Electrifying business

The case for plug-in hybrids

Start

Accelerating towards a greener future

Electric driving is becoming increasingly popular, with a recent UK-wide study[1] finding that 30% of fleets are already using Battery Electric Vehicles. And of those who have not yet made the switch, 50% think they will transition within five years and 35% within two years.

With new ultra-low emission vehicle registrations exceeding 72,000 in 2019, up 126% compared to 2018 according to the Society of Motor Manufacturers and Traders[2], a leading UK leasing company has also reported that in the first half of 2020 “the share of plug-in hybrid electric vehicles and pure electric vehicles more than doubled”[3].

Emphasising a shift toward hybrids, these findings echo the results of a survey undertaken this year by one of Europe's largest leasing companies[3], which found that 63% of UK businesses either have plug-in hybrids already or are planning to introduce them within three years, reflecting the largest year-on-year increase for any type of electrified powertrain.

As the appetite for electrification continues to increase, we’ve teamed up with fleet tax specialists BCF Wessex to take an in-depth look at what’s driving such rapid change and explore key factors including cost savings, current government legislation and incentives aimed at both fleets and company car drivers.

We’ll also be going into the details of the ever-expanding range of electrified Volvo models, with plug-in hybrids, mild-hybrids and pure electric models now available. The bigger picture is this: for businesses considering the possibility of electrifying their fleets, there’s never been a better time to select a plug-in hybrid.

[1]Survation study commissioned by London First.
[2]https://www.smmt.co.uk/2020/01/
[3]https://www.fleetnews.co.uk/news/latest-fleet-news/electric-fleet-news - see article dated 9th July 2020.

In July 2020, 54% of Volvo Car UK fleet orders were for plug-in hybrids

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1. About Volvo Business Sales

A partner committed to sustainability

The first premium car maker to electrify our entire range

When it comes to sustainability, we're as ambitious as you are. We understand that your first priority will always be protecting your business and your drivers, but that reducing your environmental impact is something you care about too.

With this in mind, we've taken industry-first steps towards giving you a more sustainable fleet. Now, every model in our range is available as a plug-in hybrid – an essential milestone in our journey towards a greener future.

Just like you, our journey is ongoing

This year, we've continued our progress with the addition of the Volvo XC40 Recharge Pure Electric, the first of five electric vehicles to be launched in the coming five years. We also welcomed the Volvo XC40 Recharge Plug-in Hybrid T4, an electrified new model that's ideal for business drivers.

But we know it's not enough for just our cars to be cleaner. So among our global sustainability ambitions is the promise to reduce the CO_2 emissions in our supply chain by up to 50% by 2025, with an end goal of becoming completely carbon neutral.

Our sustainability ambitions

- 1/4 of all UK sales to be plug-in hybrids in 2020
- 50% of global sales in 2025 to be Battery Electric Vehicles
- 2040 is when we aim to be completely climate neutral

Our experts, your business

For fleet support to make a meaningful difference, an in-depth understanding of your business is crucial. Whatever the size and demands of your fleet, our experts are on hand to help, taking time to fully understand your unique requirements and offering support and reassurance that's tailored to your organisation.

Support when you need it most

By phone
Call the Volvo Car Business Centre and chat to one of our friendly experts on **0345 600 4027**

By email
Send us an email at **business@volvocars.com** and we'll get back to you with the answers you need.

Live Chat
For a quicker response, chat in real time with one of our team. Visit the Volvo Car UK website and use **Live Chat** in the bottom right.

Visit our website
Start your journey with Volvo Business Sales and explore the latest cars and offers. **Visit website**

2. Volvo’s electrified offering

Introducing our three electrified powertrains

Plug-in hybrid

Available across the range

Plug-in Hybrid Electric Vehicle (PHEV)
Combines a battery, electric drive motor and internal combustion engine

- An electric motor and traditional petrol engine working together
- Highly efficient if charged up regularly and driven responsibly
- Can make short everyday journeys up to 36 miles using solely electric power
- Petrol engine means range anxiety is not a concern

Mild-hybrid

Available across the range

Mild-Hybrid Electric Vehicle (MHEV)
An electric motor assists the combustion engine

- A small electric motor assists the combustion engine when accelerating
- For smoother acceleration and a more fuel-efficient drive
- It's recharged by regenerative braking
- It doesn't need to be plugged in to charge

Pure electric

For now, Volvo XC40 only

Battery Electric Vehicle (BEV)
An all-electric vehicle with no combustion engine

- Produces no tailpipe emissions while driving
- Expect lower running costs, as electricity is less expensive than petrol
- Reduced maintenance costs due to fewer moving parts

5 hours
Time to fully charge from a regular 3-pin wall socket

~30 miles
Approximate pure electric range, dependent on model

~560 miles
Approximate combined fuel and electric range

37 – 76g/km CO_2
Emission dependent on model and specifications selected

A closer look at our plug-in hybrids

Our Volvo plug-in hybrids offer all of the benefits of both an internal combustion engine and an electric motor. This means the ability to travel short, everyday journeys using just electric power – reducing emissions and costs – while also being able to make longer journeys with the reassurance of a petrol engine.

Same car, smaller footprint

We were the first car manufacturer to offer plug-in hybrid options in every single one of our existing cars. For businesses and drivers with an eye on sustainability, this means that selecting a more conscientious fleet car won't limit your options at all.

The versatility of different drive modes

Our plug-in hybrids have the power to change at the touch of a button.

Pure mode
Travel short journeys solely on electric power. For many people, a fully charged battery will get them to work fuel free and exhaust emissions free.

Hybrid mode
Lets the powertrain optimise itself, balancing petrol and electric input for maximum efficiency and minimum emissions.

Power mode
For high-performance driving on command. Experience the full power of both engines working in harmony.

Meet our full range of plug-in hybrids

No matter which Volvo is most suited to your business and your drivers, there's a plug-in hybrid option waiting to bring you all the benefits of electric power.

SUVs

The XC40 Recharge Plug-in Hybrid T4
Petrol/Electric
211 hp
117.7 – 134.5 mpg
55 – 47g/km CO_2
From 12% BIK tax
Up to 28 miles ZER

T5 also available

The XC60 Recharge Plug-in Hybrid T6
Petrol/Electric
340 hp
100.9 – 113.0 mpg
64 – 55g/km CO_2
From 14% BIK tax
Up to 33 miles ZER

T8 also available

The XC90 Recharge Plug-in Hybrid T8
Petrol/Electric
390 hp
83.1 – 100.9 mpg
63 – 76g/km CO_2
From 15% BIK tax
Up to 31 miles ZER

Estates

The V60 Recharge Plug-in Hybrid T6
Petrol/Electric
340 hp
134.5 – 156.9 mpg
46 – 41g/km CO_2
From 10% BIK tax
Up to 35 miles ZER

T8 also available

The V90 Recharge Plug-in Hybrid T6
Petrol/Electric
340 hp
104.6 – 134.5 mpg
61 – 47g/km CO_2
From 10% BIK tax
Up to 36 miles ZER

Saloons

The S60 Recharge Plug-in Hybrid T8
Petrol/Electric
390 hp
134.5 – 166.2 mpg
46 – 38g/km CO_2
From 10% BIK tax
Up to 36 miles ZER

The S90 Recharge Plug-in Hybrid T8
Petrol/Electric
390 hp
104.6 – 148.7 mpg
61 – 44g/km CO_2
From 10% BIK tax
Up to 37 miles ZER

ZER: Zero emissions range

3. The current climate for plug-in hybrids

A government going green

Momentum is growing to make clean air a priority, and the impact of climate change is high on the political agenda of most countries around the world, including the UK.

As transport accounts for 28% of all greenhouse gas emissions[1], the Road to Zero, via which the government intends to ban the sale of new petrol, diesel and hybrid vehicles, is a core component of the UK's Clean Air Strategy, which is set to be introduced in 2035 – or even earlier if possible.

To facilitate the Road to Zero, the government is actively encouraging business consumers to adopt ultra-low emission vehicles like Volvo's range of plug-in hybrids.

An opportunity for business
Forward-thinking fleets that act now will be able to both reduce fleet costs and offer a financially compelling benefit – such as a new company car or salary sacrifice car – to their employees.

[1]UK Greenhouse Gas Emissions, Final Figures - Department for Business Energy and Industrial Strategy on 4th February 2020.

Generous grants and tax breaks are available for the most environmentally friendly company cars, and the associated charging equipment

How WLTP has changed fleet taxation

For cars registered since 6th April 2020, Benefit-in-Kind (BIK) tax is based on the Worldwide Harmonised Light Vehicle Test Procedure (WLTP), which is much more sophisticated and rigorous than its predecessor, the widely discredited New European Driving Cycle (NEDC).

For traditional cars, WLTP is used to measure fuel economy and CO_2 emissions. While for pure electric and plug-in hybrid vehicles, it also measures electricity consumption and zero emission range – which is the number of miles these cars can travel on one full battery charge.

Although the WLTP test is more realistic, to match the test results in the real world and make the most of the fuel economy offered, drivers should adopt good practice – with regular charging of electric batteries and use of Pure electric mode for short journeys.

WLTP: a more realistic test

- Adopting stricter setup and measurement conditions
- Operating over a longer test cycle at more realistic ambient temperatures
- Applying higher average and maximum speeds over four different driving situations (urban, suburban, main road and motorway)
- Taking account of optional equipment

Under the more rigorous testing of WLTP, emissions for traditionally fuelled cars are now more representative of the real world. That means that their emissions are **around 20% to 25%[1] higher** than under NEDC, with smaller engine and lower emission cars affected the most and diesel cars impacted slightly more than petrol.

For plug-in hybrids, the impact on emissions is mixed. But WLTP doesn't affect emissions for pure electric cars.

BIK tax rates still favour ultra-low emission vehicles

Under WLTP, ultra-low emission vehicles still offer the lowest rates available, making them a more compelling, cost-effective choice for fleets and drivers than their petrol or diesel counterparts. In fact, the higher emissions of these cars may preclude them from some company car choice lists altogether.

How could you benefit from a plug-in hybrid?

The promotion of ultra-low emission vehicles within the government's Road to Zero strategy makes Volvo's plug-in hybrid range – and our first Battery Electric Vehicle – eligible for a whole host of incentives for fleets and drivers to take advantage of.

[1]HM Treasury - Review of WLTP and vehicle taxes July 2019.

4. The true cost of plug-in hybrids

Competitive Total Cost of Ownership

The monthly rental or purchase price of a car very rarely tells the full story. A car with an electrified powertrain might have a higher rental or purchase price than its petrol or diesel counterpart. However, it's important to understand that such cars offer a number of economies, and that over a lifetime on your fleet there are many other important factors that impact the true cost.

Looking beyond the headline price

The relatively high rental of plug-in hybrids compared with traditional combustion engine cars has been cited as a key reason why some fleets have been tentative in adopting them.

However, not only do plug-in hybrids provide long-term fuel efficiencies, but government tax incentives also offer significant savings, helping to make these cars more cost-effective than comparable petrol or diesel cars. This becomes apparent when you calculate the True Cost of Ownership (TCO).

What is TCO?

Total Cost of Ownership takes into account all of the fleet costs associated with using and maintaining a company car. This includes costs such as rental or, if bought, its purchase price, alongside maintenance, fuel and insurance – taking into account all taxes and tax relief.

Highly efficient in the long run

As you'll see on the pages that follow, in the long run, plug-in hybrids can be cheaper to operate than traditionally fuelled cars because they benefit from several key advantages, including the following:

Fuel efficiency
The electric motor helps to use less traditional fuel, with electricity being a much cheaper alternative.

Lower Class 1A NIC
Volvo plug-in hybrids sit in a much lower tax band, offering significant Class 1A NIC savings to employers and much sought-after BIK savings for company car drivers.

More favourable tax relief
Plug-in hybrids are incentivised with tax relief, with purchased cars being eligible for 100% first year allowances and leased cars being exempt from the lease rental restriction.

How we've calculated our cost comparisons

In our calculations over the next few pages, we've made some important assumptions. These allow us to make an accurate comparison of the Total Cost of Ownership of a range of different cars.

- Based on a three year, 60,000 mile contract hire agreement offered by a leading independent leasing company in August 2020
- Assuming company can reclaim all of its input VAT, subject to the 50% VAT block on lease rental
- We include maintenance and a £600 annual insurance premium
- Monthly rental includes the first registration fee, VED and roadside assistance
- A three month advance rental is due with the lease being subject to a terminal pause; that is the payment profile is 3 / 0 / 33
- Any BIK tax shown relates to a UK taxpayer paying income tax at the rate of 40%

How we calculated fuel costs

To estimate fuel costs, we used the manufacturer's official mpg, as measured by WLTP. These figures presume that you charge your battery regularly, as is best practice, and also drive with efficiency in mind. We also used the average fuel prices as published on Gov.uk for the week commencing 16th August 2020:

- Petrol – £1.13 per litre
- Diesel – £1.18 per litre

The calculations apply rates of tax based upon legislation and announcements made up to 20th July 2020, the date that Finance Act 2020 received Royal Assent.

An important disclaimer

While all reasonable care has been taken in the preparation of these calculations, no responsibility or liability is accepted by Volvo Car UK Limited or BCF Wessex Consultants Limited for any errors they may contain whether caused by negligence or otherwise, or for any loss, howsoever caused, occasioned to any person by reliance or partial reliance upon the whole or any part of them.

A detailed calculation in practice

Below, you'll find a detailed breakdown of the Total Cost of Ownership for the **Volvo XC40 Recharge Plug-in Hybrid T4**.
This is so you can clearly see our methodology and all of the factors we've taken into account.

Rental

£541.41

Rental (incl. VAT)	£729.16
Less VAT recovery (50% of VAT)	(£60.76)
Less corporation tax relief	(£126.99)

Maintenance

£54.41

Maintenance (incl. VAT)	£80.60
Less VAT recovery (100% of VAT)	(£13.43)
Less corporation tax relief	(£12.76)

Insurance

£40.50

Insurance premium	£50.00
Less corporation tax relief	(£9.50)

Class 1A NIC

£47.32

Class 1A NIC	£58.42
Less corporation tax relief	(£11.10)

Business fuel

£21.49

Fuel cost (incl. VAT)	£31.83
Less VAT recovery	(£5.30)
Less corporation tax relief	(£5.04)

Total monthly cost to company

= £705.12

Average BIK tax per month over three years

£169.33

Total BIK cost over three year lease: £6,096

Comparing costs: the Volvo XC40

	Volvo XC40 Recharge Plug-in Hybrid T4 R-Design	Volvo XC40 B4 (P) R-Design FWD	BMW X1 XDrive 20i M Sport	BMW X1 XDrive 20d M Sport	Audi Q3 40 TFSI Quattro S Line	Audi Q3 40 TDI Quattro S Line	Jaguar E-Pace 2.0 (200) R-Dynamic	Jaguar E-Pace 2.0 (180) R-Dynamic	Range Rover Evoque 2.0 P200 R-Dynamic	Range Rover Evoque 2.0 D180 R-Dynamic
P11D value	£39,075	£34,050	£37,465	£38,605	£37,180	£38,280	£35,140	£33,200	£36,665	£36,880
Rental p/m	£608	£426	£504	£509	£494	£543	£534	£514	£492	£472
Fuel	Petrol plug-in hybrid	Petrol mild-hybrid	Petrol	Diesel – RDE2	Petrol	Diesel	Petrol	Diesel	Petrol	Diesel
Transmission	Automatic	Automatic	Automatic	Automatic	Automatic	Automatic	Automatic	Manual	Automatic	Automatic
CO_2	48g/km	163g/km	167g/km	149g/km	204g/km	193g/km	213g/km	182g/km	205g/km	180g/km
MPG	134.5	39.2	38.2	49.6	31.4	38.7	30.1	40.7	31.2	41.2
True monthly cost to company	£705	£676	£770	£750	£783	£815	£800	£750	£764	£728
Average monthly BIK tax over three years payable by employee	£169	£409	£458	£425	£459	£472	£433	£409	£452	£455
Combined cost Employer + employee	£874	£1,085	£1,228	£1,175	£1,242	£1,287	£1,233	£1,159	£1,216	£1,183

Comparing costs: the Volvo XC60

	Volvo XC60 Recharge Plug-in Hybrid T6 R-Design	Volvo XC60 B5 (P) R-Design AWD	Volvo XC60 B5 (D) R-Design AWD*	BMW X3 xDrive 20i M Sport	BMW X3 xDrive 20d MHT M Sport	Audi Q5 45 TFSI Quattro S Line	Audi Q5 40 TDI Quattro S Line	Mercedes GLC 300 4Matic AMG Line	Mercedes GLC 300d 4Matic AMG Line Premium	Jaguar F-Pace 2.0 R-Sport AWD	Jaguar F-Pace 2.0d [240] R-Sport AWD	Alfa Romeo Stelvio 2.0 Turbo 200 Sprint	Alfa Romeo Stelvio 2.2 D 190 Sprint
P11D value	£52,500	£43,375	£46,325	£43,210	£44,470	£39,080	£39,430	£43,075	£47,340	£45,575	£45,370	£42,895	£43,895
Rental p/m	£636	£538	£591	£569	£602	£525	£526	£504	£554	£601	£612	£607	£620
Fuel	Petrol plug-in hybrid	Petrol mild-hybrid	Diesel mild-hybrid	Petrol	Diesel – RDE2	Petrol	Diesel	Petrol	Diesel – RDE2	Petrol	Diesel	Petrol	Diesel
Transmission	Automatic	Automatic	Automatic	Automatic	Automatic	Automatic	Automatic	Automatic	Automatic	Automatic	Automatic	Automatic	Automatic
CO_2	55g/km	178g/km	167g/km	182g/km	157g/km	201g/km	191g/km	194g/km	172g/km	215g/km	187g/km	208g/km	169g/km
MPG	113	36.7	44.1	35.3	47.1	31.7	38.7	33.2	42.2	30.7	40.8	30.7	44.1
True monthly cost to company	£770	£826	£873	£867	£876	£820	£803	£803	£877	£907	£899	£912	£901
Average monthly BIK tax over three years payable by employee	£263	£535	£566	£533	£519	£482	£486	£531	£584	£562	£564	£529	£541
Combined cost Employer + employee	£1,033	£1,361	£1,439	£1,400	£1,395	£1,302	£1,289	£1,334	£1,461	£1,469	£1,463	£1,441	£1,442

* Preliminary data.

Comparing costs: the Volvo V60

	Volvo V60 Recharge Plug-in Hybrid T6 R-Design AWD	Volvo V60 B5 (P) R-Design FWD	Volvo V60 B4 (D) R-Design*	BMW 3 Series Touring 330i M Sport	BMW 3 Series Touring 330d M Sport	Audi A4 Avant 45 TFSI Quattro S Line	Audi A4 Avant 40 TDI Quattro S Line	Mercedes C Class C300 AMG Line Edition	Mercedes C Class C300d AMG Line Edition
P11D value	£45,175	£39,675	£40,175	£41,290	£43,290	£43,640	£41,290	£41,180	£41,985
Rental p/m	£585	£492	£758	£545	£582	£513	£469	£484	£478
Fuel	Petrol plug-in hybrid	Petrol mild-hybrid	Diesel mild-hybrid	Petrol	Diesel	Petrol	Diesel	Petrol	Diesel – RDE2
Transmission	Automatic	Automatic	Automatic	Automatic	Automatic	Automatic	Automatic	Automatic	Automatic
CO_2	41g/km	158g/km	137g/km	157g/km	159g/km	180g/km	167g/km	166g/km	150g/km
MPG	156.9	40.4	55.3	40.9	46.3	35.3	44.1	38.2	47.9
True monthly cost to company	£688	£758	£965	£814	£857	£827	£762	£778	£752
Average monthly BIK tax over three years payable by employee	£166	£463	£415	£482	£534	£538	£509	£503	£476
Combined cost Employer + employee	£854	£1,221	£1,380	£1,296	£1,391	£1,365	£1,271	£1,281	£1,228

* Preliminary data.

5. The benefits for fleet decision makers

Buying an XC40 Recharge Plug-in Hybrid T5 Inscription Pro lowers the tax payable by £8,062 in the year of purchase. A similarly priced petrol or diesel would reduce the tax due that year by just £483 – generating an immediate tax saving of nearly £7,600

The perfect time to bring plug-in hybrids to your business

For now, the government is continuing to encourage fleets to transition to electric vehicles by offering a combination of tax breaks and grants. But these incentives won't last forever – if your business is looking to introduce plug-in hybrids, act soon to make the most of them.

A fleet car with corporation tax benefits

Companies pay corporation tax on their profits, so when a company incurs an expense, such as purchasing a car, its profits are reduced and therefore it pays less tax.

The tax relief available to companies that buy cars is governed by special rules – capital allowances – which determine when tax relief may be claimed.

Capital allowances

New cars must be allocated to one of three capital allowance pools on purchase, which effectively determines the speed that tax relief is available; tax relief may be claimed more quickly for cars with lower CO_2 emissions. At present, capital allowances are available according to the following emission thresholds:

CO_2 emissions	Pool	Capital allowances
Not exceeding 50g/km	FYA	**100%** first year allowance
Between 51g/km and 110g/km	Main	**18%** writing down allowance
Exceeding 110g/km	Special	**6%** writing down allowance

Many Volvo plug-in hybrids purchased in 2020/21 will qualify for the maximum amount of tax relief available. For example, if you buy a Volvo XC40 Recharge Plug-in Hybrid T5 Inscription Pro, with emissions of 48g/km, the company can offset the whole purchase price of £42,430 against its taxable profits for the year, which lowers the tax payable by £8,062; a similarly priced petrol or diesel car with emissions of 150g/km would reduce the tax due in the year of purchase by just £483.

An opportunity only available until April 2021

From April 2021, the thresholds will be reduced, reserving 100% tax relief in the year of purchase for zero emission cars only. Cars with emissions between 1 and 50g/km will be eligible for tax relief at a rate of only 18%. If you're interested in buying a plug-in hybrid, you should act before April 2021 to maximise the tax relief available.

A rewarding choice for fleet decision makers

Paying less Vehicle Excise Duty (VED)

The annual charge you pay to drive a vehicle on public roads, VED, is lower for all electric and plug-in hybrid cars, which also get an alternative fuel discount. So, if you buy a Volvo XC40 Recharge Plug-in Hybrid T4 R-Design, you won't pay VED in the year of purchase, as the £10 first year charge is reduced to £nil by the alternative fuel discount.

What's more, as its list price is less than £40,000, it's not subject to the £325 "expensive car" supplement, meaning the VED from year 2 onwards will be just £140.

Most petrol and diesel cars will have higher VED now, as WLTP increased emissions but the bands weren't adjusted to compensate. And the first year rate of VED on diesels which do not meet the Real Driving Emissions Step (2) will be one band higher than the emissions would dictate.

If you buy a Volvo XC40 Recharge Plug-in Hybrid T4 R-Design, you won't pay VED in the year of purchase

CO_2 emissions (g/km)	VED from 1st April 2020 – cars registered from 1st April 2017	
	First year rate[1,2]	Standard rate[2,3]
0	£0	£0
1 – 50	£10	£150
51 – 75	£25	£150
76 – 90	£110	£150
91 – 100	£135	£150
101 – 110	£155	£150
111 – 130	£175	£150
131 – 150	£215	£150
151 – 170	£540	£150
171 – 190	£870	£150
191 – 225	£1,305	£150
226 – 255	£1,850	£150
Over 255	£2,175	£150

1. A car propelled solely by diesel that does not meet the Real Driving Equivalent (RDE) Step 2 standard will be subject to a first year rate equivalent to the band above the actual emissions of the car, up to the maximum of £2,175.
2. An alternative fuel discount of £10 is available for alternatively powered cars.
3. All cars, except those with zero emissions, with a list price greater than £40,000 when new will be subject to an annual £325 supplement on top of the standard rate for the first 5 years. Zero emission cars are exempted until 31st March 2025.

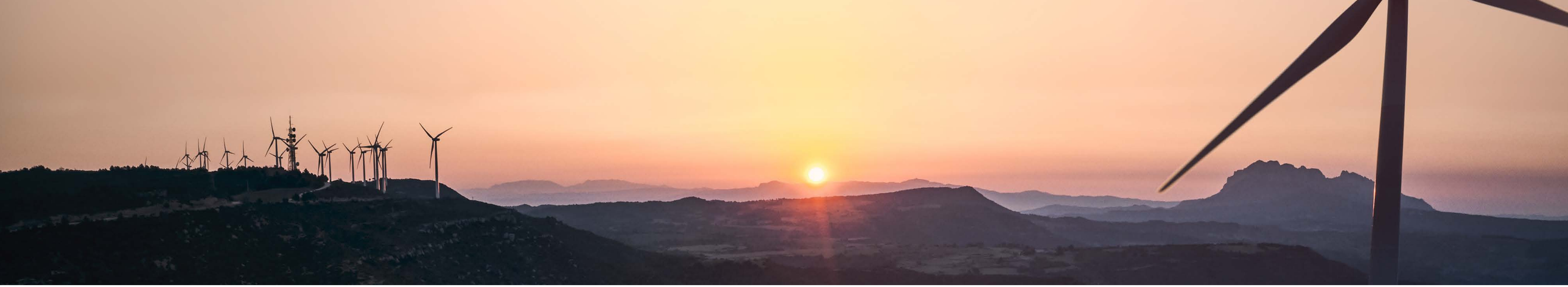
Benefits for businesses looking to lease

When a company leases a Volvo plug-in hybrid, rather than buying it, corporation tax relief may be claimed on the effective rentals (that is the rental plus any blocked VAT).

To encourage companies to lease the most environmentally friendly cars, only 85% of the effective rental is eligible for tax relief if a car's emissions exceed 110g/km. This makes the rental on cars that qualify for a full 100% tax deduction, such as the Volvo XC40 Recharge Plug-in Hybrid T4 R-Design, around 3% cheaper on a like-for-like basis.

Why it pays to act now

From April 2021, the threshold for the restriction will be reduced to 50g/km, meaning that only the most efficient Volvo plug-in hybrids will qualify for the maximum tax relief available.



Plug-in hybrids mean lower National Insurance Contributions

Irrespective of the way in which a company car is financed, employers must pay Class 1A National Insurance Contributions (NIC) at a rate of 13.8% of the car's taxable value.

The government is encouraging fleets to go green by offering a reduced BIK percentage for ultra-low emission cars, enabling fleets to take advantage of the reduced Class 1A NIC on Volvo's range of plug-in hybrids, which you can see some of in the table below.

Cars registered from 6th April 2020	Class 1A NIC for 2020/21				
Models	**Emissions* (g/km)**	**ZER** (miles)**	**BIK%**	**List price+**	**Class 1A NIC**
S60 Recharge Plug-in Hybrid T8 R-Design	38	36	10	£45,175	£623
S90 Recharge Plug-in Hybrid T8 R-Design	44	37	10	£55,250	£762
V60 Recharge Plug-in Hybrid T6 R-Design	41	34	10	£45,175	£623
V90 Recharge Plug-in Hybrid T6 R-Design	47	36	10	£55,250	£762
XC40 Recharge Plug-in Hybrid T4 R-Design	48	28	12	£39,075	£647
XC60 Recharge Plug-in Hybrid T6 Inscription Expression	55	31^	14	£50,625	£978
XC90 Recharge Plug-in Hybrid T8 R-Design	63	33^	15	£67,550	£1,398

* Emissions = average CO_2 emissions under WLTP for combined driving conditions, based on regular usage of the battery and engine as at July 2020. The exact CO_2 figures of the vehicle will vary according to any options and packs added.
** ZER = the equivalent all-electric range, rounded up to the nearest whole number, achieved under the WLTP test as at July 2020.
^ ZER will not be taken into account as the CO_2 emissions exceed 50g/km.
+ Per model year 2021 pricelist and specification published July 2020.

Should you offer salary sacrifice?

Ultra-low emission cars such as the Volvo XC40 Recharge Plug-in Hybrid T5 Inscription are an ideal choice for salary sacrifice. With emissions below 76g/km, this car enables employees to benefit fully from the tax and NIC advantages associated with salary sacrifice. But it's not just employees who can benefit; employers can also save by setting up a salary sacrifice scheme as the following monthly example shows.

Volvo XC40 Recharge T5 Inscription AWD Plug-in Hybrid List price of £41,325, CO_2 emissions of 47g/km, and electric range of 28 miles	
Effective rental	£608
Maintenance	£76
Insurance	£50
Monthly salary sacrificed	£734
NIC saved on salary sacrifice	£101
NIC due on company car	(£57)
Equivalent monthly NIC saving	**£44**

Based on a 3 year, 60,000 mile maintained contract hire agreement offered by an independent leasing company in August 2020 taken out by a company that is able to reclaim all of its input VAT, subject to the 50% VAT block on lease rentals.

A plug-in hybrid can save you money on fuel

Regular charging maximises the use of your electric engine. That means you'll save a significant amount of money on fuel and produce fewer tailpipe emissions.

And grants and tax incentives are available to help you recharge

You can provide tax free recharging to employees at work and claim tax relief and grants when installing workplace charge points.

Read our full charging section for more information

Find out more

6. The benefits for company car drivers

A rewarding choice for drivers

Company car drivers who choose an ultra-low emission car from the Volvo plug-in hybrid range will pay much lower rates of BIK tax than drivers of traditional combustion engine cars. And they are also able to benefit from tax incentives to encourage the installation of home charging units.

Better for Benefit-in-Kind

If you've a company car, you must pay tax on the value of the benefit. To encourage company car drivers to go green, BIK tax has been significantly reduced for cars with the lowest emissions.

For new cars, including Volvo's range of plug-in hybrids, BIK tax is calculated by reference to their WLTP emissions and zero emission range. However, having recognised that emissions are generally higher under WLTP than they were under NEDC, the government has applied discounts in 2020/21 and 2021/22, so most new cars will be taxed at a lower rate than cars registered before 6th April 2020 with the same emissions.

BIK percentages for cars registered from 6th April 2020

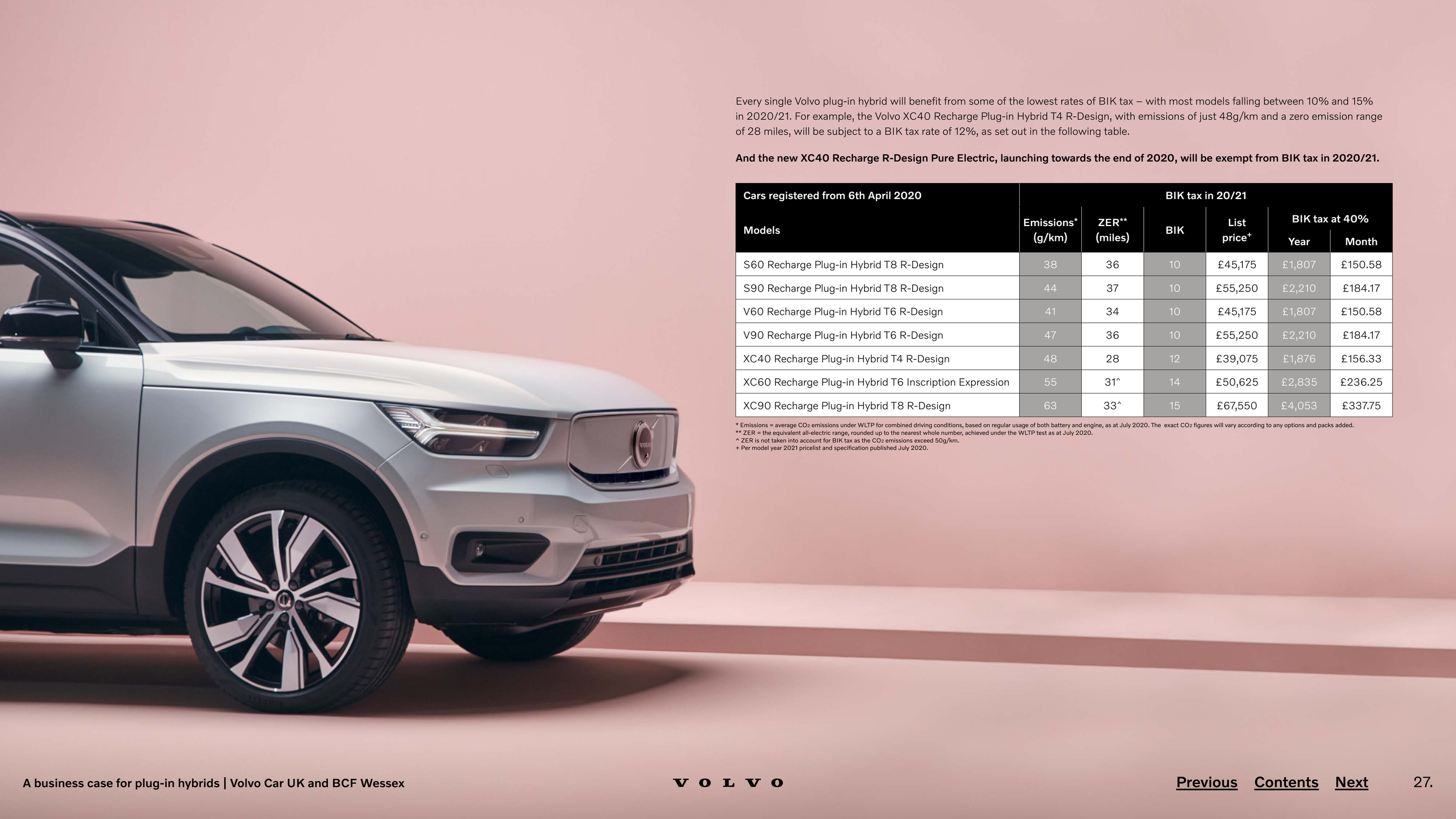
CO_2 emissions g/km	Zero emission range (miles)	2020/21 %	2021/22 %	2022/23 %
0		0	1	2
1 – 50	130 and above	0	1	2
	70 – 129	3	4	5
	40 – 69	6	7	8
	30 – 39	10	11	12
	Under 30	12	13	14
51 – 54		13	14	15
55 – 59		14	15	16
Each additional 5g/km		+1%	+1%	+1%
160 – 164		35	36	37
165 – 169		36	37	37
170 and above		37	37	37

All cars propelled solely by diesel are subject to a 4% supplement unless they meet the Real Driving Emissions Step 2 (RDE2) standard. However, the maximum appropriate percentage cannot exceed 37%. By 2022/23, BIK tax rates will be the same, no matter how emissions and range are measured, and the rates will then be frozen until 2024/25.

Drivers can also make significant fuel savings
Regularly charging your plug-in hybrid battery maximises the use of your electric engine. That means you'll save a significant amount of money on fuel and produce fewer tailpipe emissions.

And you can recharge tax free
Recharging can be tax free when your employer pays. And you're eligible for a home charge point installation grant.

Read our full charging section for more information
Find out more



Every single Volvo plug-in hybrid will benefit from some of the lowest rates of BIK tax – with most models falling between 10% and 15% in 2020/21. For example, the Volvo XC40 Recharge Plug-in Hybrid T4 R-Design, with emissions of just 48g/km and a zero emission range of 28 miles, will be subject to a BIK tax rate of 12%, as set out in the following table.

And the new XC40 Recharge R-Design Pure Electric, launching towards the end of 2020, will be exempt from BIK tax in 2020/21.

Cars registered from 6th April 2020	BIK tax in 20/21					
Models	Emissions* (g/km)	ZER** (miles)	BIK	List price+	BIK tax at 40%	
					Year	Month
S60 Recharge Plug-in Hybrid T8 R-Design	38	36	10	£45,175	£1,807	£150.58
S90 Recharge Plug-in Hybrid T8 R-Design	44	37	10	£55,250	£2,210	£184.17
V60 Recharge Plug-in Hybrid T6 R-Design	41	34	10	£45,175	£1,807	£150.58
V90 Recharge Plug-in Hybrid T6 R-Design	47	36	10	£55,250	£2,210	£184.17
XC40 Recharge Plug-in Hybrid T4 R-Design	48	28	12	£39,075	£1,876	£156.33
XC60 Recharge Plug-in Hybrid T6 Inscription Expression	55	31^	14	£50,625	£2,835	£236.25
XC90 Recharge Plug-in Hybrid T8 R-Design	63	33^	15	£67,550	£4,053	£337.75

* Emissions = average CO_2 emissions under WLTP for combined driving conditions, based on regular usage of both battery and engine, as at July 2020. The exact CO_2 figures will vary according to any options and packs added.
** ZER = the equivalent all-electric range, rounded up to the nearest whole number, achieved under the WLTP test as at July 2020.
^ ZER is not taken into account for BIK tax as the CO_2 emissions exceed 50g/km.
+ Per model year 2021 pricelist and specification published July 2020.

Plug-in hybrids and salary sacrifice

Ultra-low emission cars with CO_2 emissions less than 76g/km, such as the Volvo XC40 Recharge Plug-in Hybrid T5 Inscription, are an ideal choice for salary sacrifice, because you can benefit from the income tax and National Insurance Contribution (NIC) relief available on the salary sacrificed, as shown in the monthly calculation below for 2020/21.

Volvo XC40 Recharge Plug-in Hybrid T5 Inscription **List price of £41,325, CO_2 emissions of 47g/km, and electric range of 28 miles**		
Effective rental		£608
Maintenance		£76
Insurance		£50
Monthly salary sacrificed		£734
Income tax saved	(£294)	
NIC saved	(£15)	
BIK tax on company car	£165	
Monthly tax and NIC saving		(£144)
Monthly net cost to driver		£590
Monthly employee saving		**£144**

Based on a 3 year, 60,000 mile maintained contract hire agreement offered by an independent leasing company in August 2020 taken out by a company that is able to reclaim all of its input VAT, subject to the 50% VAT block on lease rentals (effective rental), for a UK higher rate taxpayer.

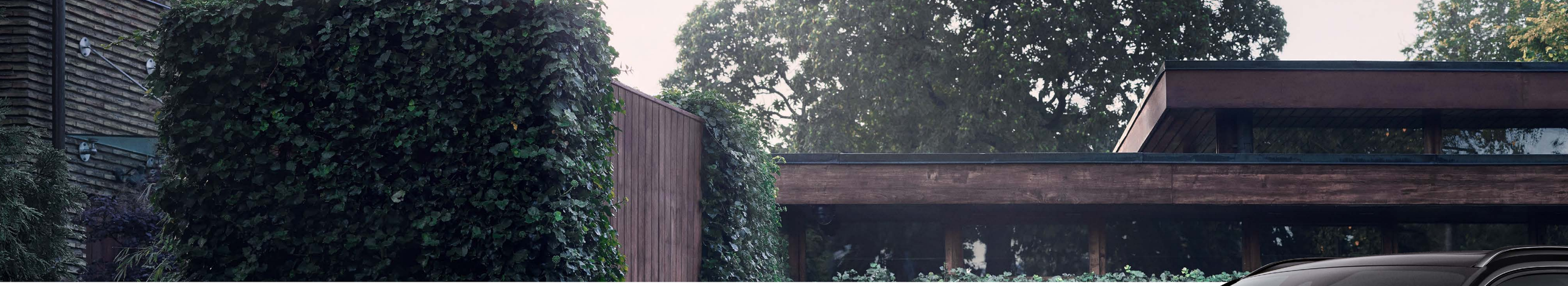
While an income tax and NIC saving of £144 per month would be delivered via the salary sacrifice scheme itself, your actual saving would be greater because an employer sponsored scheme enables you to benefit from corporate discounts and any VAT recovered by the employer on the rental and maintenance.

You could save £214 per month using salary sacrifice, compared to the maintained Personal Contract Hire deal below

Volvo XC40 Recharge Plug-in Hybrid T5 Inscription **List price of £41,325, CO_2 emissions of 47g/km, and electric range of 28 miles**	
Rental	£663
Maintenance	£91
Insurance	£50
Monthly cost	**£804**

Based on a 3 year, 60,000 mile maintained Personal Contract Hire agreement offered by an independent leasing company in August 2020.

7. Charging at work, at home and away



Charging: fuel efficient, cost efficient

It might seem obvious, but the most important thing for making fuel savings when you drive a plug-in hybrid is getting into the habit of charging the battery every day. With a regular charging pattern, it's easy to save a significant amount of money compared to petrol and diesel competitors – as a fully charged electric motor brings extra efficiency and fuel savings with it.

This is a major incentive for businesses to teach their drivers these important habits. It's also a great reason to install charging points at the workplace – which, second to their homes, is the place where most company car drivers will spend a large amount of time.

If you drive with an empty battery, you're not making the most of your plug-in hybrid

Charging costs less

For example, the Volvo XC40 Recharge Plug-in Hybrid T5 has a battery capacity of 10.3kWh and can be charged at a rate of up to 3.7kWh. With home electricity costing as little as 12p per kWh, a three hour charge – enough to refill a fully depleted battery – costs just £1.25. And a maximum electric range of around 28 miles means most local journeys could be driven using only the electric motor, which would work out at around 5p per mile with zero tailpipe emissions.

The XC40 Recharge Plug-in Hybrid T5

£1.25
Cost to fully charge the battery

5p
Cost per mile in Pure electric mode

10p – 17p
Cost per mile for petrol cars according to HMRC Advisory Fuel Rates

In Hybrid mode, the XC40 Recharge Plug-in Hybrid T5 is capable of up to 134.5 mpg

Charging a Volvo plug-in hybrid

Your charging cable options

Every Volvo plug-in hybrid comes with a 3-pin plug as standard. This lets you charge your car at any house with a regular power supply in as little as five hours – ideal for overnight charging when you don't have a dedicated wall charger.

You can also upgrade to a Type 2 connector. These are the most common charging stations in the UK currently, and if you use this, it will fully charge your battery in just three hours.

Fully charge your Volvo plug-in hybrid in as little as three hours

3-pin plug
Plug directly into regular 3-pin wall sockets. Useful if you've no home charging point installed.

Comes as standard.
Charges at 2.3kW.

Type 2 connector
The most common type of electric car charging socket, with charging stations all over the country.

Upgrade at additional cost.
Charges at 3.7kW, works with most 3.7kW, 7kW and 22kW charging stations.

Futureproof your charging plans

To better prepare your workplace for whatever the electric fleet of tomorrow might need, we recommended installing Type 2 chargers – and the higher wattage the better.

Consider switching to renewable energy

If you've chosen a plug-in hybrid for environmental reasons, you can make it an even greener choice by switching your electricity supply to a renewable source (or even installing solar panels at your workplace).

Your point-by-point guide to workplace charging

If you're thinking about installing chargers at your workplace, here's a checklist of things you should do before you go ahead. We've teamed up with charging point suppliers Pod Point to create this simple guide.

1. Check your fleet's health for free with Energy Saving Trust

Energy Saving Trust's Fleet Health Check will help you better understand your current fleet position and carbon footprint. **Visit fleethealthcheck.org.uk**

The Trust also offers a range of more in-depth fleet reviews that are free of charge for most organisations.

2. Determine your business's priorities

What matters most to you? Reducing your carbon footprint, saving money, attracting/retaining talent? This will inform many of your subsequent decisions.

For example, this will influence which of these pricing policies you may put in place:

- Free charging
- Charge drivers only for energy used
- Charge to recoup energy used and up-front cost of charge points

3. Review the suitability of your workplace

Do you have enough space for charging points? Or do you need to expand? Is your parking close to your power supply? Make sure to plan ahead for future demand.

4. Research quotes and consider grants available

Approach multiple charge point installers and gather a variety of quotes. Then you can decide which one is the best choice for your organisation.

On the next few pages, you'll also find a closer look at the various grants available both for workplace and home charging points. But remember that these won't be around forever.

5. Choose your provider

Price is obviously an important factor, but there are plenty of other things to consider:

- Do they manufacture the products they install?
  (Suppliers that do so are usually better for aftercare, etc.)
- Do their products come with a warranty?
- What is the compatibility of their charging points?
- Do they offer expertise and good service?
- Can you set tariffs for your employees and get monthly reports?
- Do they provide quality aftercare and support?
- Are there extras or other benefits?
  (Access to charging points around the country, for example)

6. Installation

The actual installation of your charging points should mostly be taken care of by your supplier. Make sure you are given all the information you need to run and use the charging points.

7. Hold a demonstration for your drivers

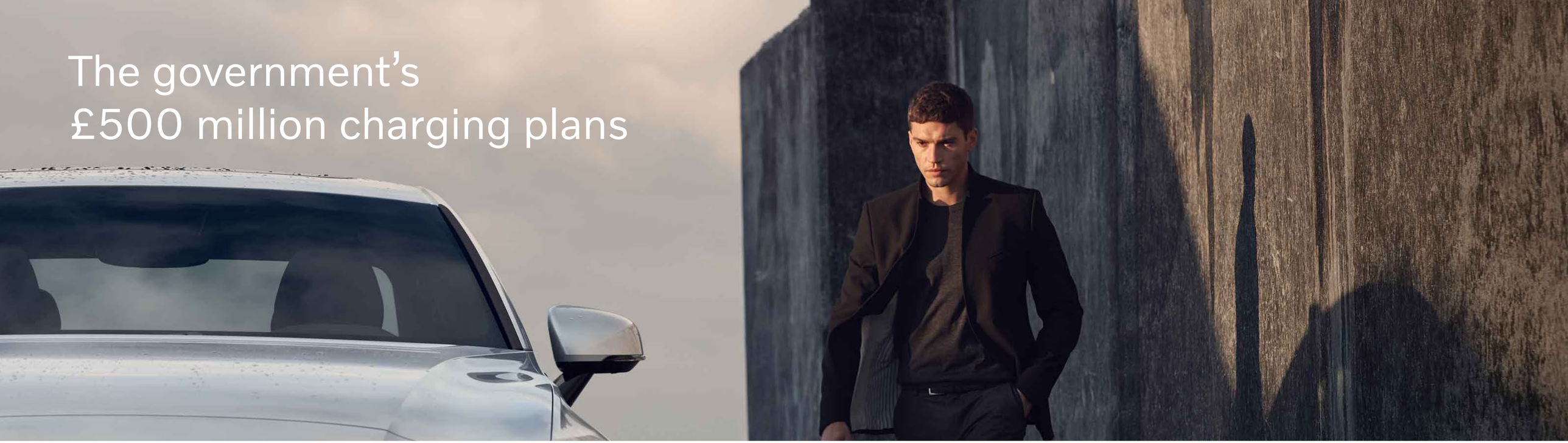
To get the most from your charging points, it's important your drivers know how to use them properly. Let them know exactly what cables or adaptors they need, how they pay, how long they can charge for, etc.

Your installer might offer this service for you.

8. Ensure ongoing support

For when you require support or expertise, make sure you've an ongoing relationship with a supplier who can help.

The government’s £500 million charging plans



The government is making £500 million available over the next five years to develop a national charging infrastructure to encourage the early take-up of ultra-low emission vehicles.

Within the £500 million, there'll be a Rapid Charging Fund. This will help businesses with the cost of connecting high-powered charge points at workplaces to the grid, where the costs would otherwise be too high for private sector investment.

30 miles

The furthest distance you’ll be from a rapid charging station, under new government plans.

Building a national charging network

It’s expected that 80% of electric vehicle charging will take place at home. But even though the UK has one of the largest infrastructures in Europe, with more charging points than petrol stations already, charging on the road is still a concern for many drivers and businesses.

The government-backed charging network is therefore designed to ensure drivers will never be more than 30 miles from a rapid charging station, which will be able to recharge their car in about an hour.

There are more charging points than petrol stations in the UK

Charging grants and tax relief

Grants and tax relief for electric charging equipment

Workplace Charging Scheme

For businesses

Claim up to £350 per socket, for up to 40 sockets

Businesses and employers are eligible for a grant of up to £350 per socket, up to a maximum of 75% of the cost of up to 40 sockets, enabling employers to claim up to £14,000 against the cost.

Electric Vehicle Homecharge Scheme

For drivers

Claim up to 75% of the cost up to £350

When an eligible car has been ordered[1], homeowners may claim a grant towards the cost of a home charging point. The grant is up to £350, up to a maximum of 75% of the cost. This is available even if the charging point is ultimately paid for by the individual's employer.

Tax relief on charging equipment and electricity

Relief on charging points

- Fleets are allowed to reclaim 100% tax relief for expenditure incurred on charge points, in the year of purchase
- If a fleet pays the whole cost, after grants, of installing a home charging point for one of their employees, the employee is not taxed
- But if the employee is asked for a contribution, tax and NIC relief will be available if the employee reimburses the employer via salary sacrifice

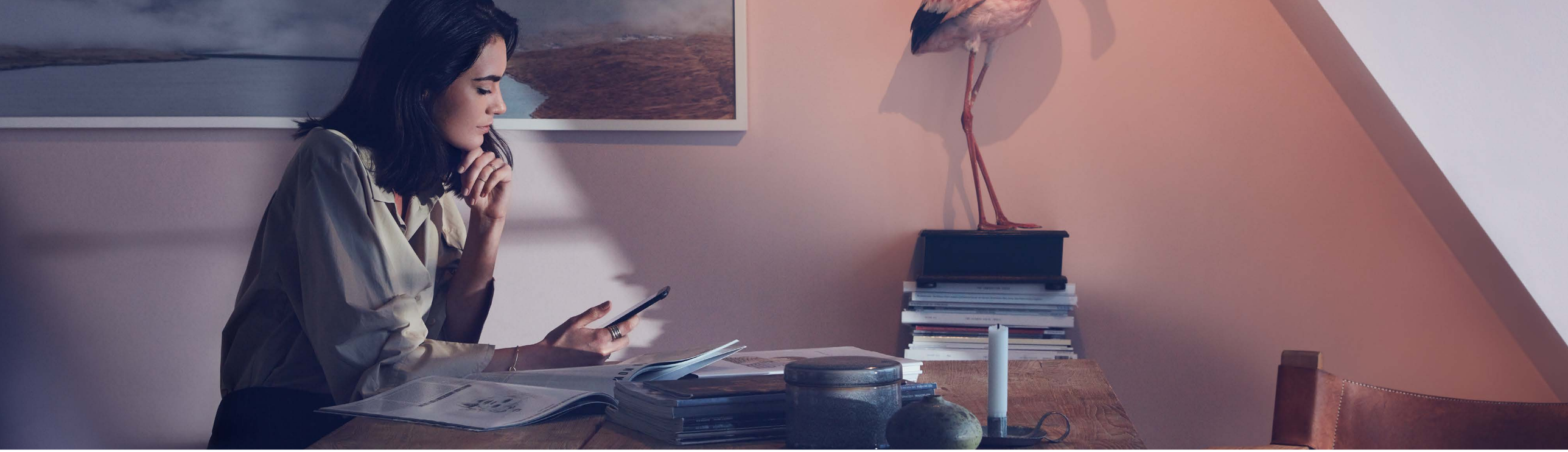
Relief on electricity

- Employers may provide free workplace charging without their employees being subject to tax or generating a Class 1A NIC liability for themselves
- If an employer directly pays for the electricity used to charge a company car at home, no BIK arises, meaning it's tax free for the employee. And no Class 1A NIC arises for the employer

Scottish residents may claim up to an additional £300 from the Energy Savings Trust[2] provided they apply directly before the installation is completed by an approved installer.

[1] https://www.gov.uk/government/collections/government-grants-for-low-emission-vehicles
[2] https://energysavingtrust.org.uk/scotland/grants-loans/domestic-charge-point-funding

8. Contact us



Get in touch today to find out more

For plug-in hybrids, the time is now

Call the Volvo Car Business Centre on 0345 600 4027

Pay us a visit at volvocars.co.uk/business

Fuel consumption and CO_2 figures for the Volvo Cars range, in MPG (l/100km): WLTP Combined 28.2 – 166.2 (10.0 – 1.7). WLTP CO_2 emissions 228 – 38g/km. WLTP electric energy consumption 2.8 – 4.3 miles/kWh. Equivalent all electric range 26.1 – 248.5 miles. Figures shown are for comparability purposes; only compare fuel consumption, CO_2 and equivalent electric range figures with other cars tested to the same technical procedures. These figures were obtained using a combination of battery power and fuel. The Volvo plug-in hybrid vehicles require mains electricity for charging. These figures may not reflect real life driving results, which will depend upon a number of factors including the accessories fitted (post-registration), variations in weather, driving styles and vehicle load.