




GREENCORE FUEL PLAN

Frequently asked questions



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1. How much tax do I currently pay on my private fuel benefit?

When you are provided with a taxable benefit, such as fuel for private mileage, you will be required to pay tax on the value of the benefit. The value of the benefit is determined by using a specific calculation for each type of benefit, as set out in the relevant UK income tax legislation. This will therefore generate the value of the benefit, which is known as the "Benefit in Kind" (BIK).

Employees in receipt of fuel for private mileage will pay tax on this benefit. The value of the BIK for employees who drive a company car and receive fuel for private mileage is calculated by multiplying the following:

- 1. A fixed sum known as the fuel benefit multiplier (for 2016/17 the fuel benefit multiplier is £22,200 and will rise to £22,600 for 2017/18); and,**
- 2. The appropriate CO2 emissions percentage used to calculate the company car benefit.**

For example, the calculation of the BIK for an employee who drives a diesel company car with CO2 emissions of 130g/km would be: £22,200 x 26% = £5,772 fuel benefit charge for 2016/17. (£22,600 x 28% = £6,328 for 2017/18).

The calculation of the BIK for an employee who drives a diesel company car with CO2 emissions of 100g/km would be: £22,200 x 20% = £4,440 fuel benefit charge for 2016/17. (£22,600 x 22% = £4,972 for 2017/18).

The employee pays income tax on the fuel benefit charge at their marginal rate (basic 20%, higher 40% or additional 45%) which is collected through the PAYE system (via the employee's PAYE tax code).

2. Can I opt out of receiving private fuel benefit?

The value of the private fuel benefit multiplier has increased dramatically in recent years, thus increasing the tax cost to you. In many cases this has the result of an employee paying more in tax than the cost of the private fuel used.

If after reviewing your personal circumstances you wish to opt out of FUEL PLAN, you will be required to hand back your company fuel card and claim for business mileage via the usual expenses process.

Employees should use the private fuel calculator below to check their personal position before deciding whether to opt out of private fuel.

Private fuel calculator - <http://cccfcaculator.hmrc.gov.uk/CCF0.aspx> (you may need to copy & paste into browser)

As noted in the Greencore UK Travel and Subsistence Policy, miles travelled from home to the normal place of work do not constitute business miles and, therefore, will not be eligible for inclusion in a mileage claim. Where a business journey starts from home then the mileage claimed is the shorter of:

- The distance between home and the temporary workplace; and
- The distance between the permanent workplace and the temporary workplace.

Therefore consideration should be given to the fact that you will have to cover the cost of your home to work travel when determining whether you are likely to be financially better off returning your fuel card.

3. Do I need to opt in to FUEL PLAN?

All employees who receive a company car and a fuel card used to pay for private fuel purchased will automatically be enrolled in FUEL PLAN for launch in April 2017. Where Greencore has identified that you should not participate you will be notified.

4. What happens if my personal circumstances change and I want to opt out of FUEL PLAN?

If your personal circumstances change and you wish to opt out of FUEL PLAN you may be permitted to do so. If you opt out of the scheme it will also be necessary to hand back your fuel card. This would mean that you would no longer have the benefit of private fuel and would have to claim for any business mileage incurred. If, after reviewing your change in personal circumstances, you consider that this applies to you, please contact Fuelplan@greencore.com.

5. After opting out of FUEL PLAN, can I change my mind and opt in?

You may only be allowed to opt back into FUEL PLAN if there has been a significant change in your personal circumstances that warrants you to be reallocated a fuel card. Examples of significant changes in personal circumstances include a change in work location, job role or other such event that has an impact on the amount of miles undertaken each year.

If you consider you have undergone a significant change in personal circumstances and wish to opt back into FUEL PLAN, please contact Fuelplan@greencore.com.

6. Do I need to tell HM Revenue & Customs to amend my PAYE tax code?

Your PAYE tax code is used by Greencore to calculate the amount of tax to deduct from your pay (including tax on certain benefits in kind that you receive).

Prior to the launch of FUEL PLAN in April 2017, Greencore will notify HM Revenue & Customs ("HMRC") on your behalf to advise them that you are no longer in receipt of the private fuel benefit. On receipt of this notification, HMRC will amend your tax code to ensure that you are no longer taxed on the receipt of the private fuel benefit.

7. How do I understand my PAYE tax code?

After we have notified HMRC that you are no longer in receipt of the taxable private fuel benefit, you will receive a coding notice from HMRC which will confirm your new tax code following the launch of FUEL PLAN. Included below is an example of the coding notice you may receive from HMRC. The example is for illustrative purposes only.

HM Revenue & Customs

PAYE Coding Notice
Tax code for the year 2014-15

Please keep all your Coding Notices. You may need to use them if you have to fill in a tax return. Please tell us your tax reference and National Insurance number if you contact us.

Your name and address

010000:0000001:001 491/1
Mr A SURNAME
ADDRESS LINE 1
ADDRESS LINE 2
ADDRESS LINE 3
TOWN
COUNTY POSTCODE

Employer / pension payer

H M INSPECTOR OF TAXES
OFFICE NAME
OFFICE ADDRESS LINE 1
TOWN
COUNTY
POSTCODE

This indicates the tax year which runs from 6 April in the first year to 5 April in the second year

Phone 01234 000000
Tax reference 000/X1111
National Insurance number XX 00 00 00 Z
Date 1 JULY 2014

Your tax office full postal address

Dear MR A SURNAME
Your new tax code for the year from 6 April 2014 to 5 April 2015 is K574, which replaces K642.
"Your Employer" will use your tax code to work out how much tax to take off the amount they pay you. You need to check that our information is correct. If your tax code is wrong you could pay too much or too little tax. Please keep your Coding Notice you may need it if we send you a tax return.

This is how we worked out your tax code:

Your Personal Allowance	£10000	(see Note 1)
	£10000	
Company car	-£5268	(see Note 2)
Private fuel	-£4820	(see Note 3)
Prior year tax underpayment tax is due on	-£5670	(see Note 4)
	£15758	(see Note 5)

We turn £-5758 into a tax code of K574. YOUR EMPLOYER will use this tax code to work out the right amount of tax to take off each time they pay you. We tell YOUR EMPLOYER your tax code but we do not tell them how we worked it out. If this is wrong or your circumstances have changed and you think it could affect the tax you pay, please tell us.

This is your copy of the tax code for the employer / pension shown below. The payroll will use this code against your income with them

This section shows Allowances and Deductions in arithmetic format. The final figure is your tax free sum

An Allowance is an amount of income you are entitled to before paying tax and is divided into weekly or monthly sums dependant on your pay

A Deduction is an amount taken away from your Allowances to pay the tax on various types of income including State and Company benefits and sources of untaxed income

The notes in this section relate to your personal circumstances. They are specific to you

Notes

1. Nearly everyone who lives in the UK receives a Personal Allowance. This is income you can earn or receive each year tax-free. The amount you get depends on your personal circumstances and your total income. This tax year we estimate your total income will be less than £10000.00 and that you will be entitled to a full Personal Allowance. We will check this when we receive your tax return for the year to 5 April 2015. For more information go to www.hmrc.gov.uk/incometax.

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Following the launch of FUEL PLAN, we recommend that you review your payslip to ensure that your tax code matches the coding notice you have received from HMRC. If you have the wrong tax code you could end up paying too much or too little tax.

You should always tell HMRC if you think your tax code is wrong so that it can be adjusted to ensure you pay the right amount of tax each year. HMRC can be contacted on the following telephone number:

- **0300 200 3300**
- **8.00 am to 8.00 pm, Monday to Friday**
- **8.00 am to 4.00 pm Saturday**

HMRC may require your National Insurance number to identify your records. Your National Insurance number can be found on your Greencore payslip.

For further guidance on understanding tax codes and coding notices, please visit the HMRC website:

<http://www.hmrc.gov.uk/incometax/understand-p2.htm>

8. Do I need to record business mileage for FUEL PLAN?

Greencore is introducing a business mileage capture system which will be compulsory for all fuel card users regardless of their inclusion in FUEL PLAN.

Greencore is working with a specialist third party, The Miles Consultancy Limited ('TMC'), who are providing a web-based portal to facilitate the recording of business mileage. All fuel card users will receive individual log-in details and instructions for use of the portal.

9. What is business mileage?

Guidance regarding what is business mileage can be found in the Appendix to this document.

In most circumstances, your ordinary commuting journey from home to your normal place of work is considered to be private mileage.

Your normal place of work will be set out in your contract of employment or any subsequent amendment(s). If you require any clarification regarding business journeys please talk to your Line Manager or HR Business Partner for clarification.

10. What happens if I do not record my business mileage?

From 6 April 2017, it will be mandatory for all company car drivers with fuel cards to keep detailed records of all business mileage.

11. What happens if I join Greencore part way through a tax year?

If you join Greencore part way through a tax year and are eligible for a company car and fuel card, you will be automatically enrolled in FUEL PLAN and subject to net deductions from your second month after joining. At the end of the tax year, Greencore will calculate the total amount of private fuel used in the period from the start of your employment and the end of the tax year (5th April). Greencore will then determine if the total deductions from your net pay during the period cover the total cost of private fuel used.

If the total net deductions have covered the cost of private fuel used, no further action will be required.

Where the total net deductions are lower than the total cost of private fuel used, you will be required to make an additional net deduction to meet the difference. To ensure that you are in a cost-neutral position (i.e. not financially disadvantaged), Greencore will make a reconciliation payment to you, which (after income tax and NIC) will be equal to the additional net deduction you have paid to fully reimburse the company for the private fuel used.

12. What happens if I leave Greencore?

If you leave Greencore, you will be required to make net deductions and submit business mileage records for the period up to your date of leaving. Greencore will calculate the total amount of private fuel used in the period from the start of the current tax year (6th April) to the date you leave. Greencore will then determine if the total net deductions from your net pay during this period cover the total cost of private fuel used.

If the total net deductions have covered the cost of private fuel used, no further action will be required.

Where the total net deductions are lower than the total cost of private fuel used, you will be required to make an additional net deduction to meet the difference. To ensure that you are in a cost-neutral position (i.e. not financially disadvantaged), Greencore will make a reconciliation payment to you, which (after income tax and NIC) will be equal to the additional net deduction you have paid to fully reimburse the company for the private fuel used.

13. I am due to change my car during the current tax year, how will this affect my net deductions?

Greencore will monitor any company car changes during the tax year and will adjust your monthly net deductions accordingly to ensure that you remain in a cost neutral position month on month.

If your new company car has a lower CO2 emissions level (and therefore, a lower applicable fuel BIK tax cost associated with it) you will notice a decrease in your monthly net deductions and an increase in your net pay.

If your new company car has a higher CO2 emission level (and therefore, a higher applicable fuel BIK cost associated with it) you will notice an increase in your monthly net deductions and a decrease in your net pay.

14. Will FUEL PLAN impact any entitlement I may have to a bonus?

FUEL PLAN will not impact any entitlement you may have to a Bonus. Bonus calculations will be based on salary excluding any FUEL PLAN net deductions or reconciliation payments.

15. Will FUEL PLAN impact my company pension?

FUEL PLAN will not impact your company pension arrangements. Your pensionable salary and pension contributions will be based on salary excluding any FUEL PLAN net deductions or reconciliation payments and remain unchanged as a result of participation in the scheme.

16. Will FUEL PLAN impact my entitlement to state benefits?

At the end of the tax year, where your total net deductions are lower than the total cost of private fuel used, you will be required to make an additional net deduction to meet the difference. To ensure that you are in a cost-neutral position, Greencore will make a reconciliation payment to you, which (after income tax and NIC) will be equal to the additional net deduction you have paid to fully reimburse the company for the private fuel used.

The reconciliation payment from Greencore will increase your gross pay and therefore any benefits calculated by reference to gross pay could be impacted.

17. Will FUEL PLAN impact my Child Benefit tax charge?

From 7th January 2013, the government introduced a new Child Benefit tax charge which may concern you if you, or your partner, have an individual gross income of more than £50,000 and one of you gets Child Benefit or contributions towards the upkeep of a child.

If you receive a reconciliation payment from Greencore at the end of the tax year that is greater than your original private fuel benefit, this will increase your gross individual income on which you will be assessed for the purpose of the Child Benefit tax charge. (i.e. if your current private fuel benefit is, for example, £3,500 and you receive a reconciliation payment that is greater than this, your child benefit tax charge will be adversely affected.).

For further information on the Child Benefit charge please visit the HMRC website: <https://www.gov.uk/child-benefit-tax-charge>

If you are concerned that participation in FUEL PLAN could be disadvantageous for you due to the impact of the Child Benefit charge, please contact Fuelplan@greencore.com

18. Will FUEL PLAN impact my child support payments?

Child support payments may be based on net pay or gross pay. This will depend when the child support/maintenance arrangements were entered into. As FUEL PLAN is designed to ensure that you are not financially disadvantaged, your net income, and therefore your child support payments, if calculated based on net pay, should not be affected by your participation in FUEL PLAN. However, if your arrangements are based on

gross pay and you are in receipt of a reconciliation payment from Greencore at the end of the tax year, this will increase your gross pay, which may impact the calculation of future child maintenance payments.

For further information on the calculation of child support payments, please see the Direct.gov website: <https://www.gov.uk/how-child-maintenance-is-worked-out>

If you are concerned that participation in FUEL PLAN could be disadvantageous for you due to the potential impact on child support payments, please contact Fuelplan@greencore.com.

19. Will FUEL PLAN impact my student loan deductions?

If you receive a reconciliation payment from Greencore at the end of the tax year, this will increase your gross individual income. As a result, you will incur an increased Student Loan deduction in that month and your net pay will reduce as a result of this.

As of January 2016, if you started higher education before 1 September 2012, the amount of your student loans deduction is calculated as 9% of anything you earn over £1,457 per month. As an example, if you are paid monthly and earn £1,750 gross (before tax) per month you would repay 9% of the difference between what you earn and the threshold:

- **£1,750 - £1,457 = £293**
- **9% of £293 = £26, therefore your student loan repayment would be £26 per month.**

If you started higher education on or after 1 September 2012 you would pay 9% of anything you earn over £1,750 per month. If you were earning £1,916 per month, an example of your payments is as follows:

- **£1,916 - £1,750 = £166**
- **9% of £166 = £15, therefore your student loan repayment would be £15 per month.**

However, if you receive a reconciliation payment from Greencore, your gross income will be increased and therefore your student loan deduction will increase. For example, if you received a gross reconciliation payment from Greencore of £550, the calculation of your student loan deduction would be:

If you started higher education before 1 September 2012:

- **(£1,750 + £550) - £1,457 = £843**
- **9% of £843 = £76, therefore your student loan repayment would be £76 per month.**

If you started higher education on or after 1 September 2012:

- **(£1,916 + £550) - £1,750 = £716**
- **9% of £716 = £64, therefore your student loan repayment would be £64 per month.**

Consequently your net pay has reduced by £50 or £49 respectively in the month in which the reconciliation payment is received.

However, a reconciliation payment only occurs once per year (at the end of the tax year or if you leave FUEL PLAN). Therefore your gross pay will return to its usual level (£1,750 & £1,916 in the examples above) in the following month, which means your student loan deduction will also return to its usual amount (£26 & £15 per month in the examples above).

In conclusion, FUEL PLAN can impact your student loan deductions which would affect your cash flow in the month of any reconciliation payment. However, the higher student loan repayment in the month a reconciliation payment is made will help you pay off your student loan sooner. You are therefore not financially disadvantaged overall.

For further information on the student loan repayments, please visit the Student Loans Company website:
<http://www.studentloanrepayment.co.uk/>.

If you are concerned that participation in FUEL PLAN could be disadvantageous for you due to the potential impact on student loan deductions, please contact Fuelplan@greencore.com.

20. Will FUEL PLAN impact my attachment of earnings order?

An attachment of earnings order instructs your employer to stop money from your wages to pay back your debt. Deductions are calculated by reference to your net income. As FUEL PLAN is designed to ensure that you are not financially disadvantaged, your net income, and therefore your child support payments, should not be affected by your participation in FUEL PLAN.

21. Will FUEL PLAN impact my personal allowance?

Your personal allowance is the amount of gross income you can earn before you are liable to pay income tax. Prior to the launch of FUEL PLAN in April 2017, Greencore will notify HMRC on your behalf to advise them that you are no longer in receipt of the private fuel benefit. On receipt of this notification, HMRC will amend your tax code to ensure that you are no longer taxed on the receipt of the private fuel benefit.

If you are earning in excess of £100,000 your personal allowance will be restricted. For every £2 of income that exceeds £100,000, the personal allowance will be reduced by £1. This means that if your income is £122,000 or higher (for 2016/17), your personal allowance is nil. When your PAYE code is amended to reflect that you are no longer in receipt of a private fuel benefit, your gross income is reduced which subsequently entitles you to a higher personal allowance and a higher net pay.

Please note - if you receive a reconciliation payment from Greencore at the end of the tax year that is greater than your original private fuel benefit, this will increase your gross individual income which will adversely affect your personal allowance entitlement. (i.e. if your current private fuel benefit is, for example, £3,500 and you receive a reconciliation payment that is greater than this, the personal allowance you are entitled to is smaller and therefore your net pay will decrease.)

If you are concerned that participation in FUEL PLAN could be disadvantageous for you due to the potential impact on your personal allowance, please contact Fuelplan@greencore.com.

22. Can I opt out of FUEL PLAN and still keep my fuel card?

In certain circumstances, employees may opt out of FUEL PLAN, and retain their company fuel card if it can be demonstrated that, due to your personal circumstances, inclusion in FUEL PLAN would be financially disadvantageous when compared with the current arrangement. If, after you have reviewed your personal circumstances, you consider that you will be disadvantaged in FUEL PLAN please contact Fuelplan@greencore.com.

Please note, all fuel card users will be required to record business mileage and if you are permitted to opt out of FUEL PLAN, you will still be required to complete accurate business mileage records on a regular basis.

23. What if I have any further questions?

In connection with the launch of FUEL PLAN in April 2017, we will be providing details of an employee helpline to answer any further questions you may have, along with the opportunity to attend a briefing workshop. Details of this helpline and workshop will be circulated in advance of the launch of FUEL PLAN.

Appendix 1: What is business mileage?

Please be aware, the guidance below is applicable only to company car drivers provided with fuel cards. All other employees undertaking business journeys are required to pay for all fuel purchased and reclaim the costs of business mileage through the Concur expenses system, in accordance with the Greencore Travel and Expenses Policy.

It is important that you understand which journeys are business and which journeys are private when making your mileage submission each month. All business mileage records must be completed accurately.

In the majority of cases it will be obvious what is business travel and what is a private journey but there will be some journeys which do not fit the usual definition.

General overview of business travel

Business travel is travel as part of your job, or travelling to or from a place you need to visit to do your job – as long as the journey is not “ordinary commuting” or private travel.

A journey to a temporary place of work is business travel

“Ordinary commuting” is a journey from home to your main place of work (“permanent workplace”), this is not business travel.

A private journey is between your home (or other non-work location) and a location which is not related to your job.

What is a temporary place of work?

A place to which you travel to perform a work task of limited duration or for a temporary purpose.

A temporary workplace cannot be a place which is, or is expected to be, your main place of work for more than 24 months. It will be your main place of work if you spend 40% or more of your working time at the location.

Where a journey to a ‘temporary workplace’ is not significantly different to the route the employee has to take as part of their ordinary commuting journey, and the cost of the journey is similar, that journey is not to be considered as business travel.

What is a permanent workplace?

This is a place which you attend frequently, or a place where your visits form part of a pattern – e.g. every Monday. It is possible to have more than one permanent workplace.

Travel to a permanent workplace is not business travel, this is “ordinary commuting”.

What if my job covers a particular geographical area?

If you do not have a single site as a permanent workplace but have a job where the duties are defined by reference to a particular geographical area, the whole of the geographical area may be your permanent workplace.

Example 1

Graham is an accountant for Greencore. He lives in Derby and is based at the Barlborough office. Each day he drives to the office.

Graham is required to attend Barlborough to do his job, any journey between a main place of work (‘permanent workplace’) and home is considered ‘ordinary commuting’. Therefore the journeys between his home and the Barlborough office are not business travel. Graham does not need to submit mileage records for these journeys.

Example 2

Lorna lives in Exeter, she is a field based employee working as a sales manager for Greencore. She is required each day to visit sites and customer stores around the UK, and occasionally hot desks from different Greencore offices. She does not attend any one site, store or office regularly, and has no weekly or monthly travel pattern.

Lorna's travel is a key part of her role at Greencore. None of the sites, stores or Greencore offices are attended frequently and her travel does not follow a pattern. Lorna is therefore unlikely to have a permanent workplace. Therefore all of Lorna's journeys are considered to be business travel and she must submit mileage records for each journey.

Example 3

Derek is an HR manager. He lives in Leeds and is based at the office in Barlborough. Derek is required to attend a meeting in Slough at 10am. He travels from his home in Leeds to Slough for the meeting, and back again.

Derek is required to travel to Slough to do his job. As Derek is visiting Slough solely to attend a meeting it is for a temporary purpose and is therefore a 'temporary workplace'. Therefore, the journey between his home and Slough is business travel and he must submit mileage records for this journey.

Example 4

Sarah is an engineer. She lives in Sheffield and each week she works at a site in Hull for Monday and Tuesday, then works at a site in Selby for Wednesday to Friday. She drives to the relevant site each morning.

She has worked for Greencore for five years and this has been her work pattern throughout this time and will continue to be for the foreseeable future.

It is possible to have two permanent workplaces. Sarah works at both sites on an ongoing basis, neither are visited for a temporary purpose or task of limited duration. Her work patterns are regular and she frequently travels to both places.

Therefore, both sites are permanent workplaces, and therefore both journeys are "ordinary commuting". The journeys are not business travel and Sarah does not need to submit mileage records for these journeys.

Example 5

Graham (Example 1) occasionally needs to travel at the start of the day to the site in Worksop. These visits are not regular and do not follow a pattern. On these days he would drive to the Worksop site directly, and then drive to the Barlborough office later on.

Barlborough is Graham's main place of work. His visits to the Worksop site are for a temporary purpose ('temporary workplace'). However, as Worksop is close to Barlborough and the journey from his home in Derby is not substantially different to his normal journey to Barlborough (less than 10 miles difference), the journey is still considered 'ordinary commuting'.

Where a journey to a 'temporary workplace' is not significantly different to the route the employee has to take as part of their ordinary commuting journey, and the cost of the journey is similar, the journey is not business travel. Therefore, Graham does not need to submit mileage records for the journeys to Worksop.

More information

More information and examples of what is considered to be business mileage can be found in the HMRC Booklet 490 Employee Travel.