

REPORT TO: TAYSIDE VALUATION JOINT BOARD – 25 AUGUST 2014

REPORT ON: IMPLEMENTATION OF INLAND REVENUE AUTHORISED MILEAGE RATES

REPORT BY: ASSESSOR

REPORT NO: TVJB 21-2014

1 PURPOSE OF REPORT

1.1 To advise the Board of the financial and other implications of implementing the Inland Revenue Authorised Mileage Rates, in respect of the Casual User Car Allowance Scheme within Tayside Valuation Joint Board.

2 RECOMMENDATIONS

2.1 It is recommended that:-

- i the mileage rates payable under the Board's Casual User Car Allowance Scheme be revised to the Inland Revenue Authorised Mileage Rates, with effect from 1 October 2014.
- ii the option to pay an additional 5p per mile for each passenger carried be adopted in order to promote efficient business travel practices and reduce the overall amount of mileage incurred;
- iii the Inland Revenue Rates in force on 1 October shall be applied for the remainder of the financial year, that the rates shall be adjusted to reflect the Inland Revenue Authorised Mileage Rates at 1 April 2015 and the Treasurer be authorised to implement any adjustments to these rates annually from the following 1 April;
- iv all Board employees and the Trade Unions are given written notice of the effective date of the above changes to car mileage rates.

3 FINANCIAL IMPLICATIONS

3.1 It is estimated that a net annual saving of around £1500.00 will accrue to the Board from the implementation of the Inland Revenue Authorised Mileage Rates.

4 POLICY IMPLICATIONS

4.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti Poverty, Equality Impact Assessment and Risk Management. The proposals will promote efficient business travel practices and reduce the overall amount of mileage incurred. There are no major issues.

5 EQUAL OPPORTUNITIES IMPLICATIONS

5.1 None

6 BACKGROUND

6.1 The Board currently operates two separate Car Allowance schemes for its employees: Leased Car and Casual User. This report deals with the allowances that are payable under the Casual User Scheme. The current Casual User mileage rates are as follows:

First 1,000 miles	53.65p per mile
Mileage thereafter	43.65p per mile

6.2 For the purposes of determining Income Tax and National Insurance Contribution liabilities, the Inland Revenue has published approved mileage rates (the Inland Revenue Approved Mileage rates or IRAM Rates). These represent the statutory maximum amounts which can be paid to employees for using their own car for business purposes without incurring any Income Tax or NIC liability. The current IRAM rates are as follows:

First 10,000 miles	45p per mile
After 10,000 miles	25p per mile

6.3 It can be seen from the figures quoted above that the mileage rates currently payable under the Board's Casual User Scheme are higher than the IRAM rates. This, in itself, leads to additional NICs being payable by both the Board and the employee and also an additional Income Tax liability for the employee. These factors will tend to partly offset the apparent generosity of the scheme for the employee.

6.5 In future, as the car mileage rates rise in line with costs, it is recommended that they be linked to the IRAM rates, with effect from 1 April 2015. It is also recommended that the Treasurer be authorised to revise the rates in line with future announcements from the Inland Revenue. To minimise administration costs it is proposed that the rate in force on 1 April should be applied for the whole of the financial year. It is estimated that a net annual saving of around £1,500 will accrue to the Board.

6.6 The Inland Revenue scheme also includes the option to pay an additional 5p per mile for each passenger carried on business travel. It is recommended that this payment should be adopted by the Board in order to promote efficient business travel practices and reduce the overall amount of mileage incurred.

7 CONSULTATION

7.1 The Clerk and the Treasurer to the Board have been consulted on this report, as have the Trade Unions.

8. BACKGROUND PAPERS

8.1 None

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Assessor

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