

CASH iQ



If your business offers drivers a cash allowance rather than a company car, TMC could help you make savings through Cash iQ.

Cash iQ uses employees' AMAP allowances on business mileage to save National Insurance for both the employer and employee.

Employees also benefit from receiving some of their Mileage Allowance Relief (MAR) monthly without needing to wait until after the end of the tax year.

How is it calculated?

TMC use the employee's expected annual business mileage to determine the appropriate band for calculating the taxable element of their car allowance and the non-taxable mileage allowance payment. The amounts are fixed and paid monthly to the employee.

TMC determine the expected mileage allowance payment using a mileage allowance of 45p (less any fuel reimbursement).

How does it work?

- Employees record their business mileage monthly and are reimbursed for fuel (and/or repay private fuel if using a fuel card) in the usual way.
- TMC calculate the value of the Mileage Allowance Relief (MAR) available for tax free payments and the Qualifying Allowance (QA) for NIC free payments available for the month based on the business mileage claimed by the employees.

- TMC ensure that any variations in business mileage are treated correctly, for both tax and NIC, and maximise the value of the allowances available.

Payment Values

Our process creates four payment values for the employee:

- 1 A gross cash allowance paid monthly and subject to the employee's marginal rate of tax.
- 2 A mileage allowance payment based on the available AMAP for the mileage band. This payment is tax and NIC free.
- 3 Tax free mileage allowance payments subject to NIC (if required)
- 4 Taxable mileage allowance payments that are NIC free (if required)

TMC will provide you with a simple payroll file for the adjustments.

The employer and employee both benefit from being able to claim a reduction in NI contribution based on the business mileages recorded.

These tables below demonstrate the savings both the employer and employee can make from Cash iQ:

Employer saves £664 per year*

Employer Cost		Employer Cost - with Cash iQ	
Car Allowance	£6,000	Car Allowance	£2,042
NIC	£828	NIC	£282
			£3,840
15,000 business miles @ 13 ppm	£1,950	15,000 business miles @ 13 ppm	£1,950
Total cost to employer	£8,778	Total cost to employer	£8,114

Employee saves £381 per year*

Employee Position		Employee Position - with Cash iQ	
Car Allowance	£6,000	Car Allowance	£2,042
Less NIC (12%)	-£720	Less NIC (12%)	-£245
Less Tax (20%)	-£1,200	Less Tax (20%)	-£408
		Mileage Allowance Payment	£3,840
		Less Tax on Mileage Payment (20%)	-£80
15,000 business miles @ 13 ppm	£1,950	15,000 business miles @ 13 ppm	£1,950
Mileage Allowance Relief	£760	Mileage Allowance Relief	£72
Total to employee	£6,790	Total to employee	£7,171

Example of a basic rate taxpayer with a £6,000 pa car allowance driving 15,000 business miles pa with a reimbursement of £0.13 per mile.

*Saving amount per tax year (current 19/20)



For additional information on Cash iQ, please contact us on:

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