

ADVISORY FUEL RATES

To reflect the increases in fuel prices, HMRC have issued new advisory fuel rates for company car drivers. These take effect for all journeys undertaken from 1 January 2008 so employers wishing to use the new rates should advise affected employees and update any expense forms as soon as possible.

Engine size	Petrol	Diesel	LPG
1400cc or less	11p (10p)	11p (10p)	7p (6p)
1401cc – 2000cc	13p (13p)	11p (10p)	8p (8p)
Over 2000cc	19p (18p)	14p (13p)	11p (10p)

Other points to be aware of about the advisory fuel rates:

- employers do not need a dispensation to use these rates
- employees driving company cars are not entitled to use them to claim a deduction if employers reimburse them at lower rates. Such claims should continue to be based on actual costs incurred.
- the advisory rates are not binding where an employer can demonstrate that the cost of business travel in company cars is higher than the guideline mileage rates. The higher cost would need to be agreed with HMRC under a dispensation.

If you would like to discuss your company car policy, please contact us.

Internet Link: [Advisory fuel rates](#)