Boost benefits with Salary Sacrifice

Making electric vehicles work for your workforce — an employer's guide

KINETIC VEHICLE LEASING

powered by Partnerjurni

Save company and employee cash

There's a smarter way for businesses to offer new electric cars through Salary Sacrifice. This all-inclusive benefit package is designed to improve employee retention while reducing overall employment costs.

Think of it as a natural evolution of the Cycle to Work scheme, adapted specifically for electric vehicles (EVs).

Employees save on Income Tax and National Insurance Contributions (NICs), while your business benefits from reduced employer NIC costs. A genuine win-win.

Sound good?

I'm ready

Employees get

- Significant monthly savings compared to personal leasing
- Payments deducted from gross salary (before tax)
- Income Tax and NIC savings
- No credit checks and no deposits
- A single, all-inclusive electric vehicle package

Employers get

- Lower employer NIC contributions
- A desirable, low-stress employee benefit
- No cost to set up or run
- Support for sustainability and ESG objectives
- Turnkey implementation with ongoing support

What's included?

- Servicing
- Maintenance
- Tyres
- Glass
- Breakdown assistance
- Insurance and more[1]

1. Insurance is subject to eligibility criteria, terms and conditions, and exclusions.

Easy to set up and run

We make the scheme straightforward to set up and manage, providing everything your business needs in one place. Administration is handled online through a dedicated portal, with real-time tracking, reporting, and full ongoing support.

Better still, the scheme is completely free to set up and costs your business nothing to run. You save time and money from day one.

The scheme is structured in line with HMRC guidance and is simple to administer through payroll — deduct a fixed amount from the employee's salary, record it on their payslip, and report it to HMRC.

Save cash with low BiK rates

HMRC treats salary sacrifice as a taxable benefit, so employees pay Benefit in Kind (BiK) tax.

The good news? For the 2026/27 tax year (April 2026 to March 2027), BiK on electric cars is just 4%[1] of the car's P11D[2] value — significantly lower than the 37% top rate for petrol and diesel vehicles.

1. BiK rates are favourable for zero and low-emission vehicles. See FAQs for 2026-2029 rates.
2. P11D value is the taxable value of a car, including its list price, VAT, delivery charges, and any optional extras.

Employees could save big on driving electric

BYD Seal U

1.5 DM-i Comfort 5dr Auto

Save over **£2,500** in one year!

Vehicle images by IMAGIN.studio. For illustration purposes only.

Gross salary sacrifice[1]	**£676**	We'll apply the most competitive discounts available and pass these savings directly on to you. This amount is deducted from your gross salary before tax.
Employee tax saving	**-£298**	The Income Tax and National Insurance Contribution you pay is reduced due to salary sacrifice.
Average BiK[2]	**+£87**	Because you are receiving a benefit from your employer, you will pay BiK tax.
Net cost/employee pays	**£465**	**You can make significant savings with salary sacrifice.**

31% Saving

Complete cover

- Servicing
- Maintenance
- Tyres
- Glass
- Breakdown assistance
- Insurance and more[3]

Plus, you'll also benefit from **Early Termination Protection** for added peace of mind!

1. Figures are illustrative and based on a 48-month agreement, 10,000 miles per annum, and a 42% taxpayer profile (aged 46, living in Edinburgh). Savings will vary depending on individual tax position, vehicle choice, and mileage. Figures correct as of 4 August 2026. E&OE.
2. BiK rates are favourable for zero and low-emission vehicles. See FAQs for 2026-2029 rates.
3. Insurance is subject to eligibility criteria, terms and conditions, and exclusions.

What's included with Salary Sacrifice?

What's included[1]	Complete cover
Fixed monthly rentals One fixed price set for the duration of your agreement, making budgeting simple and predictable.	✓
Servicing and maintenance[2] All routine servicing and maintenance, so you don't face unexpected garage bills.	✓
Breakdown assistance Comprehensive roadside cover, including Homestart and Recovery services, to keep you moving.	✓
Tyre replacement Replacement tyres for fair wear and tear (damage caused by abuse, neglect, theft, or vandalism is excluded).	✓
Glass replacement Windscreen and glass repairs or replacement included — avoiding extra costs if chips or cracks occur. Excess charged.	✓
Road Fund Licence Included at today's rate for the duration of your lease (future government increases may apply).	✓
Insurance[3] Fully comprehensive insurance with up to two named additional drivers — keeping you protected on the road.	✓
Early Termination Protection Protection that reduces or removes early termination costs if your circumstances change.	✓

1. Terms, conditions and exclusions apply. Read your agreement carefully before signing.
2. Not covered by the manufacturer's warranty and subject to fair wear and tear.
3. Insurance is subject to eligibility. Terms, conditions, and exclusions apply.

Extra support when life changes

Early Termination Protection
Life doesn't always go to plan. Employees may change roles, take parental leave, or face unexpected events. Early Termination Protection helps ensure your Salary Sacrifice scheme continues to support employees when circumstances change.

Peace of mind for employees
Early Termination Protection gives employees the confidence to participate in the scheme, knowing support is in place if their situation changes.

Protection for your business
For employers, Early Termination Protection helps reduce the risk of unexpected costs if an agreement ends early. After an initial qualifying period, the cover can reduce or remove early termination charges in many common scenarios.

At a glance

1. Reduces or removes early termination costs after 3 months
2. Protects your business from unexpected charges
3. Gives employees confidence to join the scheme

How you're protected

Employment event	What happens	What the customer pays
Resignation / Dismissal / Redundancy / Secondment / Career Break / Retirement / NMW[1] breach / Licence revoked (not ill health)	Hire ends	If this happens within the first 3 months, an Early Termination Payment[2] applies. After 3 months, you pay the lower of 3 months' Rent[3] or the Early Termination Payment.
Parental Leave (incl. adoption)	You can continue or end your hire	If this happens within the first 6 months, an Early Termination Payment applies. After 6 months, you pay the lower of 3 months' Rent or the Early Termination Payment.
Long-term sick (Payment Event) / Licence revoked due to ill health / Death in service	Hire ends	No Early Termination Payment applies. Mileage Rent[4] still applies.

Jargon made simple

1. **National Minimal Wage**
   You must still receive at least this after Salary Sacrifice.
2. **The Early Termination Payment**
   A cost if you end the agreement early after certain events.
3. **Rent**
   Your total monthly cost (including maintenance and insurance).
4. **Mileage Rent**
   A charge if you exceed your agreed mileage.

Too complicated? For clear, personalised guidance, speak to a salary sacrifice expert.

Protection does NOT apply if:

- More than 10% of employees are made redundant in the same year
- Five or more protected events have already occurred in the same year
- You leave during or at the end of your probation period

This page gives a simple overview of how the scheme works. It doesn't include all the details and doesn't replace the full Master Contract Hire Agreement. If there is any difference between this summary and the agreement, the agreement will always take priority. Please read the Master Contract Hire Agreement before signing up. Mileage Rent is payable on all events.

Making employee benefits work harder

Whether you're focused on improving efficiency, maintaining compliance, or enhancing employee benefits, we provide the expertise and support to make it work.

Ready to start?

Talk to an expert about implementing a salary sacrifice scheme that fits your business needs.

Get in touch today

0330 202 0973

enquiries@kineticleasing.co.uk

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Frequently asked questions

What are the financial implications for the company?
Salary sacrifice can deliver employer and employee NIC savings and is designed to be cost-neutral or cost-saving over time.

What ESG goals does the scheme support?
Providing access to electric vehicles helps reduce emissions and supports sustainability objectives.

What administrative responsibilities are involved?
Most administration is handled for you. Employers manage payroll deductions and employee communications, with expert support throughout. Licence checks may be required; your account manager will advise.

What are the benefits of the scheme for recruitment and retention?
It strengthens your employee benefits package, making your business more attractive to top talent and improving retention by offering affordable access to high-quality, fully maintained vehicles.

What are the tax and legal considerations?
The scheme is structured in line with HMRC guidance and is straightforward to administer through payroll. We provide regular updates to help keep everything aligned with changing legislation.

What is Benefit in Kind (BiK) tax?
Employees pay BiK tax on perks they receive from their employer, like a company car, on top of their salary. HMRC calculates BiK separately from your salary, so the BiK tax is deducted before your pay reaches your bank account. If you use a company car for personal trips, you'll pay BiK tax from your monthly wages.

How is BiK tax calculated?
BiK tax is based on two factors: your car's CO_2 emissions and the car's P11D value (the list price of your car including VAT and delivery fees but excluding first registration fees and annual Road Fund Licence). Multiply the car's P11D value by the BiK rate to get the annual benefit, multiply that by your Income Tax rate to get the annual tax, then divide by 12 — that's what's taken each month through PAYE.

20% Taxpayer example
£30,000 × 4% = £1,200
P11D value x BiK rate = BiK Amount

£1,200 × 20% = £240
BiK Amount x Personal Tax Rate
= Annual BiK Amount

What are the BiK tax rates?
Lowest BiK rates apply to zero and low-emission vehicles:

Tax Year	BiK Rate
2026/27	4%
2027/28	5%
2028/29	7%
2029/30	9%

Lower BiK rates make switching to an electric car through salary sacrifice an affordable choice, with significant savings compared to the 37% rate for high-emission vehicles.

Frequently asked questions

What is Early Termination Protection?

Early Termination Protection helps reduce or remove the costs associated with ending a salary sacrifice vehicle agreement early when an employee's circumstances change unexpectedly. It is designed to help protect both employees and employers from financial risk in common situations.

What circumstances are covered by Early Termination Protection?

The protection covers a range of common life and employment changes, including redundancy, parental leave, long-term sickness, and death in service, subject to qualifying periods and scheme terms.

Why is Early Termination Protection important for employers?

Early Termination Protection helps reduce the risk of unexpected costs if an employee needs to end their agreement early. By providing reassurance around common employment changes, it makes the scheme safer to offer across a wider employee base and supports smooth, low-risk operation.

Does Early Termination Protection apply from day one?

No. The protection applies after an initial qualifying period, typically three months or six months for parental leave. This helps ensure the scheme remains fair and sustainable for all parties[1].

Does the protection apply in all situations?

No. Early Termination Protection does not apply in certain circumstances, such as probationary leavers, large-scale redundancies, or multiple termination events occurring in the same year[1].

1. Terms, conditions, exclusions and qualifying periods apply. Please read the Master Hire Agreement carefully before signing.

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