

Salary sacrifice – now you can have the car and the cash

With recruitment and retention of high calibre staff being a priority on the business agenda, many employers are reaping the benefits of introducing flexible benefits packages. And the good news is that when a flexible benefits package is offered in conjunction with a salary sacrifice arrangement the financial cost of the remuneration package can be significantly reduced.

A salary sacrifice arrangement allows your employees to sacrifice an amount of salary in exchange for a non-cash benefit. The arrangement can result in substantial financial savings for you and your employees as the non-cash benefit can be provided more cost effectively as part of the remuneration package rather than being purchased out of salary on which tax and National Insurance has been paid.

An example of a non-cash benefit that has attracted increasing interest recently is the company car. The greatest savings are usually available on cars with CO2 emissions of less than 120g/km, however, savings aren't restricted to cars within this category. And there's a huge choice of vehicles within this category including executive favourites the Audi A3 1.9 TDIe and the BMW 118d.

Benefits of salary sacrifice for company car arrangements include:

- Financial savings of around £1,400 per year (depending on choice of car and tax rate of employee and employer) that can be shared between the employer and employee.
- Increased attractiveness of the remuneration package creating a powerful recruitment and retention tool.
- Provision of a modern, fully maintained and insured car can assist with addressing corporate manslaughter and duty of care issues.

If you need to speak to any of our Employer Solutions team, please call: 0113 3843840 or email: help@armstrongwatson.co.uk