

Knowledge

BANK



ARTICLE 28

Tax and the London congestion charge

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If your employee drives into a congestion charging zone for business purposes and pays the charge you can reimburse them and they will have no liability to income tax.

It is interesting to note that the benefit in kind tax charge payable by an employee on a company car is deemed to cover all of the costs involved in running that car – including servicing, repairs, maintenance, vehicle excise duty, insurance and congestion charging.

Hence no separate income tax liability arises if you reimburse your employees for congestion charges they incur when driving a company car for private purposes.

If they drive their own car into the zone for business purposes and you reimburse the charge they will be liable to income tax on this benefit.