

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:

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

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

The employer benefits from being able to claim a reduction in NI contribution based on the business mileages recorded.

The tables below demonstrate the savings the employer and employee can make from Cash^{iQ}. **A total of £991 per year.** The example is based on a 20% rate taxpayer with a £6,000 per annum car allowance driving 15,000 business miles per annum with a reimbursement of £0.13 per mile.

Employer Cost		Employer Cost – with Cash ^{iQ}	
Car Allowance	£6,000	Car Allowance	£2160
NIC	£828	NIC	£298
		Mileage Allowance Payment	£3840
15,000 business miles @ 13pp	£1950	15,000 business miles @ 13pp	£1950
Total cost to employer	£8778	Total cost to employer	£8248

Employer saves £530 per tax year.

Employee Position		Employee Position - with Cash ^{iQ}	
Car Allowance	£6,000	Car Allowance	£2160
Less NIC (12%)	-£720	Less NIC (12%)	-£259
Less Tax (20%)	-£1,200	Less Tax (20%)	-£432
		Mileage Allowance Payment	£3840
		Less Tax on Mileage Payment (20%)	-£80
15,000 business miles @ 13pp	£1950	15,000 business miles @ 13pp	£1950
Mileage Allowance Relief	£760	Mileage Allowance Relief	£72
Total to employee	£6790	Total to employee	£7251

Employee saves £461 per tax year.

To find out how much we could save you, get in touch! Just by knowing the number of users and average business mileage per annum, we can calculate the expected savings we could make for your business and employees.