

HM Revenue and Customs mileage rates for 2008/09

The rates payable under the approved mileage allowance payment are unchanged from 2003/04.

The authorised mileage rates, which will apply for business mileage in the year 2008/09, are shown below. These apply to the tax year starting on 6 April 2008.

Cars

On the first 10,000 miles in the tax year 40p

On each additional mile over 10,000 miles 25p

Motor cycles 24p

Bicycles 20p

Passengers

To encourage car sharing by employees, employers have the option to pay – free of tax and National Insurance Contributions (NICs) – 5p per mile for each passenger carried.

Easy guide

A new system for working out whether you have to pay tax and national insurance on payments your employer makes to you for using your own vehicle for business journeys was introduced in 2002, replacing the Fixed Profit Car Scheme (FPCS). Under these rules, there is a maximum amount you can receive without paying tax. This is called an approved mileage allowance payment.

If your employer pays you more than the AMAP rate, you will be liable to pay tax on the excess. Tax will normally be dealt with through your PAYE tax code or your self assessment tax return, if you receive one. Your employer will work out whether you need to pay NICs on any motoring expenses you receive.

If you are not paid a mileage allowance or your employer pays less than the AMAP rate, you can get relief against your earnings for the difference. This is called mileage allowance relief (MAR). If you want to claim relief you have to keep a record of:

- your business miles
- the mileage allowance payments made by your employer.

You cannot claim tax relief for any costs above the AMAP rate.

The finer details of records you are obliged to keep for AMAP and MAR can be found on the HMRC's website at:

www.hmrc.gov.uk/mileage/employee-factsheet.htm