

VOLKSWAGEN  
FINANCIAL SERVICES  
THE KEY TO MOBILITY



# POWER UP SAVINGS

Your guide to a cost-effective BEV policy

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# 01 Build a BEV company car policy with driver buy-in

Are you wondering how to offer an appealing mix of battery electric vehicles (BEVs) while keeping fleet costs down? We've got the answers you're looking for. Let's take a look at the cornerstones of a great BEV policy that will help you get buy-in from the people that matter.

We'll cover the importance of incorporating Whole Life Costs (WLC) into your policy and look at how Salary Sacrifice contributions from your employees can help them access more cars. Then, you'll be able to create an easily accessible BEV policy that's great for employee retention and great for your company, giving your team the choice they want and showing how they can save too.



## 02 The demand for BEV remains high

Many companies just like yours know that eligible employees are eager to drive BEV cars. The rewards are clear – lower Benefit-in-Kind (BIK) tax rates and cheaper private journeys, compared to petrol or diesel vehicles. And all with a cool factor that traditional vehicles just don't rival.



## 03 BEV dreams and budget nightmares

Until quite recently, manufacturers have continued to increase the prices of BEV cars. And with premium battery costs, this often means the purchase price is significantly higher than similar petrol or diesel models.

On top of that, the drop in used BEV disposal values has made leasing companies more cautious when setting the future residual value.

As a result, many employees find the BEV they want too pricey for their grade allowance. And drivers are often forced to choose a lower-spec model or opt for the cash alternative – neither of which is ideal.

## 04 So what's the solution?

Firstly, get buy-in from the very beginning by adopting a WLC approach to your BEV policy: one that highlights the real benefits for your employees and heroes the value of a BEV based on WLC.

Secondly, by including Salary Sacrifice contributions, you'll help drivers access a wider range of BEVs without them feeling out of pocket. And with a bit of careful planning, good communication and help from us, you'll be well on your way to a successful roll-out.

- ✔ Use a WLC methodology to design your company car BEV policy
- ✔ Get employees to contribute to their car through Salary Sacrifice

# 05 Whole Life Costs

## No pain, only long-term gain

As a first step, you should base company car policy choices on WLC. By looking at the total running costs, not just the lease price, you'll take into account VAT, employer NIC, and business fuel.

It's easy to see how a WLC approach helps finance teams better control fleet costs.



# 06 How does WLC compare?

## Whole Life Cost comparison

48 x 20,000

Annual business miles	5,000
AER (PPM)	0.07
AFR diesel < 2.0 litre (PPM)	0.13
Employers NIC rate	15.0%
Employee tax rate	40%

### Employer perspective

	Audi Q4 E-Tron Sportback 210kW 45 82kWh Sport 5dr Auto	Audi A4 Diesel Avant 35 TDI S Line 5dr S Tronic
Tax list price	52,715	43,780
CO <sub>2</sub>	0	142
BIK % (2025/26)	3%	34%
Fuel type	BEV	Diesel
Net rental* / cash allowance	904.07	709.54
Disallowed VAT**	81.93	61.87
Employers NIC	19.77	186.07
Business fuel	29.17	45.14
Lease rental restriction	0.00	25.52
Insurance	50.00	50.00
<b>Monthly WLC</b>	<b>1,084.94</b>	<b>1,078.13</b>

### Employee perspective

	Audi Q4 E-Tron Sportback 210kW 45 82kWh Sport 5dr Auto	Audi A4 Diesel Avant 35 TDI S Line 5dr S Tronic
Tax list price	52,715	43,780
CO <sub>2</sub>	0	142
BIK % (2025/26)	3%	34%
<b>Monthly driver cost</b>	<b>52.72</b>	<b>496.17</b>

### A great deal for your company

Here's an example to show you how it stacks up. Let's look at WLC from an employer standpoint. Although the Audi Q4 E-Tron is a more expensive car with a higher monthly rental – by the time employer NIC and business fuel is included, the WLC is only slightly higher than a petrol or diesel vehicle.

### Significant savings for your drivers

From the employee's point of view, there are significant savings to be had from driving a BEV. Over time, these equate to a salary increase of several thousand pounds compared to driving a diesel.

\*Net rental = lease rental + service rental

\*\* Disallowed VAT only applicable to lease rental, excludes service rental.

# 07

## WLC + Salary Sacrifice = win-win!

On its own, the WLC approach might not fully resolve the problem of rising BEV costs.

As you can see in the example on the previous page, the Audi Q4 E-Tron still costs more than the Audi A4 diesel. But by opting for the BEV the employee pays a much smaller BIK cost.

Because of this, it's reasonable to expect drivers to help cover some of the employer's WLC for a benchmark company car. The best way to do this is via salary sacrifice driver contributions.

There are a few practical steps to setting one up. You'll need to make sure it follows HMRC requirements. But for companies who already have a Salary Sacrifice in place – it's really straightforward.

## A smart choice for your company

Salary Sacrifice contributions are taken from the employee's gross pay to help cover the WLC of their car. This also results in a saving compared to the cash opt-out shown in the table on the next page.

These contributions (like pension deductions) are only relevant for company car drivers, not cash takers. But having a more attractive BEV-led company car scheme may encourage more cash takers to come back into it.

# 08 How everyone benefits

## Whole Life Cost comparison

48 x 20,000

Annual business miles	5,000
AER (PPM)	0.07
AFR diesel < 2.0 litre	0.13
Employers NIC rate	15.0%
Employee tax rate	40%
Monthly cash allowance	800

## More choice, fewer fleet costs

By incorporating salary sacrifice driver contributions, both the company and employee are better off. It creates a more appealing BEV car policy – with better model options – that also reduces fleet costs.

## Employee savings

In table 4 below, you'll see that for the employee, there are significant savings when choosing a BEV compared to the diesel option. At £356 per month, that's effectively a pay rise.

### Employer perspective

	Audi Q4 E-Tron Sportback 210kW 45 82kWh Sport 5dr Auto	Audi A4 Diesel Avant 35 TDI S Line 5dr S Tronic	Cash
Tax list price	52,715	43,780	
CO <sub>2</sub>	0	142	
BIK % (2025/26)	3%	34%	
Fuel type	BEV	Diesel	
Net rental* / cash allowance	904.07	709.54	800.00
Disallowed VAT**	81.93	61.87	
Employers NIC	19.77	186.07	120.00
Business fuel	29.17	45.14	45.14
Lease rental restriction	0.00	25.52	
Insurance	50.00	50.00	
Salary sacrifice contribution	-150.00		
Employers NIC saved	-22.50		
<b>Monthly WLC</b>	<b>912.44</b>	<b>1,078.13</b>	<b>965.14</b>

Monthly saving vs cash	<b>52.70</b>
Monthly saving vs diesel car	<b>165.69</b>

### Employee perspective

	Audi Q4 E-Tron Sportback 210kW 45 82kWh Sport 5dr Auto	Audi A4 Diesel Avant 35 TDI S Line 5dr S Tronic	Cash
Tax list price	52,715	43,780	
CO <sub>2</sub>	0	142	
BIK % (2025/26)	3%	34%	
Cash allowance (post tax)			-464.00
PCP			710.69
Servicing / Tyres			90.88
RFL			91.25
AA recovery			11.67
AMAPS			-63.33
Insurance			50.00
Salary sacrifice contribution	87.00		
<b>Monthly driver cost</b>	<b>139.72</b>	<b>496.17</b>	<b>427.15</b>

Monthly saving vs cash	<b>287.43</b>
Monthly saving vs car	<b>356.46</b>

PCP data: [www.brokers4cars.co.uk](http://www.brokers4cars.co.uk)

Cash car: Audi A4 Diesel Avant 35 TDI S Line 5dr S Tronic

\*Net rental = lease rental + service rental

\*\* Disallowed VAT only applicable to lease rental, excludes service rental.

## 09 Match employee expectations

It's important to align BEV car options with employees' expectations. Think about their position in the company and what they want from their vehicles. For those in senior roles, it could be premium performance, features and comfort. Alternatively, for entry-level employees, it may be cost-effectiveness and a long range.



# 10 Shout about the savings

When you've calculated the new policy's potential savings, communicate them clearly to everyone. That way, employees will understand they stand to gain and they'll be more confident when choosing a BEV.

From their point of view, the day-to-day savings of driving a BEV can be substantial. It could feel like a salary increase of several thousand pounds compared to driving a petrol or diesel car.

Design a BEV policy around WLC and see:

- 1 Increased accessibility of BEVs.
- 2 Improved car choice for your employees.
- 3 Significant long-term savings.

# 11 The results speak for themselves

Taking this approach to a new BEV company car policy means that everyone wins. Both company and drivers save on costs when compared with petrol and diesel company cars. And your employees get to drive brand-new BEVs.

It all adds up to a BEV-based policy that your employees will use.

The benefits of a BEV based policy based around WLC using salary sacrifice driver contributions.

- 1 You'll get better employee buy-in from the get-go.
- 2 Your EV fleet goes up and your fleet emissions go down.
- 3 You'll see significant long-term savings.

# 12 Here to help | Contact us

If you're interested in finding out more, VWFS | Fleet can help you design a BEV company car policy that has traction. Get in touch today and one of our team will chat through the details.

Speak soon.



**0330 100 8908**



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# 13

## Glossary of terms

**Battery Electric Vehicle (BEV):** A fully electric vehicle that runs solely on electricity stored in batteries, with no fuel engine.

**Benefit-in-Kind (BIK):** A tax charged to employees where their employers provide them with company cars which include private use.

**Residual Value:** This is the estimated value of a car at the end of its lease or finance contract.

**Salary Sacrifice driver contribution:** A contribution which an employee makes out of gross pay towards their employer's costs of providing them with a company car.

**Whole Life Cost (WLC):** The total cost of running the car, taking into account finance and service rental, disallowed VAT, employer National Insurance, business fuel and insurance.