's pension.

The CARE Scheme uses a member's pensionable pay at the end of each financial year to calculate pension benefits for that year. The sacrificed amount will not be counted in this calculation. For the duration of a car salary sacrifice contract, your pension benefits will be less.

There is provision within this scheme to purchase additional pension to address this shortfall (Faster Pension Accrual)

<https://pensions.gov.scot/teachers/your-membership/increasing-your-pension>

Read the scheme for more information.

In addition, death grant and dependants' benefits are impacted by participating in this salary sacrifice scheme.

General Queries

8.1 I have recently changed address, what do I need to do?

You'll need to contact the DVLA so they can update your Driving Licence. Please also login to the [online site](#) , click on the 'My Car' tab and update your address. If you fail to notify Tusker of a change of address and Tusker need to send you anything in the post, you may incur additional administration fees.

8.2 What fuel reimbursement rate will I receive if I do any business miles in the car?

Mileage requires to be reimbursed based on HMRC approved rates for Company Cars. Mileage rates can be found [here](#)

8.3 What would happen if I received a fine? (eg speeding fine, parking fine caught on camera, bus lane etc)

As Tusker are the registered keeper of the vehicle, Tusker will be the first point of contact for such fines. Tusker will pay them on your behalf and the cost will be recharged to you via payroll, together with an administration fee of £10 plus VAT.

8.4 Where can I charge an electronic vehicle?

Perth & Kinross Council have - in partnership with Transport Scotland, the Office for Low Emission Vehicles, and the Energy Saving trust - installed chargers across the Perth and Kinross district. Visit the [PKC website](#) for a list of all the charging points.

If you have any additional questions or queries, please contact
Payrollandreward@pkc.gov.uk