**Williams Motor Co (Holdings) Ltd Affinity ECO Scheme**

This document sets out the rules of the Williams Motor Co (Holdings) Ltd (‘’Williams’’) Affinity ECO Scheme (“the Scheme”).

***1. The intention of the Scheme***

The Williams Affinity ECO Company Car Scheme will be open only to selected employees from within the Company.

***2. Who can join?***

The Company will nominate those employees who will participate in the Scheme. Nominations will be made at the sole discretion of the Company. It will only be however, eligible to employees who have worked for the Company for in excess of 12 months and are not the subject of the Company’s disciplinary procedure.

By participating in the Scheme, the employees agree to be bound by the Scheme rules.

Please note that only the following individuals may be considered eligible to receive an ECOS vehicle under this scheme:

* Employees of the Company
* The employees:

1. Partner
2. Children
3. Parents
4. Siblings

It is a scheme requirement that individuals who may be considered eligible to receive a vehicle under this scheme are required to have held a full licence for a period in excess of 1 year and be at least 21 years of age.

***3. Life of the Scheme***

The Scheme will continue until withdrawn. Withdrawal of the Scheme will be at the sole discretion of the Company. Arrangements relating to any vehicle under the Scheme will continue until their end date as defined in the relevant agreement.

After the Scheme has been withdrawn no vehicles will be sold or new arrangements entered into.

***4. The vehicles provided within the scheme***

Selected vehicles will be offered for sale to Scheme employees. The vehicles offered will be either new or used vehicles as considered appropriate. The price at which the vehicle is offered for sale (“selling price”) will be determined on a case by case basis but broadly the VAT exclusive pricing will be as follows:

* New vehicles – the VAT exclusive cost of acquisition of the vehicles (including accessories) by the Company, net of all manufacturer discounts and other support (bonuses etc.) and including (if appropriate) the cost of delivery, and any other directly attributable costs.
* Used vehicles – the VAT exclusive cost of acquisition of the vehicles by the Company and including (if appropriate) the cost of delivery, and any other directly attributable costs.

All vehicles sold under the Scheme will be sold subject to VAT calculated in accordance with UK VAT legislation and rates in force at the date of sale.

***5. How is the vehicle funded***

To assist in funding the purchase of the vehicle, the Company will offer employees a loan equal to the VAT inclusive cash price of the vehicle (i.e. the selling price) as outlined in point 4 above. This loan will be interest free and will be on the terms set out in the Credit Sale Agreement.

It should be noted the loan agreement is in the **name of the employee** of the Company irrespective of who uses the vehicle.

Employees will be required to make a monthly contribution to the Company which is to cover the difference between the purchase and buyback value of the vehicle. The level of the contribution will be agreed by the Company. The contribution is due for any month in which the vehicle is available and at the discretion of the Company is not pro-rated by the days available. The contributions are paid monthly in arrears

The loan agreement will cease on your employment with the Company ending and you will be required to make good any loss by the early termination. This contribution will be collected from your final salary payment

On entering into a new loan agreement with the Company the previous loan of the employee will be closed

***6. What happens at the end of the loan period***

The employee has the option to sell the vehicle back to the Company at the end of the agreement or on their ceasing to be employed by the Company (or such other period as may be determined from time to time). The Company would expect the employee to give them first refusal to purchase the vehicle at the end of the loan period. However, the vehicle can be retained by the employee if they repay the outstanding loan balance per the Credit Sale Agreement (ignoring any employee contributions made under the credit sale agreement). If the employee decides to retain the vehicle and settle the outstanding loan balance then:

* They will need to report on their self-assessment return to HMRC any profit they make on the disposal of the vehicle under ‘money worth’ rules
* They will be excluded by the Company from future participation in the scheme

The loan is for an initial period of no longer than 6 months. If there is customer demand for the particular vehicle and subject to the employee’s agreement, the arrangement can be settled early subject to your agreement. There may be occasion when a new vehicle is not available when the agreement is to expire and in this circumstance it may be necessary to extend the loan period. In this case an extension to the loan will be agreed in writing with the employee.

The repurchase price of the vehicle is subject to the employee meeting their obligations as set out at paragraph 7 below.

The Company, at the outset of the loan period, anticipate the value of the vehicle at the end of the loan period. If this is lower than the original cost that you purchased the vehicle for, after taking into consideration any payments you have made, then this will be the buyback value. Any movement in value (other than for point 8 below) will be at the Company’s risk. However, this is on the basis that the user does not exceed the equivalent of **6,000 miles in a six month period** and that there is no damage to the vehicle beyond normal wear and tear when returned. Mileage in excess of the equivalent of **6,000 miles in a six-month period** during the loan period will incur an excess charge of 20p per mile.

Employees are expected to return the vehicles clean both inside and out

1. ***Employees responsibilities in regard to the vehicle***

Employees are required to maintain the vehicle and ensure it is in good mechanical order at all times. Required repairs (including but not limited to the replacement of tyres) are to be undertaken immediately and servicing is to be undertaken in accordance with the manufacturer’s schedule.

Failure of the employee to meet their obligations in respect of maintenance of a vehicle may result in a reduction in the repurchase price of the vehicle upon exercise of the option by the employee per point 6 above. Any such reduction will be equivalent to the reduction in value of the vehicle arising from the employee’s failure to meet their obligations under this section.

***8. Extras fitted to the vehicle post delivery***

Any extras that are fitted to a vehicle after the vehicle is delivered will not have been included in the purchase price of the vehicle used in the loan agreement. Any such costs must be borne directly by the employee. The fitting of accessories or mechanical alterations which impact on the valuation of the vehicle or the manufacturer’s warranty is not permitted. If you undertake any such accessory or mechanical alteration which is not agreed with the Company, then the employee will be at risk of having to settle in full the outstanding value of the credit sale agreement

***9. Registered keeper of the vehicle***

Whilst the vehicle is registered at DVLA in the name of the Company, the employee will at all times during their ownership period be the sole legal and beneficial owner of the vehicle and nothing in this paragraph (or elsewhere in this document) is intended to alter or compromise that ownership.

***10. Taxation position of employees***

Each employee should seek their own advice on the taxation implications of the Scheme given their personal circumstances. However, the following general comments (see 11.1 and 11.2 below) are intended to assist employees in understanding the effect the Scheme may have on their tax position.

***11.1 Company car benefit in kind (“BIK”)***

The employee will be the owner of the vehicle and as such the company car BIK rules do not apply to Scheme vehicles.

***11.2 Interest free loan***

As the Company is providing **the employee** with an interest free loan, a BIK will arise on a notional amount of interest. The current HMRC notional interest rate is 2.50% however this rate is subject to change. The rate applicable will be the HMRC rate(s) in force during the term of the loan. By way of example, a loan of £25,000 outstanding throughout the 2020/21 tax year, would lead to tax payable as follows:

Basic rate taxpayer: £25,000 \* 2.50% = £625 \* 20% = £125 per year

Higher rate taxpayer: £25,000 \* 2.50% = £625 \* 40% = £250 per year

Additional rate taxpayer £25,000 \* 2.50% = £625 \* 45% = £281.25 per year

The tax payable on this BIK will be collected **through the employee’s** tax code.

To avoid any underpayment in tax arising at the end of the tax year it is advisable to inform HMRC of this particular benefit at the outset of the agreement so that the employee’s tax code can be revised.

***12. Insurance***

It is **the responsibility** of the employee to ensure that the vehicle is insured under a fully comprehensive policy and must ensure that the insurer is made aware that the **legal owner of the vehicle is the employee whilst the registered keeper is the Company. The policy holder is however, the person driving the vehicle.**

The employee is required to provide to the Company a copy of the insurance policy and if this does not clearly show that the insurer is aware of the above, then you must supply an accompanying email from the insurer confirming they know the owner, registered keeper and policy holder will be different parties. Failure to supply the above required documents permits the Company to delay delivery of the vehicle to the employee.

It is a condition of the Scheme that the employee does not use the vehicle for business travel. The person driving the vehicle (if not a William’s employee) may use the vehicle for business travel subject to this being permitted under the terms of their insurance

***14. Declaration***

I confirm that I have read the Scheme rules as set out above and agree to be bound by them for the duration of my participation in the Scheme.

Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Employee’s name:

Employee’s staff number:

Date: