

# Alphabet International Fleet Handbook



K L M N O P Q R S T U V W X Y Z A B C D E F G H I J K L M N O  
Q R S T U V W X Y Z A B C D E F G H I J K L M N O P Q R S T U  
V W X Y Z **A L P H A B E T** G H I J K L M N O P Q R S T U V W X  
B C D E F G H I J K L M N O P Q R S T U V W X Y Z A B C D E F  
H I J K L M N O P Q R S T U V W X Y Z A B C D E F G H I J K L

# International Fleet Handbook

Version updated June 2008

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Q R S T U V W X Y Z A B C D E F G H I J K L M N O P Q R S T

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The numbering of thousands in the information contained herein follows the convention of using a comma (,) to denote one thousand (1,000).

# International Fleet Handbook\*

Q R S T U V W X Y Z A B C D E F G H I J K L M N O P Q R S T U  
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Dear Reader,

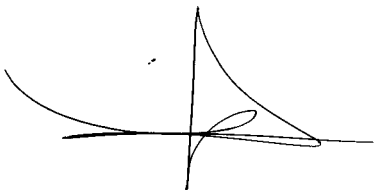
I am pleased to present you an updated version of Alphabet's Fleet Handbook. Over the years, this has proven a valuable tool for national and international Fleet Decision Makers to guide them through the complex matters of international company car taxation.

We have seen some harmonisation happen in the European Union over the past years, such as the successful introduction of the euro, several attempts to come to a European constitution and first steps in the direction of a European environmental policy. However, when it comes to taxation a wealth of variety still exists.

This is why we wish to provide you with an easy-to-use manual on the different taxes applicable to vehicles and leasing. The Alphabet Fleet Handbook supplies you with a concise format per country on which you can consult how vehicle registration is dealt with, what the applicable VAT is and its deductibility, and company car related taxes for the company and the driver (benefit in kind taxation). We have added calculation examples for the company car taxation.

But as the face of the market place is continuously changing, we have included two extra features in this latest edition of the International Fleet Handbook. On the customer side there is an ongoing trend towards internationalisation, to select a limited number of preferred suppliers for their international car fleet at both manufacturer and leasing level. On the supply side, a strong market consolidation is present. On a macro-economic level, the directive of the EU to limit CO<sub>2</sub> emissions to 120 grams per kilometre and individual countries moving to CO<sub>2</sub>-based taxes such as UK, France, Belgium and Sweden has intensified the topic of green fleet policies. We have summarised these trends for you into two specific articles, one that tackles the path towards successful international fleet management into eight important steps that are applicable to most organisations. The second one is dedicated to the other most important trends currently affecting the leasing market.

I hope you find this International Fleet Handbook a useful tool to help shape your car fleet.



Christel Reynaerts

General Manager International Sales

\*Version updated June 2008



# How to set up and manage your international car fleet



A B C D E F G H I J K L M N O P Q R S T U V W X Y Z A B C D  
G H I J K L M N O P Q R S T U V W X Y Z A B C D E F G H I J K  
L M N O P Q R **S U C C E S S F U L** C D E F G H I J K L M N O  
P Q R S T U V W X Y Z A B C D E F G H I J K L M N O P Q R S T

## 8 steps to success in international fleet management

In order to succeed in this seemingly daunting task, it is important to follow a set of fairly strict guidelines set out below.

### 1. Fact-finding

To identify the main objectives to shape your car fleet, you need to assess the current situation. How many cars are there in each country, who gets what type of car, and how much of the salary package does the car represent? There will probably be different financing methods in each country for historical reasons. In general terms, the further west you go, the more likely that financing will be based on full operational lease, and the further east, the more you will find outright purchase. Identify these differences, and identify what is being supplied for the price. This may include services, tyres, breakdown assistance, and so on. And of course, it is important to know who the current suppliers are, and why.

### 2. Set objectives

There are a number of reasons why you may want to set up an international structure for your fleet, and you need to start by defining these reasons. Cost-cutting will almost certainly be a top priority, so you need to establish what your current TCO is in each market and define goals for reduction. However, for operational reasons, harmonising HR policy from one country to another – within limits – may be important to the company. Another emerging issue is that of ecology. Are you aiming for an international standard for emissions, for example, as part of your company's environmental profile?

Becoming more international provides opportunities for supplier rationalisation. Can better prices be obtained through higher volumes from fewer suppliers? Would you like to work with a sole supplier or with a small number of leasing companies an international level? What leverage opportunities exist among current suppliers? Don't forget that setting up an international policy should result in process harmonisation and improved transparency. Finally, don't let process internationalisation move you away from dedicated customer contact with a single contact.



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### 3. Organisation

The current management of the fleet in each country is likely to vary considerably. A large fleet may have a dedicated fleet manager, or possibly someone from the HR department who spends a high proportion of their time on fleet management. For a smaller fleet, it could be very much a part-time occupation for the HR or finance director. These local arrangements need to be identified, because one of the most crucial factors in managing an international car fleet is exactly that: who does the managing? There will need to be an international fleet manager at the head office, and this person will need to work with a local manager in each country.

### 4. Think global, act local

A much-used phrase, perhaps, but crucial in international fleet management. Having set your priorities, it is very important to establish how they can be implemented in each individual market. These priorities may not be practical in every country, and it is both pointless and counterproductive to try to impose unworkable solutions. It is therefore important to communicate – preferably in person – with each local fleet manager, to explain the company’s overall objectives, and to see to what degree you can apply them to the country in question. Top international fleet managers have realised that trying to impose an international fleet policy with no regard for local customs can lead to all manner of problems, not least a demotivated sales force. And to ensure that the process is accepted by all, it is important to have the active support of top management – and that this support is communicated to the local structures.

### 5. How much harmonisation?

This question leads on to practical issues. You may have identified a preferred financing method – operational lease, for instance. But, this might hardly be available in some countries due to lack of suppliers or knowledge. And, to use a simple example, if your preferred car suppliers are French, this may not be very popular in Italy! So allowing room for flexibility is important, as is agreeing with the local manager exactly which decisions – possibly including brands – they can make themselves.

It is, of course, also very important to be fully aware of differing national legislative frameworks and fiscal regimes which may have a substantial impact on the type of car policy you implement in each country.



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W X Y Z A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

## 6. Supplier selection

Before calling for tenders, you need to ensure as much information as possible is included in the request, including country-specific variations. Top international fleet managers say that preparing an RFP can take several months, in order to make sure that all the company's objectives are covered for every market. And, from the supplier side, they can only tender according to the information they receive, so making it accurate in the first place saves time for everybody. When evaluating the tender, don't just look at the headline monthly cost. Check the services, the supplier's profile, service quality, and so on. Most importantly, make sure it is the TCO you are using as a price benchmark, and not just one isolated part of it.

## 7. Environmental taxation

Within the framework of meeting its Kyoto obligations, the EU has recently put forward a directive proposing to limit CO<sub>2</sub> emissions to 120 grams per kilometre. There is no doubt that this is an issue which will gain in importance, and you should take note of it when selecting vehicles. Although there is as yet little harmonisation in this field, individual states are beginning to tax higher-polluting cars more. It would be wise to assume that the larger-engined cars will cost more in tax in years to come. Perhaps a lot more. And eventually, harmonisation is likely. Be aware of current national legislation in the countries in which you operate. If you keep your fleet cars for four years, for example, you could be in for a rude surprise before the end of their life.

## 8. Implementation and improvement

When all of the above is in place, you need to specify your action plan for implementation, probably country by country or region by region. You also need to set up a system for controlling and improving the policy. Does the supplier actually do what they said they would? Measure this in terms of time or money and check on the progress in regular review meetings. In fleets, as everywhere else, it is important not to lose sight of the '80/20' rule. Spend your time where it will have the most impact (i.e. on 80% of the fleet) and avoid wasting too much time on minor issues. Finally, it is important to always bear in mind that each market is different, and the overall goal of a reduced international TCO can be achieved both due to and despite these national differences.

# International fleet management



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T U V W X Y Z A B C D E F G H I J K L M N O P Q R S T U V W

## Industry trends

Fleet managers need to be aware of industry trends in order to find and implement efficient solutions that best fit their needs. This section therefore focuses on trends in today's leasing industry, with the aim of helping decision-makers find the most cost-effective solutions to their own particular fleet requirements.

### Internationalisation

One of the most widespread trends in the fleet management and leasing sector is the internationalisation of fleet solutions. More and more international organisations are choosing to develop and implement consistent, company-wide car policies, driven by operational efficiencies and cost advantages. The most effective way to do this is to work with an international fleet supplier, such as Alphabet, who can offer specialised knowledge in international fleet management.

### Central coordination

An international fleet brings its own challenges. Central coordination is high on the list for many multinationals. However, tax, registration, insurance, and legislative regulations vary from one country to another. In addition, individual clients may have their own company-specific requirements. Each of these items has to be handled locally, but the solution must be centrally coordinated and implemented to achieve cost-reduction targets. Central managers are therefore required not only to provide efficient solutions, but also to drive and monitor local management. It is obvious therefore that they expect central coordination from their fleet suppliers.

### Outsourcing

Outsourcing is particularly relevant in fleet financing and management. Companies choose to finance fleets and related services with external funds to minimise the drain on internal funds. Outsourcing not only fleet financing but also fleet management – accident management, fuel management, etc. – allows the company to free up precious (and expensive) management resources. Outsourcing fleet management allows clients to concentrate on their core business, decreasing their fleet responsibilities.

### Green fleets

The issue of green fleets is also gaining in importance. The high fuel costs and CO<sub>2</sub> tax on vehicles in France and the UK, for example, have accelerated the green trend. However, while some large multinationals have started to adopt sustainable policies, most companies have not yet put a truly green fleet policy in place. Companies need to undertake top-to-bottom reviews of their activities to understand how they can make improvements and then implement an action plan. This is where they can benefit from the consulting expertise of an international fleet company.

### TCO

More and more fleet managers are basing their decisions on a price-per-kilometre calculation rather than lease rates alone. The total cost of ownership (TCO) of an international fleet gives managers insights into the costs of a company car fleet over its entire lifecycle and ways of controlling those costs. This is another area where international fleet companies can be of help.



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A B C D E F G H I J K L M N O P Q R S T U V W X Y Z A B C D E

### Getting the price/service ratio right

Service delivery and quality have become primary focuses for many customers. Offering the best prices does not always make a company the best supplier. Fleet management involves the continuous delivery of services which directly support the customer's business. As a result, international fleet suppliers have started to invest more in service quality, and this trend is likely to gain momentum in the coming years. The provision of accurate and insightful electronic reporting functionality is an important example here.

### Driver safety

Motor-vehicle accidents are the top cause of work-related injuries. Some governments are turning to solutions which make corporations adopt social responsibility schemes to increase public safety. In the UK, for example, duty-of-care legislation means that employers must take reasonable care to protect employees from the risk of foreseeable injury, disease or death whilst they are at work. Accident prevention and driver safety are social responsibility issues that will become increasingly significant in the coming years.

### SMEs

A few years ago, international fleet management was mainly the privilege of large companies. But nowadays, more and more small and medium enterprises are starting to demand the same type of service. On the supplier side, as competition is intensifying, international leasing companies have also started to focus on SMEs. Alphabet has many SMEs as clients and has extensive experience in meeting the needs of this sector.

### Market consolidation

Major market shifts in recent years present a number of new challenges. Some players are withdrawing, but others are not only strengthening their market position through expansion into new markets but also through acquisitions. The number of acquisitions in 2006 was unprecedented and this trend is likely to continue and further shape the face of the leasing industry.

Another development is that the pressure on local suppliers is rising as more companies have started, as previously stated, to seek international suppliers. As a result, the demand for the services of local players has decreased significantly.

### Keeping our clients aware

The range of topics covered above shows just how complex the modern fleet industry has become. We are committed to helping our customers achieve their overriding goal of becoming as cost-efficient as possible by keeping them up to date on the latest trends in the market and enabling them to gain maximum value and leverage from their relationship with Alphabet.



# Alphabet Australia

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## Products & services

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### Finance products

- Operating lease
- Finance lease
- Novated lease
- Commercial hire purchase

### Services

Vehicle service and maintenance, vehicle procurement and disposal, management of annual insurance and registration, accident management, fuel purchasing and management, premium roadside assistance, salary packaging programs, Management reporting

### Finance Terms

- Standard 24 to 60 months (12 months on application)
- Maximum kilometre limit on operating lease 180,000
- Residual value minimums under Australian Tax Office guidelines apply
- Pre-owned vehicles can be included.

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## Statutory Taxes/Charges

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### Title

Vehicles are registered in the name of the lessee.  
 Lessees address must be Australian.  
 Alphabet mailing address is used for annual registration renewals.  
 Registration costs apply in the state specified in lessee's address.

### Charges

Purchase stamp duty according to state of registration.  
 GST of 10 % applies to all monthly lease payments

### Fringe Benefits Tax "FBT"

FBT is payable by all employers supplying a vehicle to employees where they enjoy a percentage of private use including using the vehicle for transport to and from work.

### Statutory Method

FBT payable is charged on a sliding scale as follows:

Annual Kilometres Travelled	Annual FBT Charge
Less than 15,000	26 % of FBT Value*
15,000 to 24,999	20 % of FBT Value*
25,000 to 40,000	11 % of FBT Value*
Over 40,000	7 % of FBT Value*

\*FBT Value = Total Vehicle purchase price excluding stamp duty and registration charges.

### Log Book Method

FBT is payable on actual kilometres logged and reported by the driver on a daily basis.

### Alternative method under salary package program – Employee Contribution, "ECM"

Under ECM, the employee makes an "after tax" contribution which can improve their net "take home" pay. The example on page 12 illustrates this method against the total being paid pre-tax and the total being paid after tax.

### Tax refund and accounting

Under all leases where vehicles are supplied by a registered company, Goods and Services Tax, "GST", included in the vehicle purchase price (up to a maximum of \$ 5193.00) is deducted from the amount financed as it is claimable by Alphabet as an input tax credit.

Under all leases where the lessee is a registered company, the GST payable on the monthly repayment is claimable by the lessee as an input tax credit.

Under novated leases, the employer of the lessee can claim the GST payable on the repayment as an input tax credit.

For operating lease contracts, the lessee can account for the lease rental on a monthly basis as an operating expense.

For finance leases and Commercial Hire Purchase contracts, the lessee must report the vehicle as an asset with the corresponding liability and claim for depreciation in their balance sheet.

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## Contact information

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Alphabet Fleet Services  
 A division of BMW Australia Finance Ltd  
 783 Springvale Road,  
 Mulgrave, Victoria, 3170  
 Australia

Quotation: Indicative Product: Finance Lease Fully Maintained: ECM Method

Quote Number: 1 A  
 Customer Name: Mr. S. Sample  
 Employed by: Sample Company Pty Ltd  
 Contact Phone No: 0 2 0000000  
 Email Address: Sample@sample.com.au

Vehicle/Asset: BMW 320i Auto Sedan  
 State: NSW

Lease Details - Monthly

Vehicle Price (Incl GST & delivery)	<b>\$ 56,650.00</b>
Purchase Stamp Duty, registration and CTP	\$ 3,350.00
Vehicle	\$ 60,000.00
GST (Input Tax Credit)	\$ 5,150.00
Fully Comprehensive Insurance	\$ 0.00
Leasure Insurance	\$ 0.00
Amount Financed	\$ 54,850.00
Term	36
Residual Value - %	45%
Residual Value	\$ 25,492.50
Rate (%)	8.29
Lease Rental	\$ 1,092.45
Stamp Duty	\$ 0.00
Finance Rental	\$ 1,092.45
Management Fee	\$ 45.00
Fuel Provision @ \$ 1.40 per litre	\$ 292.00
Service/Maintenance Provision	\$ 78.14
Registration/CTP Provision	\$ 43.33
Comprehensive Insurance Provision	\$ 0.00
GST	\$ 155.05
Total Packaged Rental	\$ 1,706.02

FBT Base Value	\$ 56,650.00
Annual Usage Kms P/A	25,000
FBT Rate	11 %

Comment:  
 Leasure and Fully Comprehensive Insurances not included, please contact us if a quote is required.

Salary Package Analysis

	Packaged (ECM)	Packaged Non (ECM)	Non Packaged
<b>Total Gross Income:</b>	60,000.00	60,000.00	60,000.00
<b>Salary Package Deductions:</b>			
*Lease + Running Costs (Inc GST)	20,472.19 (-)	20,472.19 (-)	0.00 (-)
FBT Value	0.00 (-)	5,982.77 (-)	0.00 (-)
Post Tax contribution	6,231.50 (+)	0.00 (+)	0.00 (+)
GST on after tax contribution	566.50 (-)	0.00 (-)	0.00 (-)
GST input tax credit claimed by employer	1,861.11 (+)	1,861.11 (+)	0.00 (+)
<b>Taxable Income</b>	47,053.92	35,406.14	60,000.00
Less Income tax payable	9,421.68	5,752.64	13,499.70
Less Post tax contribution to vehicle	6,231.50	0.00	0.00
Less Lease + Running Costs (Inc GST)	0.00	0.00	19,014.55
<b>Net Disposable Income</b>	31,400.73	29,653.51	27,485.75
<b>Salary Package Benefit</b>	3,914.98	2,167.76	0.00

Explanatory Notes:

ECM = is the employee contribution method of salary packaging.

FBT Base Value = is the driveaway price of the vehicle less any onroad costs.

Income tax payable applicable to rates effective July 1 2007 and includes 1.5 % medicare levy.

This example is based upon the employee contribution method of paying the FBT value in the amount of \$ 6,231.50 as a post tax deduction.

Whilst all care has been taken in presenting this information, Alphabet Fleet Services provide no expressed or implied undertaking as to the accuracy or validity of this information. It is important that you seek independent financial advice and confirm with your employer that they agree to participate in the employee contribution salary package process to ensure that you create a suitable programme for your individual circumstances.

Prepared by Business Manager

Drive your motorvehicle requirements from 'A to B' with a fleet managementsystem that takes you from 'A to Z'

# Alphabet Austria

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## Products & services

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### Finance products

- Operational lease (Nutzenleasing)
- Financial lease (Restwertleasing)

### Services

Service, maintenance and repairs, tyre management, insurance, accident management, roadside assistance, replacement vehicles, precontract vehicles, road and tax, vehicle-related fees, fuel cards, fleet consultancy, reporting, registration.

### Minimum/maximum term and mileage

- Minimum: 12 months/no minimum mileage
- Maximum: 60 months/180,000 km in total

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## Vehicle registration

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### Title

Alphabet is the legal owner of the car and keeps the registration certificates; the vehicle is registered to the lessee who is given the right to use the car.

To register the vehicle in Austria, either the company or the driver must also be registered in Austria.

The current registration fee is € 167.00.

### Transfer of title

Alphabet does not finance any imported vehicles.

### Required documentation

To register a vehicle, the following is required:

- Company trade licence
- Ownership verification
- Declaration of consent by lessor
- Insurance card

### Time frame

Under normal circumstances, vehicle registration should take no longer than two days (assuming all required documentation is available).

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## Taxation

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### VAT rate

The current VAT rate is 20 %.

### Other vehicle-related taxes and fees

#### NoVA (Car license duty)

The NoVA (Normverbrauchsabgabe) is a one-off tax that is a percentage of the net list price of the vehicle.

The NoVA percentage is based on the vehicle's fuel consumption. It currently ranges between 0 % and maximum of 16 %.

For diesel-powered vehicles, the calculation is: (average fuel consumption (ascertained by manufacturer) - 2) x 2 = NoVA %.

For petrol-powered vehicles, the calculation is: (average fuel consumption (ascertained by manufacturer) - 3) x 2 = NoVA %.

For example: a BMW 318d has an average fuel consumption of 4,7 litres / 100 km. Therefore, the NoVA for this car is (4,7-2) x 2 = 5.4 rounded down to 5 %. NoVA tax is not payable for trucks or for vehicles previously registered in Austria.

NoVA is generally payable on all extras that come with the vehicle. However, exceptions are made when options are added after the vehicle has been delivered (specific conditions apply).

The NoVA tax is included in the total purchase price of the vehicle and is paid by the dealer to the tax office.

## Example

BMW 318d Limousine	
Net list price:	€ 24,880.95
Net extras:	€ 2,000.00
NoVA (5 %):	€ 1,344.05
VAT (20 %):	€ 5,645.00
Total vehicle price:	€ 33,870.00

## Motorway tax (Vignette)

The vignette is payable for the use of the public motorway. This permit may be purchased for ten days, two months or one year.

## Motor vehicle tax (Kfz-Steuer)

Vehicle tax is payable with the mandatory purchase of third-party insurance. The calculation for vehicle tax paid on an annual basis is:

$(\text{Actual kilowatts} - 24 \text{ kW}) \times 0.55 \times 12$ .

For example: a BMW 318d with an engine power of 105 kW results in an annual vehicle tax of € 534.60.

If this tax is paid monthly the calculation is:

$(\text{Actual kilowatts} - 24 \text{ kW}) \times 0.605$  per month and the tax amount will increase to € 588.06.

## Tax refund and accounting

The lessee cannot reclaim VAT on either the financial or the service element of the lease rental (except for mini-vans such as VW Sharan or Ford Galaxy).

For operational lease contracts, the lessee can account for the lease rental on a monthly basis as an operating expense.

For contracts where the lessee takes the residual value risk (i.e. financial lease), only the depreciation can be accounted for monthly as a lease expense and the remainder of the rental must be taxed at the end of the year ("Aktivposten").

Alphabet Austria also offers an alternative solution for Austrian fleet customers, which involves a financing concept via an office in Freilassing, Germany (Leasing aus dem Ausland).

## Company car taxation (Geldwerter Vorteil)

### Current company car tax regulations

Current company car tax regulations are based on the decree of the Austrian Ministry of Finance from 27 November 1998 (Z07 0104/3-IV/7/98, regulation for BIK).

The employee is liable for tax as follows:

- Use of the vehicle for private purposes (up to 500 km per month): 0.75 % of the gross purchase price (including extras), € 300.00 maximum per month.
- Use of the vehicle for private purposes (over 500 km per month): 1.5 % of the gross purchase price (including extras), € 600.00 maximum per month.
- Driver contributions are taken into account when calculating company car tax.

### Company car tax calculation:

BMW 318d Limousine	
Gross list price:	€ 33,870.00
Up to 500 km for private purposes (0.75 %):	€ 254.03 (per month)
More than 500 km for private purposes (1.5 %):	€ 508.06 (per month)

This amount is added to the employee's monthly gross salary and taxed at his/her personal tax rate. The employer is responsible for deducting the monthly amount from the employee's salary.

## Contact information

Alphabet Austria Fuhrparkmanagement GmbH  
 A BMW Group Company  
 Siegfried-Marcus-Straße 24  
 5020 Salzburg  
 Austria

Tel. +43 662 8379 4800  
 Fax +43 662 8379 4699  
 E-mail: office@alphabet.at

# Alphabet Belgium

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## Products & services

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### Financial products

- Operational lease (market residual value - off-balance)
  - Open or closed book
  - Open or closed view
  - Open or closed AlphaFlex (matrix)
- Finance lease (residual value  $\leq 15\%$  - on-balance)
- Financial renting (residual value  $\geq 16\%$  - off-balance)

### Services

Service, maintenance and repairs, tyre management, insurance, accident management, roadside assistance, replacement vehicles, precontract vehicles, daily rentals, road and radio tax, vehicle-related fees, fine management, fuel management, fleet consultancy, reporting, outsourcing, etc.

### Minimum/maximum term and mileage

- Minimum: 6 months/no minimum mileage
- Maximum: 60 months/160,000 km (diesel);  
140,000 km (petrol)

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## Vehicle registration

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### Title

According to a Royal Decree (August 2001) on vehicle registrations in Belgium, any car primarily driven in Belgium must be registered with the Belgian authorities, even if the vehicle is already registered abroad.

To be eligible to register a car in Belgium and receive Belgian licence plates, the legal owner (leasing company) must have a permanent Belgian address (where the legal entity is registered).

The fiscal registration fee was abolished on 1 January 2006.

### Transfer of title

Cars that are re-registered in Belgium are charged a registration tax, even if the previous or initial owner had already paid this tax (see Taxation section for more information).

A technical inspection is required prior to re-registration. Registration tax is due in full in the first year, with a 10% reduction for each following year.

Cars that are currently registered abroad have to be re-registered in Belgium, if the owner wishes to use the car primarily in Belgium. This means the owner would also have to pay registration tax in Belgium. A large proportion of this tax is not recoverable.

### Required documentation

Vehicles under financial renting and operational lease are registered in the name of Alphabet Belgium. Vehicles under financial lease can be registered to the customer. Since 2002, Belgian law also allows cars leased under operational or financial agreements to be registered in the name of the customer.

Alphabet is responsible for administration and registration in that case.

Technical inspections are required at recognised centres for passenger cars with tow-bars and commercial vehicles (véhicule utilitaire).

### Time frame

The vehicle registration process takes approximately five working days.

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## Taxation

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### VAT rate

The current VAT rate is 21%.

A lease agreement (financial or operational) is subject to VAT. Therefore, financing costs must be included in the taxable portion of the lease for VAT purposes.

### Other vehicle-related taxes and fees

#### ■ Registration tax (Taxe de mise en circulation/Belasting op Inverkeerstelling)

Registration tax is based on the cylinder capacity of the car (fiscal horse power) and the engine power (kW/h). Registration tax currently ranges from €61.97 to €4,957.87.

In addition, Alphabet levies a flat charge (currently €165.00) for the administration, registration certificate and number plates. This is always included in the financed amount.

For example, registration tax for a BMW 318d (11 FHP and 136 HP) is currently €495.00.

#### ■ Road tax

Road tax (also known as annual circulation tax) is based on engine power and vehicle weight. The cost currently ranges from € 64.28 to € 4,874.80. For example, road tax for a BMW 318d is currently € 383.14.

#### ■ Annual compensatory excise tax (diesel cars only)

The compensatory excise tax currently ranges from € 0.00 to € 2,065.44. This tax is always integrated into the road tax.

#### ■ Radio tax

Radio tax is currently only applicable in the French-speaking part of Belgium. Radio tax is not currently charged in Flemish-speaking areas and Brussels. Radio-Tax in Wallonia is currently € 28.56 per year.

#### ■ Supplementary circulation tax

An additional circulation tax is required for liquefied petroleum gas (LPG) cars only. This additional tax ranges from € 89.16 to € 208.20.

### Example

BMW 318d Berline, 136 HP

Net List price:	€	22,132.23
VAT:	€	4,647.77
Registration tax:	€	495.00
Delivery costs: (flat charge)	€	165.00
Road tax:	€	383.14
CO <sub>2</sub> emission:		123 g

(Prices valid on 01/09/2007)

### Tax refund and accounting

Lessees who are eligible to reclaim VAT can recover a maximum of 50 % of the monthly lease rental on passenger cars and 100 % on commercial vehicles. If the company is involved in the sale or supply of cars, 100 % of the VAT is recoverable (e.g. short-term rentals).

VAT on car-related expenses (e.g. service costs, insurances, car fluids, etc.) when using the vehicle for business purposes is only deductible up to a maximum of 75 %. A new regulation is in the making however based on CO<sub>2</sub> emission of the car allowing companies to deduct up to 90 % in case of CO<sub>2</sub> efficient cars. This regulation will take effect from the 1st of April 2008.

Fuel, car phone, and financing costs will remain 100 % deductible. The Alphabet management fee is therefore integrated in the interest rate. Lessees do not capitalise or depreciate an operational lease contract on their books. Monthly lease payments are treated as operating expenses and accounted for in the profit and loss account.

### Company car taxation

(voordeel in natura/avantage en nature)

#### Current company car tax regulations

Company car tax is not applicable if the company car is used 100 % for business purposes.

The taxable benefit for private use of the company car is calculated by multiplying the total private mileage (including home-work travelling) by a fixed kilometre rate, which is based on the vehicle's fiscal HP.

■ 7 hp = € 0.2366

■ 11 hp = € 0.3406

■ 15 hp = € 0.414

(Figures valid on 01/09/2007 and subject to a yearly indexation)

#### BIK calculation example

BMW 318d (11 fiscal HP = 0.3406 €/KM) 5,000 km (minimum private use) x 0.3406 € = 1.703 € per year BIK

Or per month € 141.92

The employer deducts the monthly rate from the employee's salary.

### Company(CO<sub>2</sub> emission tax replacing solidarity tax)

For every company vehicle (car or van), the employer has to pay a tax based on its CO<sub>2</sub> emissions. The formula for the calculation of this tax is :

- Petrol engines: (CO<sub>2</sub> emission x € 9.00 - € 768.00) / 12 x index

- Diesel engines: (CO<sub>2</sub> emission x € 9.00 - € 600.00) / 12 x index

- LPG engines: (CO<sub>2</sub> emission x € 9.00 - € 990.00) / 12 x index

- Electrical engines: € 20.83 x index

### Example

BMW 318d (CO<sub>2</sub> emission 123 g) € 43.97 monthly tax

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# Alphabet Denmark

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## Products & services

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### Financial products

#### ■ Financial lease

A leasing contract in which the customer is guaranteed the residual value at the end of the contract period. The customer can obtain additional service partly or as full fleet management which is administrated by Alphabet.

#### ■ Operational lease

A leasing contract in which Alphabet is guaranteed the residual value at the end of the contract. The customer can obtain additional service partly or as a full fleet management, administrated by Alphabet.

#### ■ Car purchase

The leased vehicle is purchased by Alphabet. The contract is established between the customer and Alphabet.

### Services

The leasing contracts can be established with a fixed or floating interest rate. The standard contract uses floating rates.

Alphabet can offer service, maintenance and repairs, tyre management, insurance, road assistance, replacement cars, rental cars, administration of vehicle excise duty, fuel management, fleet consultancy and reporting in addition to the leasing contract.

### Minimum/maximum term and mileage

- Minimum: 12 months/no minimum mileage
- Maximum: 48 months/no minimum mileage

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## Vehicle registration

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### Title

The leased car is registered with the company as user and Alphabet as owner. The employee who is the actual user is the actual user of the vehicle can be registered as user number 2.

The registration takes place at the national vehicle registration authority (Motorkontoret) and is done by Alphabet or the dealer.

### Required documentation

To register a leasing vehicle, Alphabet requires the following documents:

- Car registration is done at "Motorkontoret". Cars need a certificate from the car importer, a registration document and an insurance certificate from the customer's insurance company.
- Registration is done by Alphabet or the dealer.
- In some cases Alphabet needs to have an insurance certificate sent directly from the insurance company.

### Time frame

New cars can be registered on a day-to-day basis. It is a manual process in which the dealer or Alphabet has to go to the "Motorkontoret" Used car registration follows the same procedures as for the new cars.

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## Taxation

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### VAT rate

The current VAT rate is 25 %.

Leasing payments on financial or operational leasing must be charged 25 % VAT. Service expenses in the leasing payment will also be charged 25 % VAT.

When Alphabet administrates the fuel and insurance the customer does not have to be charged 25 % VAT. The absolute condition is that Alphabet only invoices the customer for the actual expense.

### VAT refund

Leasing contracts for cars registered as passenger cars can deduct a part of the VAT charged on the leasing contract. The VAT deduction depends on the car tax in Denmark at the time of the first registration.

The size of deduction is determined by the age of the car and can be categorised as the following.

Age 0-36 months = 0.50 % of the car tax

Age 36 months and older = 0.25 % of the car tax

## Example

Car tax is Dkr. 200,000.00

Monthly VAT deduction the first 36 months of the leasing contract:

0.50 % of Dkr. 200,000.00 = Dkr. 1,000.00

Monthly VAT deduction after 36 months:

0.25 % of Dkr. 200,000.00 = Dkr. 500.00

The lessee cannot deduct a higher amount than the charged VAT on the monthly leasing payment.

## Other vehicle-related taxes and fees

### ■ Registration tax

When a car has to be registered at the "Motorkontoret" there is a fee of Dkr. 1,180.00. This is a non-recurrent fee and will always be included in the purchase price of the car and hereby calculated in the leasing payment.

### ■ Vehicle excise duty

The lessee pays a yearly vehicle excise duty to the Danish government. The excise duty is individual and based upon the CO<sub>2</sub> emissions.

## Example

BMW 320d Saloon

Yearly vehicle excise duty is Dkr. 3,860.00

## Company car taxation

### Current company car tax regulations

If a company supplies cars for the employees, without restrictions, the employee / user will be taxed.

The tax is calculated as a percentage of the list price including equipment. If the user or the leasing company obtains a discount on the purchasing price, the net price will be the price used for the tax calculation. Any retro-fitted equipment is excluded for the tax calculation.

The user of a company car without restriction, shall according to the Danish tax law (ligningsloven §16, stk. 4) add the following to his yearly income:

25 % of the car value up to Dkr. 300,000.00

20 % of the car value over Dkr. 300,000.00

There is a minimum value to be taxed of Dkr. 160,000.00, regardless that the purchase price is lower than this amount.

### Company car tax calculation

The list price of the car is Dkr. 400,000.00.

The user has to add the following amount to his income for taxation:

25 % of kr. 300,000.00 = kr. 75,000.00

20 % of kr. 100,000.00 = kr. 20,000.00

The user has to add Dkr. 95,000.00 to his income for taxation.

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# Alphabet Finland

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## Products & services

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### Financial products

- Operational lease (Huoltoleasing)
- Finance lease (Rahoitusleasing)
- Loan (Osamaksu)
- Select

### Services

#### ■ Standard services:

Service, maintenance and repairs, tyres, replacement vehicles, registration, vehicle tax, diesel tax, consultancy.

#### ■ Optional services:

Insurance, service package, vehicle tax, diesel tax, consultancy, reporting, fuel card, roadside assistance.

### Minimum/maximum term and mileage

- Minimum: 12 months/no minimum km
- Maximum: 48 months/150,000 km in total

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## Vehicle registration

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### Title

Cars must be registered with the Ajoneuvorekisterikeskus (AKE). The leasing company is the owner and is responsible for paying the registration fee (currently € 10.50).

Once registration requirements have been fulfilled, the relevant plates and licences (registration certificate, technical card and certificate of compliance with regulations) are issued for the vehicle. Registration numbers are also included.

The registration certificate is issued in the name of the person or legal entity declared to be the legal owner of the car. For leased vehicles, the leasing company is always the legal owner. The registration certificate includes the name of the leasing company and optionally the name of the driver.

Registration is handled via the delivering dealer or the leasing company.

### Transfer of title

For vehicles already registered in Finland, title transfer is simple and requires re-registration at the AKE. In addition, new registration documents are issued in the name of the new owner. The registration plates of Finnish vehicles never change throughout their lifetime.

For vehicles previously registered abroad, the "import tax" is dependent on the brand of the vehicle and the country of origin.

### Required documentation

The following documents are required to register a vehicle in Finland:

- Corporate registration number
- Identity card of authorized signatory
- Power of attorney
- Proof of insurance coverage

### Time frame

Once the car has arrived at the dealership, registration and preparation generally take up to two weeks.

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## Taxation

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### VAT rate

The current VAT rate is 22 %.

### Other vehicle-related taxes and fees

#### ■ Vehicle tax

Vehicle tax is 35 cents per day, charged for new vehicles.

#### ■ Diesel tax

Diesel tax is due for all diesel cars. The amount depends on the weight of the car. Current costs are 6.7 cents per 100 kg plus vehicle tax at 35 cents per day.

(Example: vehicle weight 2050 kg, vehicle tax 35 c/day plus diesel tax € 1.407 per day.

Annual tax: € 1.757 x 365 days = € 641.31)

## Example

BMW 318i	
Base price:	€ 30,081.97
Delivery cost:	€ 491.80
VAT:	€ 6,726.23
Final recommended price:	€ 37,300.00

## Tax refund and accounting

Lessees eligible to reclaim VAT can recover 100 % of the VAT paid on the monthly rental.

For lessees, monthly lease payments are treated as operating expenses and accounted for in the profit & loss account. The leased vehicle is depreciated in the books of the leasing company.

## Company car taxation (Vapaa autoetu/ Käyttöetu)

### Current company car tax regulations

The private use of a company car is a taxable benefit in Finland. The formula for the taxable amount is as follows:

- Gross list price € 3,400.00 (fixed amount set by the government) + accessories (including VAT, but excluding delivery costs and winter tyres).
- This amount is then multiplied by 1.4 %. Depending on whether the driver pays for petrol or not, an additional € 250.00 (with petrol and other costs related to the use of the car) or € 90.00 (without petrol) is added to make up the total taxable benefit.

## Company car tax calculation

BMW 318i	
Final recommended price (excluding delivery cost):	€ 36,700.00
Deduction of € 3,400.00	€ 33,300.00
1.4 % of previous price:	€ 466.20
Additional cost with petrol:	€ 250.00
Total amount:	€ 716.20
Total amount rounded to nearest € 10.00:	€ 720.00

This amount, € 720.00, is added to the employee's gross monthly salary and taxed at their personal rate.

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# Alphabet France

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## Products & services

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### Financial products

- Operational lease (Location Longue Durée)

### Services

Service, maintenance and repairs, tyre management, insurance, roadside assistance, replacement vehicles, precontract vehicles, daily rentals, vehicle-related fees, fuel management, road and tax, lease back.

### Minimum/maximum term and mileage

- Minimum: 12 months/10,000 km per annum
- Maximum: 60 months/30,000 km per annum (diesel)
- Maximum: 60 months/24,000 km per annum (petrol)

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## Vehicle registration

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### Title

The leasing company is the owner of the leased vehicle and is responsible for its registration.

The vehicle registration document will list both Alphabet and the customer name (though Alphabet remains the title-holder).

### Transfer of title

To transfer the title of a vehicle previously registered in France (e.g., in a different region), a new registration document, Carte Grise, must be obtained in the new region.

To transfer the title of a vehicle previously registered outside of France, the following is required:

- Quitus Fiscal (provided by the Recettes des Impôts) registering the customer and testifying that all due taxes on the vehicle have been paid
- Vehicle registration document from the country of origin
- Vehicle purchase invoice
- Manufacturer certificate of conformity (Certificat de Conformité Constructeur). If this certificate is not available, the vehicle will have to be inspected by the Département des Mines.

### Required documentation

To register a lease vehicle, Alphabet requires the following documents:

- The company's identity card known as Carte Identité de la Société (kbis)
- The vehicle invoice (which contains details such as model, chassis number, options, etc.)

### Time frame

On average, the registration process takes approximately seven to eight working days.

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## Taxation

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### VAT rate

The current VAT rate is 19.6 %.

### Other vehicle-related taxes and fees

#### ■ Registration tax

Every registered car in France must have an identity card (carte grise). For this card, a stamp duty is charged to cover delivery of the registration documents. This charge varies depending on the vehicle and place of registration. Registration tax for a 320d (9 FHP) currently costs € 392.40 in the Paris region.

An additional tax on the identity card (Carte Grise) exists if the car gives out more than 200g/km of CO<sub>2</sub>. This amounts to € 2/g on the portion between 200g/km and 250g/km and € 4/g on the portion over 250g/km.

For commercial vehicles (véhicule utilitaire), an additional Parafiscal tax of € 29.00 is applied to the Carte Grise.

#### ■ Company car tax (Taxe sur les véhicules des sociétés – TVS)

All company cars registered in France (except trucks, taxis, and other public service vehicles) are liable for this annual company car tax, which is paid at the end of each year (Oct. 1 – Sept. 30).

### CO<sub>2</sub> emission-related taxes

This calculation varies according to whether ownership/purchase of the car pre-dates 01/01/2006.

For cars owned or bought before 01/01/2006, the amount is still based on fiscal horsepower (FHP).

FHP	Amount per year
< or = 4 HP	€ 750
5 to 7 HP	€ 1,400
8 to 11 HP	€ 3,000
12 to 16 HP	€ 3,600
> or = 17 HP	€ 4,500

For cars owned or bought after 01/01/2006, the amount is based on CO<sub>2</sub> emissions (g/km).

CO <sub>2</sub> emissions (g/km)	Amount per year
< 100g	€ 2 per g
> 100g & ≤ 120g	€ 4 per g
> 120g & ≤ 140g	€ 5 per g
> 140g & ≤ 160g	€ 10 per g
> 160g & ≤ 200g	€ 15 per g
> 200g & ≤ 250g	€ 17 per g
> 250g	€ 19 per g

### Road tax (vignette)

This tax no longer exists.

### Business tax (taxe professionnelle)

Individuals and companies registered as legal entities are subject to a business tax. This is an annual tax based on the value of real property, wages, and fixed assets of the business (excluding salaries).

Fixed assets include assets owned by the entity liable for the tax and leased assets (provided the lease period exceeds six months).

Alphabet calculates the taxable base for its customers. Depending on the region where the company is located, customers pay a certain percentage on this taxable base.

### Reintegration of depreciation

This fee consists of reintegrating the amount of the depreciation (which is not tax-deductible) into the taxable profits. It is currently calculated by taking the invoice price of the vehicle, subtracting € 18,300.00, and then dividing the final amount by 48. The amount of € 18,300.00 is reduced to € 9,900.00 for cars emitting more than 200g/km of CO<sub>2</sub>.

### Example

BMW 320d (9 FHP)

Net list price:	€ 24,749.16
VAT:	€ 4,850.84
Gross list price:	€ 29,600.00
Registration tax:	€ 392.40

### Tax refund and accounting

VAT paid on the purchase price or lease rentals is not recoverable. However, for commercial vehicles with front seats only (Véhicules Utilitaires), VAT is recoverable on the financial and service rentals.

VAT is payable on the cost of diesel. In this case, the customer can reclaim 100 % of the VAT on a commercial vehicle and up to 80 % on a regular passenger car. Monthly lease payments are treated as operating expenses and accounted for in the profit and loss account. The asset (leased vehicle) is capitalised on the books of the lessor (leasing company).

## Company car taxation

### Current company car tax regulations

Company car tax is charged for the private use of a company car (including journeys to and from work). There are two methods of calculating this tax, from which each employer may select:

- Fixed Assessment (FA) - two fuel options
- Actual Cost

The table below describes the calculation for each method:

	Purchased Vehicles		Operational Leasing (including purchase option)
	< 5 years	> 5 years	
<b>FA Option 1</b> (Employer does not pay fuel costs)	9 % of purchase price	6 % of purchase price	30 % of total cost (financing, service, insurance)
<b>FA Option 2</b> (Employer pays fuel costs)	12 % of purchase price	9 % of purchase price	40 % of total cost (financing, service, insurance, fuel)
<b>Actual Cost</b>	20 % of purchase price, insurance, maintenance costs and fuel (if applicable)	10 % of purchase price, insurance, maintenance costs and fuel (if applicable)	Calculation basis (CB) is the sum of the lease rentals, insurance costs, maintenance costs, and private fuel costs covered by the employer

The company car tax calculation for operational lease under the actual cost method is as follows:

$$\frac{\text{CB x private km driven that year}}{\text{Total km driven that year}}$$

For operational lease vehicles, company car tax has a ceiling equal to the company car tax of a newly purchased vehicle.

For outright-purchase vehicles, company car tax is calculated by taking the gross list price minus the discount (capital cost). If the capital cost is not available, the calculation is based on the gross list price of the vehicle.

### Example

BMW 320d (9 FHP) - FA Option 2

Reference price:	€ 29,600.00
Monthly lease rental:	€ 500.00 x 12
Insurance charges p.a.:	€ 1,000.00
Maintenance costs p.a.:	€ 600.00
Total:	€ 7,600.00

Therefore, the company car tax would be:

$$30\% \times € 10,000.00 = € 3,000.00$$

(but limited to the amount calculated for the fixed assessment).

However, the fixed assessment method for the same vehicle purchased outright would be:

$$9\% \times € 29,600.00 = € 2,664.00$$

$$€ 2,664.00 / 12 = € 188.66$$

In this example, € 188.66 would be added to the employee's monthly salary and taxed at their personal rate.

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# Alphabet Germany

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## Products & services

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### Finance products

- Operational lease (full service leasing – open and closed calculation)
- Finance lease (open and closed calculation)
- Service contracts (Dienstleistungsverträge)
- Sale and Leaseback

### Services

Service, maintenance and repairs, tyre management, insurance, accident management, roadside assistance, replacement vehicles, precontract vehicles, daily rentals, road and radio tax, vehicle-related fees, fuel management, fleet consultancy, fleet administration, fleet process mapping (TQFM™), online reporting, online car configurator, driving licence control, risk management, emission sticker handling, direct driver contact, 24/7 hotline.

### Minimum/maximum term and mileage

- Minimum: 12 months/10,000 km per annum
- Maximum: 54 months/180,000 km in total

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## Vehicle registration

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### Title

All vehicles have to be registered with the local municipality to receive registration plates and documents. The delivering dealership handles the registration.

In the case of leases (operational and financial), the lessor is considered the legal owner of the vehicle.

The cost of registration depends on the municipality where the car is registered. Currently, the cost is approximately € 100.00 excl. VAT, including the cost of the registration plates.

Cars not registered in Germany are generally subject to German car tax if they are driven in Germany for one year or more.

### Transfer of title

Title transfer for a car previously registered in Germany is based on the value of the car estimated by the dealer at the time of transfer. The cost of new registration documents is currently approximately € 100.00 and is paid to the vehicle registration authority (Zulassungsstelle).

Transfer of title for a car previously registered outside Germany depends on the type of registration. In some cases (where the vehicle was not given a European Union registration certificate), a technical inspection is required by the vehicle registration authority and currently costs approximately € 250.00 excl. VAT.

### Required documentation

The documentation required includes power of attorney and a copy of an identification card from the company's authorised signatory. Proof of insurance (Versicherungsbestätigung) and the certificate of corporate registration (Handelsregisterauszug) are also required.

### Time frame

Vehicle registration takes approximately one to two days once the vehicle and registration documents have been delivered to the dealership.

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## Taxation

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### VAT rate

The current VAT rate is 19 %.

### Other vehicle-related taxes and fees

#### ■ Road tax (Kfz-Steuer)

Road tax depends on the engine capacity (ccm) and on the emissions level. For example, the road tax for a BMW 320d is currently € 308.80 per year. Although this tax is paid annually in advance, most leasing companies factor it in the monthly lease rate.

#### ■ Radio tax (GEZ-Steuer)

Every vehicle registered in Germany is required to pay radio tax. This tax is currently € 5.52 per month. If the vehicle also contains a TV (for example, as part of the navigation system), the monthly tax increases to € 17.03.

### ■ Registration fee (Zulassungsgebühr)

A one-time registration fee is levied when first registering a vehicle for registration plates and documents. This fee currently amounts to approximately € 100.00 excl. VAT.

### ■ Vehicle transportation costs (Überführungskosten)

The vehicle transportation costs are generally divided into two parts.

- Freight costs: these costs cover the transportation of the vehicle from the plant to the dealership and are dependent on the location of the dealer and the vehicle model.
- Delivery costs: these costs cover the transportation of the vehicle from the dealer to the customer and depend on the distance.

### Example

BMW 320d	
Net List price:	€ 29,411.77
VAT (19 %):	€ 5,588.23
Gross list price:	€ 35,000.00
Road tax (per month):	€ 27.73
Radio tax (per month):	€ 5.52
Registration fee (one-off):	€ 100.00

### Tax refund and accounting

VAT related to company cars used by employees for both business and private use is fully deductible.

From a customer point of view, monthly lease payments are treated as operating expenses and are accounted for in the lessee's profit and loss account. The lessor (leasing company) capitalises the leased vehicles in its books, as the owner of the vehicles.

## Company car taxation (Geldwerter Vorteil)

### Current company car tax regulations

Private use of a company car is considered a taxable benefit. The Euro value of the private use depends on the employee's personal income tax rate and social security contributions.

BIK can be calculated using the 1 % rule:

- 1 % of the list price of the car including VAT plus 0.03 % of the list price of the car including VAT multiplied by the distance (in km) between the employee's home and office.
- The sum is the total monthly taxable benefit and is therefore, subject to monthly income tax and social security contributions.

### Company car tax calculation

BMW 320d	
Gross list price (incl.VAT):	€ 35,000.00
Distance between home and office is 10 km	
1 % of gross list price	€ 350.00
0.03 % of the gross list price = € 10.50 x 10 km	€ 105.00
Total:	€ 455.00

€ 455.00 would therefore be added to the employee's gross monthly salary and taxed at their personal tax rate. The employer is responsible for deducting the monthly amount from the employee's salary.

In addition to the 1 % regulation, employees have the option of calculating their company car taxation based on actual private mileage driven. Employees who use this method are obliged to maintain a logbook.

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# Alphabet Italy

## Products & services

### Financial products

- Operational lease (Long-term renting)

### Services

Service maintenance and repairs, tyre management, insurance, accident management, roadside assistance, replacement vehicle, precontract vehicles, daily rentals, road and tax, vehicle-related fees, fine management, fuel card management, fleet consultancy, on-line reporting, sale and lease back.

### Minimum/maximum term and mileage

- Minimum: 12 months/20,000 km per annum
- Maximum: 48 months/50,000 km per annum

## Vehicle registration

### Title

Generally, Alphabet Italy retains the title of the vehicle.

Cars must be registered with the General Motor Vehicles Office (MCTC) and the Provincial Public Car Registers (Pubblico Registro Automobilistico - P.R.A.). Once the registration requirements have been fulfilled, documents are issued for the car as follows.

- The MCTC registers cars and issues plates and licences.
- A license is issued in the name of the person declared to be the car's legal owner.
- Cars registered abroad may be driven in Italy for up to one year with a foreign registration license.
- For leased cars, the name of the lessee and the expiry date of the lease contract must be included on the license.

### Transfer of title

In order to transfer the title of a vehicle, a purchase/sale agreement signed by a public notary is required.

In addition, the property status will be updated on the logbook and the CDP (property certificate).

## Required documentation

Two documents are required:

- Form 21/20 signed by a legal representative
- Copy of the I.D. of a legal representative

## Time frame

The entire vehicle registration process takes approximately five working days.

## Taxation

### VAT rate

The current VAT rate is 20 %.

Car leases (financial and operational), car hire, and all services are classified as services and are therefore subject to Italian VAT when supplied by an Italian lessor (unless the car is used outside the EU).

## Other vehicle-related taxes and fees

### Registration tax

Vehicles registered in Italy are subject to a one-off provincial tax. For example, in the province of Milan this currently costs € 196.00.

### Road tax

All vehicles registered in Italy are subject to an annual road tax, whose calculation is based on the EU laws for polluting emissions (considering their polluting potential, cars are divided into 5 groups: Euro 0, 1, 2, 3, 4/5).

On the car's papers is written which of these groups the vehicle belongs. The road tax is calculated by multiplying the effective engine power by the correspondent value (different for Euro 0, 1, 2, 3, 4/5) for every KW.

From 0 to 100 KW	
EURO 0	€ 3.00
EURO 1	€ 2.90
EURO 2	€ 2.80
EURO 3	€ 2.70
EURO 4/5	€ 2.58

Until 100KW no other rules. For the vehicles of advanced power the KW exceeding the first 100 are multiplied for another unitary amount of reference.

Exceeding 100 KW	
EURO 0	4.50
EURO 1	4.35
EURO 2	4.20
EURO 3	4.05
EURO 4/5	3.87

For example, road tax for a BMW 320d (120 KW) is: (100 KW x € 2.58) + (20 KW x € 3.87) = € 335.40.

#### ■ Vehicle preparation

A flat fee is billed for predelivery preparation of the vehicle. This fee includes items such as mats and an emergency kit (triangle, replacement lights, etc.). The manufacturer generally sets the cost of vehicle preparation. For example, vehicle preparation for a BMW currently costs € 955.00.

#### Example

BMW 320d	
List price:	€ 27,995.83
VAT:	€ 5,599.17
Gross list price:	€ 33,595.00
Registration tax:	€ 196.00
Road tax:	€ 335.40
Vehicle preparation:	€ 955.00

**Important note:** The text in italics below reflects the tax situation as of July 2007. Alphabet expects changes to these regulations during 2007 due to a new fiscal law, which is currently under discussion in Italy. Please contact us directly for the latest status.

#### Tax refund and accounting

40 % of the total VAT paid is currently deductible for leased cars.

## Company car taxation (uso promiscuo)

### Current company car tax regulations

If the vehicle is used for private purposes only, the taxable benefit accruing to the employee is calculated in line with the general rules (corresponds to the market value of goods and services received).

The use of the car for travel to/from the workplace is deemed to be private usage.

If the vehicle is used for both private and business purposes (uso promiscuo), the taxable benefit is 90% of the total operating costs consisting with the car.

This rule is applicable if the vehicle is used for the most part of the year (minimum 181 days).

### Company car tax calculation

BMW 118d 5-door Attiva (usage: 258 days)	
Financial rate (year):	€ 5,463.00
Service rate (year):	€ 3,971.95
Other costs (year):	€ 253.92
Total operating cost/year:	€ 12,434.00
Deductible costs: (90 % total cost)	€ 9,326.00

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# Alphabet Mexico

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## Products & services

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### Financial products

- Operational lease (no renting), long-term rental, insurance and added services.
- Traditional loans

### Services

Standard services: insurance (fixed premium over contract term, including accident management and roadside assistance), vehicle registration tax and fees.

### Minimum/maximum term and mileage

- Minimum: 12 months/25,000 km per annum
- Maximum: 48 months/25,000 km per annum (with an extra fee for each kilometer that exceeds the maximum per year)

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## Vehicle registration

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### Title

The leasing company owns the operational lease vehicles. Cars must be registered with the SETRAVI (Secretaría de Transporte y Vialidad).

The owner must pay the registration tax, fees, and the first year's road tax. Every year the owner must pay a road tax (tenencia).

Once registration requirements have been fulfilled, the registration plates are issued.

The registration certificate is issued in the name of the car's legal owner (i.e. the leasing company). All the expenses in accordance with the contract have to be paid by the Lessee (including tenencia).

### Required documentation

As the car is in the name of Alphabet, no customer documents are required, except the proof of residence in case the leasing company doesn't have offices in the state, and also a letter from the customer approving the use of the residence.

### Time frame

The vehicle registration process takes approximately one week.

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## Taxation

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### VAT rate (IVA)

The current rate is 15 % for almost all the states, excluding the ones on the border (Quintana Roo and Baja California Norte), in which the rate is 10 %.

### Other vehicle-related taxes and fees

#### ■ Registration tax (Alta de placas)

New cars are subject to a tax of 381 pesos when registered for the first time in Mexico.

#### ■ Road tax (Tenencia)

New cars are subject to a tax of 3 % when registered for the first time in Mexico. This tax is based on the net list price of the vehicle, depending on the month in which the car is bought (for example if you buy the car in January, you pay the 3 %, but if you buy it on December, you only pay 0.25 %).

This tax, also is charged annually and is payable to the town hall where the vehicle is registered. The tax rate for subsequent years decreases.

#### ■ Test pollution

New cars are subject to a tax of 506 pesos for the first two years. After these two years, the cars have to pay 240 pesos every 6 months. This tax only is for the next states: D.F., Estado de México, Guadalajara, Puebla, Queretaro and Veracruz.

## Example

This example is for a car in D.F. bought in January:

BMW 325i 2008

Net list price:	USD\$	32,860.86
Exchange rate: 11 pesos/USD		
Net list price in pesos:	pesos	361,469.56
VAT:	pesos	54,220.43
Registration tax:	pesos	381.00
Road tax:	pesos	10,844.08
Test pollution:	pesos	506.00
Total vehicle price:	pesos	427,421.07

## Tax refund and accounting

According to the Mexican law, the customer can deduct 250 pesos daily from the monthly rent, plus VAT. Also all the car expenses (insurance, maintenance, tires, etc) are 100 % deductible. Lease agreements are treated as operating expenses and accounted for in the profit and loss account.

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## Contact information

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# Alphabet Netherlands

## Products & services

### Financial products

- Operational lease
- Finance lease
- Renting

### Services

Service, maintenance and repairs, tyre management, insurance, accident management, roadside assistance, replacement vehicles, precontract vehicles, daily rentals, national fees and taxes, fine management, fuel management, fleet consultancy and reporting.

### Minimum/maximum term and mileage

- Minimum: 6 months/5,000 km per annum
- Maximum: 60 months/165,000 km (petrol, LPG)
- Maximum: 60 months/180,000 km (diesel)

## Vehicle registration

### Title

In the Netherlands, vehicles must be legally registered either in the name of a private person living in the Netherlands or in the name of a legal entity (company) registered in the Netherlands. Operational lease vehicles are registered in the name of the leasing company.

The BPM (Belasting van Personenauto's en Motorrijwielen) – a luxury tax – must be paid if a vehicle is registered in the Netherlands (please see Taxation section for more details).

### Transfer of title

If a title is transferred within the Netherlands, the costs are negligible. For cars imported into the Netherlands, the costs relating to the import (apart from VAT and BPM) currently amount to approximately € 1,500.00.

### Required documentation

Registering a car in the Netherlands requires all the car's registration papers (part Ia, part Ib and the "overschrijvingsbewijs"). In addition, authorisation from Alphabet Netherlands is needed to register the car in Alphabet's name.

For used cars, a technical inspection is required by the Dutch government traffic office, Rijksdienst voor het Wegverkeer (RDVV).

The total registration costs are approximately € 1,500.00 excluding BPM and VAT (which are paid on the vehicle price).

### Time frame

The vehicle registration process takes approximately three days for vehicles previously or currently registered in the Netherlands.

For vehicles previously registered abroad, the registration process takes approximately two weeks (depending on the technical inspection).

## Taxation

### VAT rate

The current VAT rate is 19 % (as from 2009 the VAT rate will be 20%).

Since an operational lease is treated as a service, the lessor must pay VAT on each lease rental including financing costs.

### Other vehicle-related taxes and fees

#### ■ Registration tax (BPM)

For all new passenger cars and motorcycles in the Netherlands, an excise duty (BPM) must be paid. This increases the vehicle's list price by up to 42.3 %.

- Petrol cars: BPM is 42.3 % of the net list price minus € 1,442.00.
- Diesel cars: BPM is 42.3 % of the net list price plus € 307.00.

If registering a used car, the BPM due is reduced depending on the age of the vehicle. For example, a car between six and twelve months old will be eligible for a 24 % BPM reduction.

No BPM is due for public-service passenger cars (e.g. police cars).

For example, the current list price of a BMW 318d 4-door is € 39,850.00, including € 10,048.00 BPM.

#### ■ Energy labels

Based on fuel consumption and CO<sub>2</sub> emissions (energy label), the following correction is applied to BPM:

Energy label	BPM Correction
A	- € 1,400.00
B	- € 700.00
C	- € 0.00
D	+ € 400.00
E	+ € 800.00
F	+ € 1,200.00
G	+ € 1,600.00

Hybrid cars with energy label A (most fuel-efficient) receive a € 5,000.00 deduction on BPM. Hybrids with energy label B receive a € 2,500.00 deduction.

### ■ Additional tax on highly polluting vehicles

Petrol cars that produce > 240 grams CO<sub>2</sub> per km and diesel cars that produce > 200 grams CO<sub>2</sub> per km pay € 110.00 for each extra gram CO<sub>2</sub> per km on BPM.

### ■ Diesel particle tax

For diesel cars the following additional BPM correction is applied, in which € 200.00 is added or deducted for each mg PM10 emission per km.

Emission (PM10)	Correction on BPM
0 mg	- € 1,000.00
1 mg	- € 800.00
5 mg	- € 0.00
10 mg	+ € 1,000.00
20 mg	+ € 3,000.00

### ■ Road tax

Road tax depends on the fuel type and the weight of the car. For example, a BMW 318i 4-door is taxed at €132.00 per quarter.

Petrol vehicles that are also equipped with an LPG installation are taxed more heavily. For example, a BMW 318i including an LPG installation is taxed at €213.00 per quarter.

Diesel cars have the highest road tax. For example, a BMW 318d 4-door is taxed at €279.00 per quarter.

### Example

BMW 318d 4-door	
Net price:	€ 25,044.00
BPM:	€ 10,048.00
VAT:	€ 4,758.00
Total consumer price:	€ 39,850.00

### Tax refund and accounting

Companies eligible to reclaim VAT can recover 100 % VAT on the lease (or purchase) of cars. If the car is used for private purposes, VAT is recoverable at 12 % x 25 % x consumer price.

Partially tax-exempt companies can only recover part of the VAT. Companies that deduct VAT on the lease of cars but use the cars for private purposes must repay part of the VAT recovered.

No tax refund will be granted if a car is scrapped or exported. BPM is not refunded once it is paid (i.e. if a car is sold, the resale price of the vehicle will include BPM).

Lessees do not capitalise or depreciate a lease contract on their books. Monthly lease payments are treated as operating expenses and accounted for in the profit and loss account. Lessees are obliged to include information regarding long-term obligations (i.e. lease contracts) as additional information in their annual reports.

## Company car taxation (bijtelling)

### Current company car tax regulations

There is no company car tax charged for the business use of a company car, but private use is taxable.

The taxable benefit for private use depends on the number of private kilometres driven during a given year.

A percentage of the list price of the car is used to determine the total taxable benefit. This percentage differs according to the annual private mileage driven (for private mileage below 500 km, a log must be provided):

- 0 - 500 private km = 0 %
- > 500 private km = 25 %\*

\* Petrol cars that produce < 110 gram CO<sub>2</sub> per km and diesel cars that produce < 95 gram CO<sub>2</sub> per km benefit from a lower percentage of 14%.

### Company car tax calculation

BMW 318d 4-door	
Total consumer price:	€ 39,850.00
Private kilometres:	8,000 km per annum
Total taxable base (25 % x € 39,850.00):	€ 9,962.50

The total company car tax due depends on the driver's personal tax rate. If an employee has a tax rate of 52 %, their annual company car tax contribution would be 52 % x € 9,962.50 = € 5,180.50, paid in 12 equal monthly instalments.

The company deducts this monthly contribution from the employee's salary on behalf of the tax authority and pays it directly to the authority.

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# Alphabet Norway

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## Products & services

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### Finance products

- Lease – Alphabet Norway is the owner of the car; the customer leases the car without any additional services. The delivering dealer guarantees the residual value.
- Lease with administration – lease (mentioned above) plus any optional services desired.
- Loan – the customer is the owner of the car; Alphabet Norway provides the customer with a loan, plus any optional services desired (listed below).

### Services

Standard services: registration, road taxes, fees, fleet consultancy, reporting.

Optional services: service, maintenance and repairs, tyre management, roadside assistance, replacement vehicles (through daily rentals), precontract vehicles, fuel cards, and VIP service (pick-up and delivery of car for maintenance).

### Minimum/maximum term and mileage

- Minimum: 36 months lease, 12 months loan
- Maximum: 60 months lease, 84-month loan

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## Vehicle registration

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### Title

Cars must be registered at the "Statens Vegvesen, Biltilsynet". The owner is required to pay the registration tax, fees and road tax for the period that they own the car.

Once the registration requirements have been fulfilled, the relevant plates and licences (registration certificate, technical card and certificate of compliance with regulations), including registration numbers, are issued for the vehicle.

The registration certificate is issued in the name of the person declared to be the legal owner of the car.

For leased vehicles, the owner is always the leasing company.

Registration certificates for leased vehicles only require the name of the vehicle's legal owner and do not need to include the name of the customer or expiry date of the lease contract. Registration is performed by the delivering dealer.

### Transfer of title

A car originally registered abroad needs to be registered in Norway in order to qualify for the tax benefits on lease vehicles.

Title transfers are not very common for leased vehicles due to the fact that tax benefits only apply if the contract runs at least 36 months (see Taxation section).

If a lease contract is terminated prior to 36 months and a transfer of title is desired, the VAT originally reclaimed has to be repaid for the remainder of the lease period.

### Required documentation

- Proof of full insurance coverage (not just liability coverage)
- COC (Europeisk typegodkjenning)
- Customs card (Tollkort)

### Time frame

Once the vehicle (and required documentation) is delivered to the dealership, vehicle preparation and registration takes approximately one to two days.

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## Taxation

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### VAT rate

The current VAT rate is 25 %.

VAT is not payable on new cars that are purchased for the purpose of leasing. Instead, VAT is added to the total monthly rental. However, VAT is paid monthly on the depreciated amount plus interest (excluding the residual value).

### Other vehicle-related taxes and fees

- **Registration tax, based on the following factors:**
  - Size of engine (HK/KW)
  - Weight
  - Displacement

The registration tax for a BMW 316i Saloon is currently NOK 105,422.00 (approximately € 13,178.00 at NOK 8 to € 1.00).

■ **Road tax**

Road tax is paid on an annual basis and is currently NOK 2,915 (approximately €365 at NOK 8 to € 1) for a BMW 316i saloon.

**Example**

BMW 316i Saloon

Net list price:	NOK	161,822.00
VAT:	NOK	40,456.00
Gross list price:	NOK	202,278.00
Registration tax:	NOK	105,422.00
Price:	NOK	307,700.00

**Tax refund and accounting**

VAT paid on the monthly lease rental is not reclaimable for passenger cars (i.e. regular company cars). However, 100 % of the VAT paid on the monthly lease rental can be deducted if the vehicle is a light commercial vehicle (LCV) and if its necessity to core business is proven (e.g. a furniture company requiring a LCV to transport furniture).

For lease customers, monthly lease payments are treated as operating expenses and accounted for in the profit and loss account. The leased vehicle is depreciated in the books of the leasing company.

**Company car taxation  
(Firmabilbeskatning)**

**Current company car tax regulations**

A company car is considered a taxable benefit in Norway. There are standard rules for the tax calculation based on original car price, mileage driven and the age of the car.

- If a customer drives more than 40,000 km for work purposes in one year, or if the car is older than three calendar years, they can deduct 25 % of the tax paid. If both factors apply, 56.25 % of the tax paid can be deducted.
- The multiplying factor is calculated according to the following price categories (based on list prices including VAT and registration tax):
  - < NOK 239,100.00 = 0.30
  - > NOK 239,100.00 = 0.20

The total is added to the employee’s income statement and taxed according to their marginal tax percentage, normally 44.8 %.

**Company car tax calculation**

BMW 316 saloon

Total list price:	NOK	307,700.00	(~ € 38,463.00 at NOK 8 to € 1.00)
Annual company car tax:	NOK	38,282.00	(~ € 4,786.00 at NOK 8 to € 1.00)
Monthly company car tax due:	NOK	3,190.00	(~ € 399.00 at NOK 8 to € 1.00)

Company car tax is collected by the employer through a monthly salary deduction.

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# Alphabet Spain

## Products & services

### Financial products

- Operational lease (renting). Long-term rental including taxes, insurance and added services.

### Services

#### Standard services:

Service, maintenance and repairs, tyre management, insurance (fixed premium over contract term, including accident management and roadside assistance), road and tax, vehicle registration tax and fees, fine management, fleet consultancy, Alphabet online (internet reporting tool).

#### Optional services:

Replacement car, pre-delivery vehicles, fuel card, VIP service (pick-up and delivery of car for maintenance).

### Minimum/maximum term and mileage

- Minimum: 6 months/5,000 km per annum
- Maximum: 48 months/200,000 km in total (60 months in exceptional cases)

## Vehicle registration

### Title

The leasing company owns operational lease vehicles.

Cars must be registered with the Dirección General de Tráfico (DGT). The owner must pay the registration tax, fees and first year's road tax. Once registration requirements have been fulfilled, the registration plates are issued.

The registration certificate is issued in the name of the car's legal owner (i.e. the leasing company).

### Transfer of title

A car originally registered abroad must be re-registered in Spain if it is to be used primarily in that country. The lessor, who would become the new legal owner of the car, is responsible for registration.

### Required documentation

No customer documents are required, as the car is in the name of Alphabet.

### Time frame

The vehicle registration process takes approximately two to three working days.

## Taxation

### VAT rate (IVA)

The current VAT rate is 16%.

### Registration tax (Impuesto de matriculación)

When registering a new car for the first time, a registration tax is due. The fiscal band varies according to the car's CO<sub>2</sub> emissions

1st Fiscal Band	≤ 120 g	0 %
2nd Fiscal Band	121 g - 159 g	4,75 %
3rd Fiscal Band	160 g - 199 g	9,75 %
4th Fiscal Band	≥ 200 g	14,75 %

### Road tax (Impuesto de circulación)

This tax is charged annually and is payable to the town hall where the vehicle is registered. The tax rate is based on the engine power (fiscal HP). For example, road tax for a 320d is currently €143.88 in Barcelona.

Despite nationally set rates, local town halls may add a multiplying coefficient depending on the number of citizens in the municipality.

### Tax refund and accounting

Whether and how much a lessee can reclaim depends on the personal/business mileage driven. On average, 50 % of VAT is deductible (though this may differ in each case).

Lease (renting) agreements are treated as operating expenses and accounted for in the profit and loss account.

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## Company car taxation (Remuneración en especie)

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### Current company car tax regulations

A company car used for private purposes is considered a taxable benefit in Spain.

There is no standard rule for the calculation, so each case is assessed individually. The most common calculation methods used by companies are based on the age or (private) mileage of the vehicle.

Key factors affecting company car tax calculation:

- Cost of vehicle when new
- Private use (determined by employer)
- Annual depreciation (20 % for tax purposes)
- Income tax rate

### Company car tax calculation

BMW 320d

Total vehicle price:	€	34,000.01
Annual depreciation:		20 %
Private use:		30 %
Sample income tax rate:		25 %
Annual value of benefit (20 % x € 34,000.01 x 30 %)	€	2,040.00
Annual payment due (€ 2,040.00 x 25 %)	€	510.00
Monthly payment due:	€	42.50

Generally, the employer deducts company car tax from the employee's monthly salary. Alternatively, the employee may arrange payment directly to the government.

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## Contact information

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# Alphabet Sweden

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## Products & services

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### Financial products

- Financial lease: additional services are obtained via separate fleet management contracts and managed by Alphabet.
- Operational lease: full-service contract hire
- Alphabet purchases the leased vehicles, finances them at a fixed or floating interest rate, and remarkets them at the end of the contract.

### Services

Service, maintenance and repairs, tyre management, insurance, accident management, roadside assistance, replacement vehicles, precontract vehicles, daily rentals, national fees and taxes, fine management, fuel management, fleet consultancy, reporting, remarketing.

### Minimum/maximum term and mileage

- Minimum: 12 months/no minimum mileage
- Maximum: 48 months/no maximum mileage

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## Vehicle registration

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### Title

For financial lease vehicles, the vehicle is registered in the name of the customer. However, Alphabet remains the registered keeper of the vehicle.

For operational lease vehicles, the leasing company is the owner and, therefore, title-holder of the vehicle.

The delivering dealer is responsible for the registration of the vehicle with the national vehicle registration authority (Vägverket).

### Transfer of title

If a vehicle was registered in another EU country, the Swedish authorities require the certificate of conformity (COC document) and previous vehicle registration documents.

The registration plates of Swedish vehicles never change throughout their lifespan. Hence, if the vehicle is used, it is already registered and may be driven immediately.

## Required documentation

As vehicle registration is an entirely electronic process, no documentation is required from the customer. Alphabet gives the dealer the required legal information (e.g. customer VAT number). The dealer then registers the vehicle electronically.

## Time frame

For new vehicles, registration takes approximately one day. This time frame also applies to imported vehicles.

For vehicles previously registered in Sweden, re-registration is not required as the licence plates do not change and the vehicle may therefore be driven immediately.

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## Taxation

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### VAT rate

The current VAT rate is 25 %.

Since an operational lease is treated as a service, the lessor must pay VAT on each lease rental, including financing costs.

## Other vehicle-related taxes and fees

### ■ Registration fee

The registration fee amounts to approximately SEK 400.00 (the one-off fee is generally included in the new vehicle price and payable only when the vehicle is purchased). Thereafter, an annual registration fee of approximately SEK 150.00 is charged.

### ■ Road tax

#### CO<sub>2</sub> emission-related taxes

Road tax is based on CO<sub>2</sub> emissions.

- Road tax for a BMW 320i MY2007 is currently SEK 1,530.00 per year.

- Road tax for diesel vehicles is also based on CO<sub>2</sub> emissions, but the calculation here is multiplied by 3.5. For a BMW 320d MY2007, road tax is currently SEK 4,043.00

## Example

BMW 320i 4 door MY2007

Net list price:	SEK	207,200.00
VAT:	SEK	51,800.00
Gross list price:	SEK	259,000.00
Road tax:	SEK	1,530.00
Registration fee:	SEK	400.00
Total consumer price:	SEK	260,930.00

## Tax reclamation & accounting treatment

Customers who are eligible to reclaim VAT can recover 50 % on the financial rental and 100 % on the service rental.

Lessees do not capitalise or depreciate a lease contract on their books as the vehicles are owned and capitalised by the leasing company (Alphabet). Monthly lease payments are treated as operating expenses and accounted for in the profit and loss account.

## Company car taxation (Förmånsvärde)

### Current company car tax regulations

The benefit for company cars is determined according to the list price for each model as specified by the Swedish national tax administration (RSV). Any additional equipment is included in the calculation (with the exception of mobile phones).

The taxable benefit calculation of a company car is based on the following factors:

- 30 % of a government stipulated base amount (2007: SEK 40,300.00).
- 9 % of the vehicle's list price.
- 75 % of the government interest rate (2007: 3.54 %) multiplied by the vehicle's list price.
- If the vehicle's list price is more than 7.5 times the base amount ( $7.5 \times \text{SEK } 40,300.00 = \text{SEK } 302,250.00$ ), 20 % of the excess is added to the above calculation.
- The value of the benefit is reduced by 25 % if the employee drives more than 30,000 business kilometres in a tax year. If the employer pays for fuel used privately by the employee, this results in an additional benefit. This benefit is calculated at 120 % of the market value of the fuel used for private use.

## Company car tax calculation

BMW 320i 4 door MY2007

Gross list price:	SEK	259,000.00
30 % of base amount ( $0.3 \times 40,300.00$ )	SEK	12,090.00
9 % of list price (up to SEK 302,250.00)	SEK	23,310.00
75 % of government interest rate ( $0.75 \times 0.0354 \times 259,000.00$ )	SEK	6,876.00
Annual company car tax due: ( $12,090.00 + 23,310.00 + 6,876.00$ )	SEK	42,276.00
Monthly company car tax due:	SEK	3,523.00

This amount (SEK 3,523.00) is added to the employee's gross monthly salary and taxed at their personal rate. The employer is responsible for deducting the monthly amount from the employee's salary.

## Cars with reduced company car taxation

Hybrid cars or cars driven on gas (biogas) are entitled to a reduction of the taxation by 40 %.

Ethanol cars are entitled to a reduction of the taxation by 20 %.

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# Alphabet Switzerland

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## Products & services

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### Finance products

- Operational lease
- Finance lease
- Employee schemes

### Services

Service maintenance and repairs, tyre management, insurance, accident management, roadside assistance, replacement vehicle, pre-contract vehicles, daily rentals, national fees and taxes, vehicle-related fees, fuel management, fleet consultancy, reporting.

### Minimum/maximum term and mileage

- Minimum: 12 months/10,000 km per annum
- Maximum: 60 months/50,000 km per annum

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## Vehicle registration

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### Title

The title of a vehicle remains with the leasing company. Generally, the lessee keeps the vehicle registration certificates. The lessee's registered office must be based in Switzerland. The delivering dealership handles the logistics of registering the vehicle.

### Transfer of title

If a title is transferred for a previously Swiss-registered vehicle, then new registration documents and registration licence plates must be obtained (currently CHF 50.00 each).

If a vehicle is imported into Switzerland, the following fees must be paid:

- 4 % of the vehicle's market price at the time of importation.
- 7.6 % VAT on the market price at the time of importation.

### Required documentation

Required documentation generally includes the vehicle invoice and form 13.20 (Swiss inspection report).

For used vehicles, the previous vehicle registration certificate is required.

### Time frame

Under normal circumstances, vehicle registration should take approximately one week.

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## Taxation

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### VAT rate

The current VAT rate is 7.6 %.

### Other vehicle-related taxes and fees

#### ■ Road tax

Road tax is an annual obligatory tax allowing the vehicle to drive on Swiss roads. The cost of road tax depends on the canton (region) in which the vehicle is registered. For example, road tax for a BMW 320i costs CHF 395.00 per year in Canton Zurich. In Geneva, the road tax would cost CHF 330.00.

#### ■ Motorway tax (Vignette)

The Vignette is a highway tax that allows the vehicle to drive on Swiss highways and currently costs CHF 40.00 per year.

#### ■ Number plates

A one-time fee for issuing number plates is levied when registering a new vehicle. The cost depends on the canton in which the vehicle is registered. In Zurich, current costs amount to CHF 50.00.

#### ■ Registration documents

A one-off fee is levied for issuing registration documents for a new vehicle. The cost depends on the canton in which the vehicle is registered. In Zurich, the current cost is CHF 40.00.

## Example

BMW 320i 150 HP		
List price:	CHF	40,241.64
VAT (7.6 %):	CHF	3,058.36
Gross list price:	CHF	43,300.00
Road tax Zurich canton:	CHF	395.00
Licensing costs:	CHF	80.00
Vehicle registration costs:	CHF	40.00
Vignette:	CHF	40.00

## Tax refund and accounting

Customers who are eligible to reclaim VAT can recover 100 % of the VAT on the total monthly rental. However, VAT on insurance payments and road tax is not refundable.

Lessees do not capitalise or depreciate a lease contract on their books. Monthly lease payments are treated as operating expenses and accounted for in the profit and loss account.

## Company car taxation

### Current company car tax regulations

BIK calculations differ slightly from canton to canton in Switzerland, but regulations and basis for calculation remain constant. To establish the amount of company car tax due, the following method is used:

- In cooperation with the corporate customer, the Swiss Tax Authority identifies a "reference vehicle" as the calculation basis for all company car drivers in that particular fleet. Irrespective of the actual car ordered, company car tax will be payable based on the agreed reference vehicle.
- The private usage and subsequent company car tax is calculated by taking 1% of the reference vehicle's gross catalogue price including options per month. In other words, 12 % of the gross catalogue price is used as the basis for employee taxation per year (see example below).

## Company car tax calculation

Gross list price:	CHF	40,000.00
Annual company car tax (12 %):	CHF	4,800.00
Gross list price:	CHF	60,000.00
Annual company car tax (12 %):	CHF	7,200.00

For example, an employee with a personal tax rate of 20% would be liable for 20% x CHF 7,200.00 per year. This results in annual company car tax due in the amount of CHF 1,440.00.

The employer deducts company car tax from the employee's salary on a monthly basis.

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# Alphabet United Kingdom

## Products & services

### Finance products

- Contract hire
- Insurance-inclusive contract hire
- Contract purchase
- Sale and leaseback
- Employee car ownership (ECO)
- Affinity schemes

### Services

Service, maintenance and disposal of vehicles, fuel management, tyre management, roadside assistance, replacement vehicles, precontract vehicles, daily rental, insurance, full outsourcing, fleet consultancy, fleet management, vehicle rental, reporting, and accident, risk and insurance management.

### Minimum/maximum term and mileage

- Minimum: 12 months/10,000 miles per annum
- Maximum: 48 months/50,000 miles per annum or total of 150,000 miles

## Vehicle registration

### Title

The registration document (V5) refers to the current registered keeper, who is not necessarily the legal owner of the vehicle. Under contract hire, the title remains with Alphabet, and at no stage can the customer acquire the title. Under contract purchase, the customer has the option of acquiring the title at the end of the agreement. Under ECO, the title is with the employee from the outset.

International agreements provide for temporary use of a vehicle in a foreign country for a limited time (usually six months in a 12-month period). A visitor to the UK may use a vehicle displaying foreign plates, provided that all taxes (including vehicle excise duty) are paid in the applicable country of origin.

### Transfer of title

The title is assigned according to the funding method. The customer may request a change of registration number against a small fee.

For foreign travel, where Alphabet holds the original registration document, the customer applies for a VE103 certificate as a substitute.

### Required documentation

The supplying dealer handles the registration process. The dealer only requires authorisation from Alphabet to register the vehicle in Alphabet's name.

### Time frame

Cars are usually registered approximately 24 hours prior to delivery.

## Taxation

### VAT rate

The current VAT rate is 17.5 %.

### Other vehicle-related taxes and fees

#### ■ Vehicle Excise Duty

The vehicle excise duty (VED) varies according to the car's CO<sub>2</sub> emissions. For a BMW 320i, the VED is currently GBP 115.00 per year.

#### ■ Registration fee

When registering a new car for the first time, a registration fee is due. The registration fee for a BMW 320i Saloon ES is currently GBP 50.00.

### Example

BMW 320i Saloon ES		
List price:	GBP	18,659.57
Delivery cost:	GBP	490.00
VAT:	GBP	3,351.17
VED (valid for 1st year including GBP 50.00 registration fee):	GBP	165.00
On-the-road price:	GBP	22,665.74

## Tax refund and accounting

Under contract hire, the customer is able to recover up to 50 % of the VAT levied on the finance element of the monthly rental, assuming they are VAT-registered.

Where other VAT-applicable services are provided (e.g. maintenance), a VAT-registered customer can recover up to 100 % of VAT.

Monthly lease payments are treated as operating expenses and accounted for in the company's profit and loss account. The asset (the leased vehicle) is capitalised on the books of the lessor (the leasing company).

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## Company car taxation

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### Current company car tax regulations

Please see the Car and Van Tax Guide 2007/2008 on the next page.

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## Contact information

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# Car and Van Tax Guide 2007 / 2008

## Company car taxation

The CO<sub>2</sub> emission levels qualifying for the minimum taxable benefit for 2007/08 have been frozen at 2006/07 levels. For 2008/09 there is a reduction of the minimum carbon dioxide emissions threshold from 140g/km to 135g/km. For 2008/09, company cars with CO<sub>2</sub> emission levels of 120g/km or less will be taxed based on 10 % of list price as an incentive for cleaner cars, although there will be no further reduction for bifuel/hybrid cars.

Approved CO <sub>2</sub> emission figures in g/km			
2007/08	2008/09	2009/10 <sup>2</sup>	Taxable % of list
140	135	135	15*
145	140	140	16*
150	145	145	17*
155	150	150	18*
160	155	155	19*
165	160	160	20*
170	165	165	21*
175	170	170	22*
180	175	175	23*
185	180	180	24*
190	185	185	25*
195	190	190	26*
200	195	195	27*
205	200	200	28*
210	205	205	29*
215	210	210	30*
220	215	215	31*
225	220	220	32*
230	225	225	33**
235	230	230	34***
240	235	235	35

Emission figures for vehicles are rounded down to the nearest 5g/km  
 Diesel supplements: \*Add 3% \*\*Add 2% \*\*\*Add 1%

## Diesel cars

Since April 2006, the waiver of the 3 % supplement for diesel cars meeting Euro IV standards will be withdrawn for all cars registered from 1 January 2006.

## Alternative fuels

For bi-fuel conversion vehicles, the cost of conversion will be ignored, but no further discounts are given. Bi-fuel cars with official CO<sub>2</sub> emission figures will receive a 2 % discount on the scale charge, as will gas-only cars. Electric-only cars will receive a reduction of 6 %, with a 3 % discount for hybrid petrol/electric cars. From 6 April 2008, cars that have been manufactured to run on E85 (Ethanol based) fuel will receive a 2 % discount.

## Company car private fuel

The scale charge figure for private fuel provided for company cars remains at GBP 14,400 for 2007/08. To calculate the benefit in kind charge on free private fuel, use the percentage determined by the CO<sub>2</sub> emissions of the car and multiply this by GBP 14,400. Where free private fuel ceases to be provided to an employee during a tax year, the benefit in kind charge will be reduced accordingly; provided there is no recommencement of free private fuel in the same year.

## Taxation of company vans

If an employee is provided with a van on which there is unrestricted private use, a fixed benefit in kind charge of GBP 3,000.00 applies. If private use of the van is restricted to, broadly, home to work travel there will be no benefit in kind tax charge. If private fuel is provided, a further GBP 5,000.00 charge will arise. These rules could impact those company car drivers who are considering recreational vehicles, such as double cab pick-ups, and have agreed with HM Revenue & Customs that these are treated as vans.

## Vehicle excise duty

Vehicle Excise Duty is now levied at the same rate on petrol and diesel cars within each CO<sub>2</sub> band. The highest rate (Band G) will rise from GBP 300.00 to GBP 400.00 in 2008/9.

## Fuel duty

Duty on petrol and diesel will increase by 2p per litre from 1 October. This will raise pump prices by 2.4p when VAT is included. Duties on petrol and diesel will rise again by 2p per litre on 2008/9 and by 1.85 pence per litre in 2009/10.

## Fuel Rates for company cars

Where business mileage fuel costs only are reimbursed to company car drivers, no fuel scale charge will arise. HM Revenue & Customs have published advisory fuel rates for company car drivers; they accept that payment of these rates will not give rise to income tax or National Insurance liabilities.

Engine size	Reimbursement per mile*		
	Petrol	Diesel	LPG
1,400cc or less	9p	9p	6p
1,401cc to 2,000cc	11p	9p	7p
Over 2,000cc	16p	12p	10p

\*Other rates may be agreed with the HM Revenue & Customs where the employ can demonstrate that they are justified

HM Revenue & Customs will also currently accept these figures for VAT purposes

## Mileage rates for private cars

Where business mileage is reimbursed to non-company car drivers (for example those who have opted out of a company car scheme), a mileage rate up to the maximum published Approved Mileage Allowance Payment rate may be paid free of income tax and National Insurance. The current rates are shown below.

Engine size	Up to 10,000 miles*	Excess over 10,000 miles*
All cars	40p	25p

\* The 10,000 mile limit for tax purposes does not apply to National Insurance.

If the employer reimburses business mileage at a rate below the maximum Approved Mileage Allowance Payment rate, the employee is entitled to claim income tax relief on the difference.

## Example

An employee travelling 5,000 business miles in their private car who is reimbursed 12p per mile by their employer can claim tax relief of GBP 1,400.00 (5,000 x 40p-12p). This equates to a tax refund (or set-off) of GBP 560.00 for a higher rate taxpayer and GBP 308.00 for a basic rate taxpayer.

The information presented in this Guide is for general information purposes only and is to the best of the publishers' knowledge correct at the time of going to press. May 2007



## International Fleet Handbook\* : Local Lease Terms

Country-specific lease terms	Funding	Financial lease	Operational lease	Other products
AUS		Finance Lease	Operating Lease	Novated Lease Commercial Hire Purchase
AT		<b>Restwertleasing</b> The lessee has the option of purchasing the vehicle at the end of the contract for the agreed residual value. Asset is on lessor's balance sheet.	<b>Nutzenleasing</b> SF3-AT bears the residual value risk (vehicle balanced by Alphabet). Provision of finance and related services.	
BE		<b>Dutch: financiële leasing</b> <b>French: leasing financier</b> The lessee is the economic owner of the vehicle, i.e. the risk and control of the vehicle is to be handled by the lessee. The vehicle is on the lessee's balance sheet. This type of leasing is only available for legal entities. At the end of the lease term, the residual value must not exceed 15 % of the list price. The lessee has to purchase the car for the agreed residual value.	<b>Dutch: huur op lange termijn</b> <b>French: leasing opérationnel</b>	Financial renting
DK	Finansie Leasing	Finansiel Leasing	Operationel leasing	
FIN		<b>Rahoitusleasing</b> The car is purchased by Alphabet and the lessee can use it without restriction. The company therefore signs a leasing contract that covers the purchasing costs. A fixed monthly rate is charged to the lessee. The customer bears the residual value risk at the end of the contract.	<b>Huoltoleasing</b> This involves financing the car's purchase cost and providing related services (maintenance, etc.).The customer pays a monthly rate in return for the vehicle and related services. The car is on Alphabet's balance sheet, so Alphabet is the residual risk owner.	
FR		<b>Leasing financier</b>	<b>Leasing opérationnel</b>	
D	Finanzleasing	<b>Restwertleasing</b>	<b>Full service leasing (Kilometervertrag)</b>	Sale and Leaseback

\*Version updated June 2008

Country-specific lease terms	<b>Funding</b> Simplest form of lease, which merely provides funding for the vehicle. RV risk lies with the lessor.	<b>Financial lease</b> Provides funding for the vehicle, but RV risk lies with the lessee. Services can be added.	<b>Operational lease</b> RV risks lies with the lessor. Car is returned at the end of the lease period. Operational lease usually includes services such as SMR, tyre replacement, etc.	<b>Other products</b>
UK	<b>Funding</b>	<b>Financial lease</b>	<b>(Also contract hire)</b>	
IT	<b>Finanziamento</b>	<b>Leasing finanziario</b>	<b>Leasing operativo</b>	
MX			<b>Operational Lease</b> BMW Leasing company is the owner of the car and the customer leases the car without any other additional services (in some cases include the insurance).The customer has two choices by the end of the term (return or purchase the units). RV risks lies with the lessor.	<b>Traditional Loan</b> The customer is the owner of the car and the customer finance the car without any other additional services( in some cases we include the insurance).
NL	<b>Netto operational lease</b> A form of operational lease without any services included. The vehicle has to be returned at the end of the lease period.	<b>Financial lease</b>	<b>Operational lease</b>	
NW	<b>Leasing</b> Alphabet Norway is the owner of the car and the customer leases the car without any other additional services. The delivering dealer guarantees the residual value.		<b>Leasing with administration (Biladministrasjon)</b> Leasing (as described above) plus any additional optional services desired. Balanced by Alphabet.	
ES			<b>Renting (Alquiler a Largo Plazo)</b>	
SWE		<b>Finansiell leasing</b> The customer does not have to buy the vehicle at the end of the leasing period.	<b>Operationell leasing</b>	
CH	<b>Leasing</b> The car is purchased by Alphabet (Alphabet balance sheet) and the lessee can use it without restriction. The company therefore signs a leasing contract that covers the purchasing costs. A fixed monthly rate is charged to lessee. The customer has no liability at the end of the period.	<b>Financial leasing</b> The car is purchased by Alphabet (customer balance sheet) and the lessee can use it without restriction. The company therefore signs a leasing contract that covers the purchasing costs. A fixed monthly rate is charged to the lessee. The residual risk lies with the lessee.	<b>Financial leasing</b> The car is purchased by Alphabet (customer balance sheet) and the lessee can use it without restriction. The company therefore signs a leasing contract that covers the purchasing costs. A fixed monthly rate is charged to the lessee. The residual risk lies with the lessee.	

## International Fleet Handbook\* : Abbreviations

Abbreviation	Language	Meaning	English translations of foreign terms
<b>abbr.</b>	English	abbreviation	
<b>ACI</b>	Italian	Automobile Club d'Italia	private association of Italian car drivers
<b>AKE</b>	Finnish	Ajoneuvorekisterikeskus	Finnish vehicle administration
<b>BIK</b>	English	benefit in kind	
<b>BMW</b>	German	Bayerische Motoren Werke	
<b>BPM</b>	Dutch	Belasting van Personenauto's en Motorrijwielen	luxury tax on cars and motorcycles
<b>cc</b>	English	cubic centimetre	
<b>CDP</b>	Italian	certificato di proprietà	property certificate
<b>CHF</b>	English	Swiss franc	
<b>CO<sub>2</sub></b>	English	carbon dioxide	
<b>COC</b>	English	certificate of conformity	
<b>DGT</b>	Spanish	Dirección General de Tráfico	Spanish government traffic office
<b>e.g.</b>	Latin	exempli gratia	for example
<b>EU</b>	English	European Union	
<b>FHP</b>	English	fiscal horse power	
<b>GBP</b>	English	Great British pound	
<b>GEZ</b>	German	Gebühreneinzugszentrale (Rundfunkgebühren)	German radio tax office
<b>HP</b>	English	horse power	
<b>ID</b>	English	identity	
<b>kbis</b>	French	carte d'identité de la société	company identity card
<b>Kfz</b>	German	Kraftfahrzeug	motorcar
<b>kW</b>	English	kilowatt	
<b>kWh</b>	English	kilowatt hour	
<b>LCV</b>	English	light commercial vehicle	
<b>LPG</b>	English	liquefied petroleum gas	
<b>MCTC</b>	Italian	Motorizzazione Civile e dei Trasporti in Concessione	Italian motor vehicles office
<b>NOK</b>	Norwegian	norsk krone	Norwegian krone
<b>NoVA</b>	German	Normverbrauchsabgabe	one-off tax depending on average fuel consumption
<b>P.R.A</b>	Italian	Pubblico Registro Automobilistico	Italian provincial public car registers
<b>RDW</b>	Dutch	Rijksdienst voor het Wegverkeer	Dutch government traffic office
<b>RFI</b>	English	request for information	
<b>RFP</b>	English	request for proposal	
<b>RSV</b>	Swedish	Riksskatteverket	Swedish national tax administration
<b>RV</b>	English	residual value	
<b>SEK</b>	Swedish	svensk krona	Swedish krona
<b>SMEs</b>	English	small and medium-sized enterprises	
<b>SMR</b>	English	service maintenance and repairs	
<b>TQFM</b>	English	Total Quality Fleet Management	
<b>TV</b>	English	television	
<b>TVS</b>	French	taxe sur les véhicules de société	company car tax
<b>UK</b>	English	United Kingdom	
<b>VAT</b>	English	value-added tax	
<b>VED</b>	English	vehicle excise duty	
<b>VIP</b>	English	very important person	
<b>VW</b>	German	Volkswagen	

\*Version updated June 2008