# Car Allowance Policy

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<td>Policy Owner</td>
<td>Human Resources</td>
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<td>Policy Approver(s)</td>
<td>Vice President of Human Resources</td>
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<td>Related Policies</td>
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<td>Effective Date</td>
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## INTRODUCTION

The [organization] may, at its discretion, provide a [organization] car or a Monthly Car Allowance to employees whose principal duties require extensive business travel. The principal indicator will be the requirements of the job role but a review of needs will be carried out when an employee drives more than [X] business miles in a year.
Once agreed, employees who require a [organization] car or a Monthly Car Allowance will be defined as ‘essential car users’. This classification will be reviewed annually and where an employee has reduced his/her mileage to below this level the company car/monthly car allowance will be reviewed and may be removed.

This document outlines the options, allowances and choice of cars available to employees who are eligible to receive a [organization] car or a Monthly Car Allowance and the responsibilities and actions required of the employee.

In each case, the [organization] will consider the use of alternative transport modes, but if the annual mileage is [x] business miles or above these are likely. In considering the choice of [organization] cars and setting the monthly car allowance, the [organization] has included the following eligibility criteria for cars:

- environmental impact;
- safety;
- reliability;
- whole life costs
- security of [organization] property kept/transported in the car

The choice of [organization] car must be suitable and appropriate for business use and the [organization] reserves the right to disqualify any car chosen by an employee that is considered unsuitable or impractical for business use.

Some car makes and models are excluded from this policy because they do not meet the required eligibility criteria and standards. Examples of vehicles excluded from this policy are listed below although it must be noted the list is not exhaustive. If in doubt about any of the definitions below, employees should contact the [organization] Transport Manager.

- vehicles with less than 4 adult seats
- kit cars
• car-derived vans
• vans
• commercial vehicles
• pick-ups
• convertibles
• off-road vehicles
• mobile homes/caravanettes
• three-wheeled vehicles
• motorcycles
• scooters
• quadricycles

ESSENTIAL CAR USERS

An essential car user is defined as an employee whose principal duties, such as those associated with business development and sales, involve him/her in a considerable amount of business travel (see 1.1 above) on a regular basis. Two options for car usage are available to essential car users and these are set out in section 3.

OPTIONS FOR ESSENTIAL CAR USERS

Essential car users will have the option of:

• a fully maintained [organization] car supplied on contract hire
• a monthly car allowance paid into salary

Both of the options above are subject to the conditions laid out in this policy.
[ORGANIZATION] CAR

The option of a [organization] car is based on a monthly allowance aligned to job grade which allows the employee a reasonable and diverse choice of cars, whilst meeting the selection criteria for environmental impact, safety, reliability and whole life costs.

[organization] cars are usually supplied on contract hire including maintenance for a period of 3 years and 60,000 km. However, this may be reviewed in line with the likely required usage and/or the mileage accumulated.

A [organization] car remains the exclusive property of the [organization] and may be used only by the employee and nominated authorised driver who must be a partner or immediate family member.

The [organization] car must meet the following eligibility criteria:

- be fitted with a hands-free mobile phone kit or Bluetooth compatibility for hands free mobile phone. If this equipment is not fitted as standard, it must be fitted. If the cost exceeds the monthly contract hire rate, the [organization] will pay the additional cost.

- have a manufacturer fitted alarm and vehicle security system fitted as standard.

The [organization] will supply the employee with the following safety items where they are not included in the specification of a car, which remain the property of the [organization]:

- a first aid kit
- a high visibility jacket or vest
- a warning triangle
- a flashlight
The monthly contract hire rate for a [organization] car supplied to the [organization] includes the cost of:

- planned service, maintenance and repairs
- vehicle road fund license
- replacement of worn tires
- breakdown and recovery service

The employee is responsible for:

- keeping the car secure (and alarmed as appropriate)
- parking safely on campus when at the [organization] and paying appropriate car parking charges
- parking the car off road where possible when not being used.
- removing any [organization] property from the car when left unattended

An employee who chooses a [organization] car whose monthly charge is less than the allowance will not receive any payment for the difference.

An employee must not modify or add accessories to a [organization] car without the permission of the Head of Department. If permission is granted, the employee will be responsible for the cost of the modification or accessories and the cost of removing them at the end of the contract if necessary, any costs of making good and/or extra depreciation associated with the modifications.

An employee is responsible for maintaining the [organization] car in a clean and tidy condition, and that it is regularly serviced and maintained in accordance with the schedule set out by the manufacturer.

If an employee finds a fault with their [organization] car, they should report it in the first instance to the supplier of the car. The supplier will authorize any necessary repair work to be carried out and pay the cost of the repair. The costs for any
unplanned maintenance or repair work will be recharged to the [organization] accordingly. (Employees should note that if a fault with or repair for a [organization] car is considered to be due to negligence or misuse of the car on the part of the employee concerned, the [organization] will seek to recover the full cost of the repair from the employee.)

The [organization] car is available to the employee for private use and will therefore be subject to “benefit in kind” taxation which will be deducted via the payroll. The employee must notify their local tax office of any change in circumstances in writing with a copy to the Payroll Office in the [organization].

Employees who choose the [organization] car option will first be allocated an unassigned car from the [organization] fleet in the appropriate category. The type and capacity of car assigned to the employee will be appropriate to their job role and will meet the eligibility criteria specified. If there are no unassigned cars available, the employee may choose a new [organization] car from a list of qualifying cars, which is available from the [organization] Transport Manager.

Approximately four months before the end of the contract term the employee to whom the [organization] car is assigned will be contacted and will be offered:

- an unassigned company car
- a new [organization] car supplied on contract hire
- payment of the monthly car allowance into salary

The [organization] reserves the right to extend the contract term of a [organization] car if it is in the [organization]’s financial interests to do so. In such circumstances the employee will be contacted and consulted before any decision is made.

MONTHLY CAR ALLOWANCE
The monthly car allowance is payable in return for the employee’s agreement to be mobile at the reasonable request of the [organization], and is equivalent in value to the provision of a company car, but with the addition of a payment of [x] as a contribution towards the cost of the employee’s car insurance premium.

The monthly car allowance is non-superannuable (ie does not contribute towards pension payments) and is not subject to any annual pay award. It will be subject to review at intervals and amended accordingly.

The monthly car allowance must be used by the employee to fund the acquisition, running costs and insurance for a private car used for business travel. The allowance will be subject to the following eligibility criteria (which the employee must supply documentary evidence of meeting)

- the car used for business travel must be less than 4 years old
- have a manufacturer fitted alarm and vehicle security system fitted as standard.
- be fitted with a hands-free mobile phone kit or Bluetooth compatibility for hands free mobile phone
- be suitable and appropriate for business use (the [organization] reserves the right to disqualify any car used by an employee that is considered unsuitable or impractical for business use)
- be insured for Class 1 business use

The [organization] will supply the employee with the following safety items where they are not included in the specification of a car, which remain the property of the [organization]:

- a first aid kit
- a high visibility jacket or vest
- a warning triangle
• a flashlight

Employees are responsible for:

• checking fluids and lubricants regularly
• checking tire pressures, tread depth and general condition of all tires regularly
• checking lights and electrical equipment regularly
• servicing in accordance with the manufacturer’s schedule
• keeping the car secure (and alarmed as appropriate)
• parking the car off road where possible when not being used
• parking safely on campus when at the [organization] and paying appropriate car parking charges
• removing any [organization] property from the car when left unattended

The [organization] reserves the right to inspect vehicle documents and carry out physical checks of an employee’s private car used for business travel without notice.

If an employee opts to receive the monthly car allowance, but then wishes to take a [organization] car instead, the employee must submit a written request to the Head of Department.

**BUSINESS MILEAGE RATES**

Business Mileage rates are paid to employees using [organization] cars or receiving the monthly car allowance and are in line with the Approved Mileage Allowance Rates (AMAR), which are reviewed from time to time.

Mileage is paid for authorized business miles accumulated less the distance between the employee’s normal residence and the employee’s normal place of work.
Fuel cost is not reimbursed by the [organization] for any private mileage incurred while using a company car.

The mileage allowance rates for essential car users are the same; the allowance factors in the cost of wear and tear and depreciation. A higher mileage rate is paid to employees who occasionally use their private car for business and the higher rate reflects an allowance for wear, tear and depreciation.

**INSURANCE FOR [ORGANIZATION] CARS**

All vehicles owned, on contract hire, rented or loaned to the [organization] are covered by the [organization]’s fully comprehensive motor insurance policy.

Departments must ensure that individuals are suitably qualified to drive and must obtain a copy of the driving license of anyone (including individual and nominated authorized driver) intending to drive a vehicle owned or hired by the [organization] (a provisional license is not acceptable). Driving licenses should be examined at least once on an annual basis.

The policy does not provide Breakdown cover which is the responsibility of Departments to arrange.

**INSURANCE FOR EMPLOYEE’S PRIVATE CAR USED FOR BUSINESS TRAVEL**

Employees who use their private car for business travel must arrange Class 1 Business Use insurance cover. The [organization] must receive a copy of the employee’s motor insurance certificate which will be held on the employee’s personal file, before the monthly car allowance payments are made.

It is the responsibility of any employee in receipt of the monthly car allowance to maintain valid insurance cover for the use of their car on business and to submit this to the Department. The [organization] cannot be held responsible if, for any reason, the employee’s motor insurance policy becomes invalid and the employee is then
involved in an accident, or has a claim made against them. The employee must notify the Head of Department and the Transport Manager if he/she is no longer covered.

**ENTITLEMENT TO DRIVE**

Before becoming an essential car user, all drivers including nominated authorised drivers must present their original driving licence and information on eye examinations/medical conditions to their line manager for inspection and a copy(s) will be held on the employee’s personal file.

Driving licences will be checked at least once every 12 months, but the [organization] reserves the right for line managers to check driving licences more frequently where a driver has accumulated penalty points on their driving licence.

Employees must inform their line manager immediately if they or a nominated driver receive any fixed penalty points, endorsements on their driving licence, or any convictions for a driving related offence.

The [organization]’s insurers reserve the right to refuse insurance cover for any driver and their decision is final. Should such a decision have an impact on the employee’s ability to carry out his/her job role, this will be discussed with the employee.

**MOTORING OFFENCES**

Employees are responsible for paying any fines imposed upon them for motoring offences, including parking offences, which they have committed whilst in possession of a [organization] car or when using a private car for business.

The registered owner of a [organization] car used by a [organization] employee is the contract hire car supplier. Should the registration number of a contract hire car be reported to, or noted by, the police for any reason, or taken by a speed camera, the police will contact the supplier to establish who is the driver of the car. The
[organization] is obliged to supply the name and address of the principal driver to the authorities as and when requested. In some cases the supplier may have to pay a fixed penalty notice and seek to recover this from the [organization], incurring an administration fee. Before becoming an essential car user an employee must give consent to the [organization] recovering all costs for fixed penalties by deductions from pay, and for any road traffic offences where an employee is subsequently charged and convicted.

If an essential car user receives fixed penalty points or endorsements to his/her license, the employee must present the amended license to the [organization] immediately and a copy will be held on the employee’s personal file.

In the event of an employee being disqualified from driving, a meeting will take place between the employee, their line manager/Head of Department and Human Resources in order to discuss the potential impact of this on the employee’s ability to carry out their job role. In the case of disqualification, Heads of Department/line managers may discuss whether the allowance or [organization] car may be withdrawn or continued. The longer the disqualification the more likely it is that the allowance or car may be withdrawn immediately.

Failure by the employee to notify the [organization] of any motoring offences or disqualification from driving may result in further action being taken against the employee.

**CHANGE OF JOB ROLE**

When an essential car user leaves his/her job role, the requirement for that role to be designated for an essential car user will be reviewed.

Employees who are essential car users who change job and whose new role requires an essential car user will be eligible for a [organization] car or monthly car allowance.

Employees who are essential car users and who are promoted to a job which still requires an essential car user and which carries a higher allowance, will continue with
their existing [organization] car arrangement until the contract has expired. They will, however, receive a monthly payment with their salary which is equivalent to the difference between their existing level of car allowance and the allowance applicable to the new job.

If an employee who has been receiving a monthly car allowance changes job to one which does not require an essential car user, the monthly car allowance will normally cease immediately.

If an employees who has a [organization] car changes job to one which does not require an essential car user, the arrangement to have a [organization] car will normally cease within one month.

ABSENCE FROM WORK
An employee who is absent from work for an extended period e.g. because of sickness, will retain any [organization] car assigned to them, or continue to receive the monthly car allowance at the discretion of the Head of Department. Employees on maternity leave will retain the [organization] car or car allowance for the full period of their maternity leave.

RETURN OF COMPANY CARS
An employee, who adds optional extras to a [organization] car (see section 4) and leaves the [organization] before the expiry of the contract for the company car, will be required to make a final payment for any additional contributions outstanding. At the expiry of the contract hire of a company car, an employee will have the opportunity to purchase the car from the supplier on a commercial basis. Details can be obtained from the [organization] Transport Manager
The car must be returned with (where issued):

- The car handbook, documents and service information;
- Interior floor mats
• all sets of keys
• all safety items supplied by the [organization] such as first aid kit etc
• any optional extras and standard equipment supplied with the car

The employee must ensure that they have removed all personal accessories from the car. If the employee considers that removal of any personal accessory could result in damage to the car, they must consult the [organization] Transport Manager.

A standard allowance is made by suppliers for normal wear and tear on contract hire cars by the end of a contract period, but anything above this allowance will be chargeable to the [organization] when the car is returned to the supplier and will be recovered from the employee.

Revision History

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