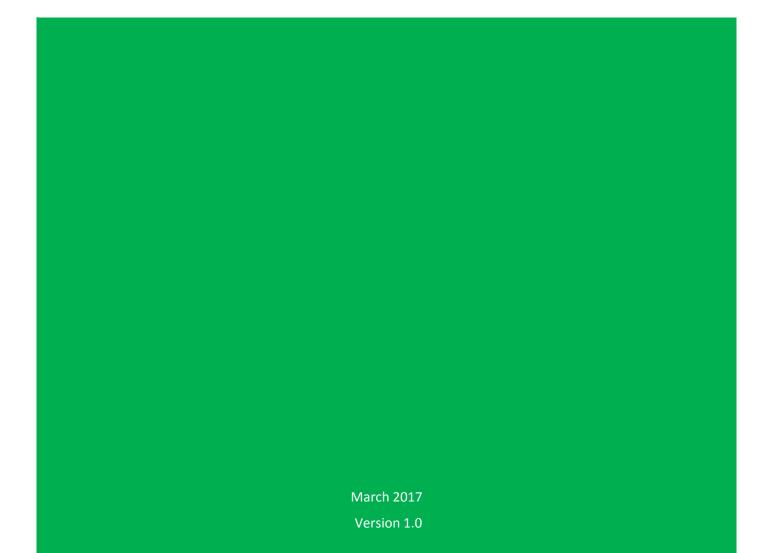
Guide to GREENCORE FUEL PLAN Employee information



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1. Background

You will no doubt be aware of the increasing tax burden on company car drivers, especially those with fuel cards who are provided with fuel for private motoring. The calculation of the taxable benefit has increased (and is subject to further increases) and consequently the income tax and National Insurance Contributions (NIC) paid by both you and Greencore year on year will also increase. As a result, the current method of using fuel cards has become very expensive.

As an illustration, as well as Greencore paying for the fuel itself (the cost of which includes a high percentage of fuel duty and VAT charges), the following additional charges are levied by HMRC on fuel provided for your private use:

- 1. You (the employee) have to pay additional tax for receiving the benefit of private fuel;
- 2. Greencore has to pay additional NIC for you receiving the benefit of private fuel; and,
- 3. Greencore has to pay a fixed VAT scale charge for you receiving the benefit of private fuel.

To manage the impact of these increasing costs, from 6 April 2017, Greencore will be implementing a new initiative called 'FUEL PLAN'. Without the cost efficiencies offered by FUEL PLAN it is possible that Greencore would have to move away from the provision of fuel for private motoring.

Alongside FUEL PLAN, Greencore will be implementing a business mileage capture system for use by all company car drivers provided with fuel cards. Please see section 4.6 for further information.

2. FUEL PLAN explained

FUEL PLAN is a change to the mechanism by which Greencore provides employees with fuel for private motoring. The main benefits of FUEL PLAN are:

- Retains the benefit of fuel cards for employees who wish to use them
- Enables employees to continue purchasing fuel for both business and private use
- Ensures employees are not disadvantaged
- Reduces costs for Greencore

The company will calculate how much income tax you are currently paying on your private fuel benefit, by reference to your salary and PAYE code. Instead of paying income tax to HMRC, Greencore will take a deduction from your monthly net salary equal to the income tax you would have paid (this is called your 'net deduction').

At the end of the tax year, Greencore will compare the total annual net deductions you have paid with the annual amount that has been spent on fuel for private use on your fuel card. If the payments you have made cover the cost of private fuel, you will have fully reimbursed the company for your private fuel, thus 'switching off' the taxable private fuel benefit.

However, if the total net deductions you have paid to Greencore do not cover the total cost of private fuel used, a payment will be made from you to Greencore (through an additional net deduction from your salary) to ensure you have fully reimbursed the company for the private fuel used.

To ensure 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 will pay to fully reimburse the company for the private fuel used. This reconciliation will be performed in the May or June payroll run.

3. Understanding FUEL PLAN in practice

To help you understand how FUEL PLAN works in practice we have set out below two illustrations that show the position for an example employee, pre and post FUEL PLAN.

Example 1

An employee who travels 18,473 private miles (at a private fuel cost of £1,421) per annum and pays tax at the higher rate (40%).

Employee before FUEL PLAN

Private fuel scale charge (2015/16)	£22,200
CO2 Percentage	16%
Benefit in kind	£3,552
Tax on benefit in kind (40%)	£1,421
Total employee cost before FUEL PLAN	£1,421

Employee in FUEL PLAN

Value of private fuel used (18,473 miles)	£1,421
Less: annual total net deductions	-£1,421
Difference	£0
Total employee cost in FUEL PLAN	£1,421

In this example, the employee's total net deductions are equal to the annual amount that has been spent on fuel for private use, therefore, an additional net deduction is not required.

Example 2

An employee who travels 20,000 private miles (at a private fuel cost of £1,531) per annum and pays tax at the higher rate (40%).

Employee before FUEL PLAN

Private fuel scale charge (2015/16)	£22,200
CO2 Percentage	16%
Benefit in kind	£3,552
Tax on benefit in kind (40%)	£1,421
Total employee cost before FUEL PLAN	£1,421

Employee in FUEL PLAN

Value of private fuel used (20,000 miles) Less: annual total net deductions	£1,531 - <mark>£1,421</mark>
Difference	£110
Total employee cost in FUEL PLAN	£1,421

In this example, the employee's total net deductions are less than the annual amount that has been spent on fuel for private use, therefore, an additional net deduction from the employee is required.

Gross reconciliation payment from Greencore Less: Tax and NIC	£190 -£80
Net reconciliation payment from Greencore	£110
Additional net deduction from employee	-£110
Difference	£0
Total employee cost in FUEL PLAN	£1,421

In both Examples 1 and 2, the pre and post FUEL PLAN costs to the employee are equal, i.e. the employee is not financially disadvantaged in FUEL PLAN.

4. Essential information

4.1 Enrolment in FUEL PLAN

All employees who receive a company car and a fuel card to pay for private fuel will automatically be enrolled in FUEL PLAN for launch in April 2017, subject to an inclusion assessment undertaken by Greencore.

If you have received a communication from Greencore stating that FUEL PLAN is not suitable for you as a result of the inclusion assessment, please see section 4.4.

All new joiner employees who receive a company car and a fuel card to pay for private fuel, will automatically be enrolled in FUEL PLAN.

4.2 Impact on tax codes

If you receive a company car and a fuel card to pay for private fuel, then the provision of these benefits should be reflected in the tax code you are issued by HMRC. The tax due on these benefits is then collected via PAYE from your regular monthly pay.

As part of the implementation of FUEL PLAN, Greencore will communicate with HMRC on your behalf to ensure that your tax code is updated to remove the private fuel benefit so that you no longer pay tax in respect of this benefit. However, it is an individual's own responsibility to ensure that their tax code is accurate and up to date and you should inform HMRC and payroll if you think your code has not been appropriately updated.

Please see Section 7 of the 'FUEL PLAN Employee FAQ' document for further information on tax codes.

4.3 Opting out of private fuel benefit

If you have been enrolled in FUEL PLAN, it is important to review your personal circumstances in order to determine whether receiving private fuel is right for you.

Please see Section 2 of the 'FUEL PLAN Employee FAQ' document for guidance on how you can review your personal circumstances.

If after reviewing your personal circumstances, you decide that you do not wish to retain the benefit of fuel for private motoring, you may opt out of FUEL PLAN and return your company fuel card. If you opt out of FUEL PLAN

you will be required to pay for all fuel purchased and reclaim the costs of business mileage through the Concur expenses system, in accordance with the Greencore UK Travel and Subsistence Policy.

If you wish to opt out of FUEL PLAN and return your fuel card, please contact Fuelplan@greencore.com

4.4b Opting out of FUEL PLAN but retaining fuel card

FUEL PLAN has been designed to ensure employees are not financially disadvantaged; therefore Greencore will only permit employees to opt out of FUEL PLAN and retain the fuel card and private fuel benefit in circumstances where an employee can demonstrate that inclusion in FUEL PLAN would be disadvantageous.

In the event that an employee is permitted to opt out of FUEL PLAN and retain the fuel card the employee will continue to be taxed on the receipt of the private fuel benefit. The employee will still be required to maintain and submit accurate business mileage records using the Concur expenses system.

4.5 Opting out of FUEL PLAN and then changing your mind

If a driver decides that FUEL PLAN would not be beneficial for them and subsequently opts out of the arrangement, they would only be permitted to opt back in limited circumstances whilst accepting all of the conditions of the scheme.

This Opt-in would need a change in circumstances which results in a significant change to the amount of private miles undertaken by the driver. For example, this may include a change of location or job role. Should this situation arise, any query should be addressed to FUEL PLAN email address [TBC]

4.6 Recording business mileage

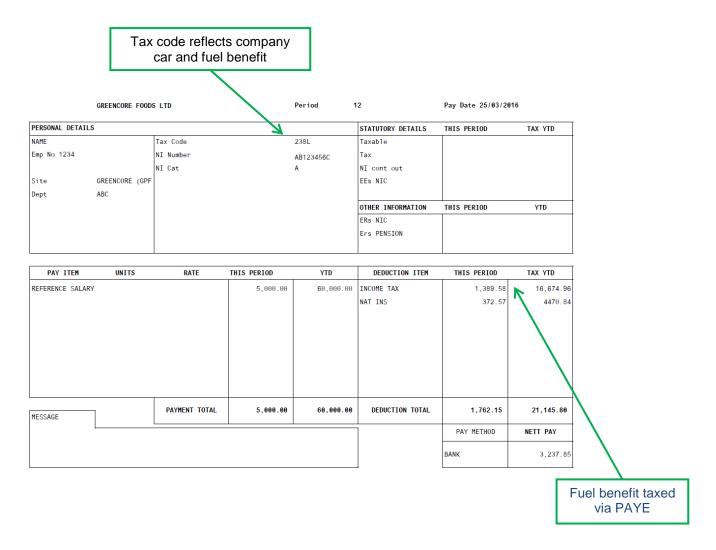
Alongside the FUEL PLAN arrangement, Greencore will be implementing a business mileage capture system for use by all company car drivers provided with fuel cards. Therefore, employees in this category will be required to record business mileage travelled and submit these records monthly using the 'TMC' system specific to the FUEL PLAN. Further details will be provided regarding the portal to be used to record mileage, however, only business journeys will need to be recorded. There will be no requirement to provide any details of private journeys undertaken.

As a company car driver it is important that you submit accurate and timely business mileage records.

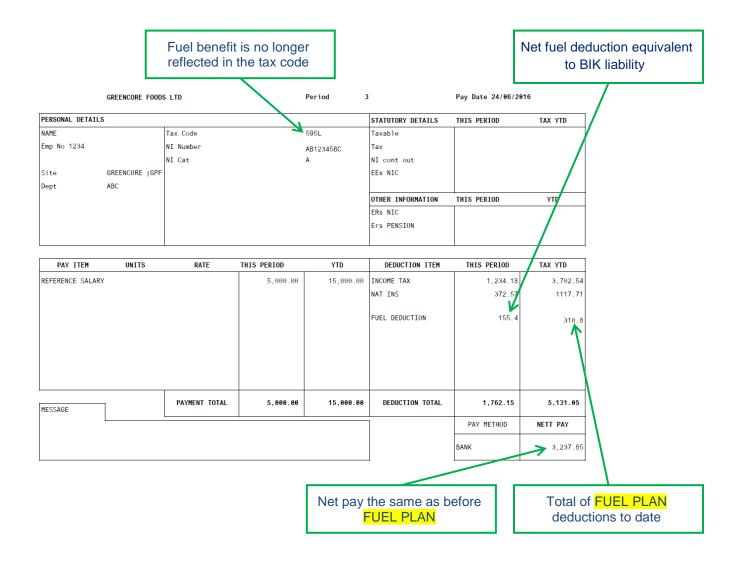
5. Example payslips

If you participate in FUEL PLAN you will see some entries on your payslip that are related to the arrangement. We have prepared the following example payslips to illustrate the changes you may see in your payslip when participating in FUEL PLAN.

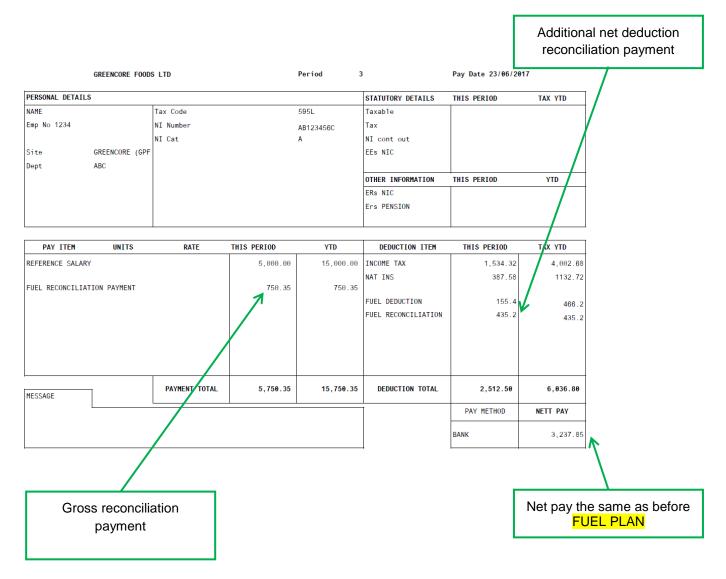
Example 1: An employee payslip before FUEL PLAN



Example 2: An employee payslip after FUEL PLAN for a normal month (showing net deduction only)



Example 3: An employee payslip after FUEL PLAN (showing net deduction and reconciliation payment/deduction)



Example 4: An employee payslip after leaving employment (showing the reconciliation payment/ deduction only).

	GREENCORE FOOD	S LTD		Period	8	Pay Date 24/11/20	917
PERSONAL DETA	ILS				STATUTORY DETAILS	THIS PERIOD	TAX YTD
NAME		Tax Code		θT	Taxable		
Emp No 1234		NI Number		AB123456C	Tax		
		NI Cat		Α	NI cont out		
Site	GREENCORE (GPF				EEs NIC		
Dept	ABC						
1					OTHER INFORMATION	THIS PERIOD	YTD
					ERs NIC		
					Ers PENSION		
PAY ITEM	UNITS	RATE	THIS PERIOD	YTD	DEDUCTION ITEM	THIS PERIOD	TAX YTD
REFERENCE SAL	ARY		-	35,000.00	INCOME TAX	128.00	9,067.40
					NAT INS	76.8	2699.8
FUEL RECONCIL	IATION PAYMENT		640.00	640.00			
					FUEL RECONCILIATION	435.2	435.2

640.00

Assumptions used in the examples shown:

• Employee is a higher rate taxpayer

PAYMENT TOTAL

• Employee is entitled to their full personal allowance for 2016/17 except where applicable the car and/or fuel benefit is coded

35,640.00

DEDUCTION TOTAL

640.00

PAY METHOD

BANK

12,202.40

0.00

NETT PAY

- Total annual Mileage: 18,000
- Total fuel spend: £2,300
- Fuel type: Diesel
- CO2: 109g/km

MESSAGE

• Benefit in Kind percentage: 21%