

A sustainable business does not have to cost the earth

In recent years thinking about sustainability and our impact on the climate has become more and more part of our daily lives. At the same time, an increasing number of business owners are looking for ways to run their businesses in a more sustainable and environmentally friendly way but are often put off by the perceived costs. However, going green does not have to cost a large amount and can sometimes be cheaper, more efficient, and save the business tax as a result – a win-win situation all round.

Here are a few simple ways that a business can become more environmentally friendly and save money at the same time...

Move to an electric company car

If you are running your business through a company and are considering purchasing a company car, then it may be worth going all electric.

The tax treatment of a new all-electric car is currently much more generous than the way a petrol or diesel car is treated. At present a new electric car benefits from a first-year allowance of 100%. This means that the whole cost of the car can be written off against the company's profits in year one. In comparison you can only claim 6% a year on a normal car with CO2 emissions over 50g/km.

The current benefit-in-kind rate for an all-electric car is 2% of the list price for each year that the employee has use of the car. This is set to increase by 1% each year from 2025/26 to 2027/28 when it will be 5%.

In comparison, those cars with CO2 emissions over 170g/km will have a benefit-in-kind percentage of 37%. More information about tax on company cars is available on the [government's website](#).

An added bonus is that the installation of a charging point at the employees or directors' home is an allowable expense for the company and does not qualify as a benefit-in-kind. Also, if the electricity used to charge the vehicle is billed directly to the company this is also allowable with no benefit-in-kind.

If you are thinking about buying a car through your business, it is worth having a discussion with your adviser about the benefits of buying an electric car instead.

Going paperless

While the amount of paper a business uses can vary greatly depending on the type of sector you're operating in, all businesses produce a substantial amount of paper from their accounting records alone. This no longer has to be the case.

With many businesses now using cloud accounting software, they already have the tools that they need to reduce the amount of paper they are using. Cloud accounting software can help in the following ways:

1. You can connect your bank account directly to your accounting software. The software can then import the transactions directly from your online banking portal. This means that you do not need physical bank statements, the error rate is reduced, and the speed of inputting bank transactions into your accounting software is greatly increased.
2. You can use the software to generate and email your customer invoices rather than printing them and sending them in the post. This saves on both paper and postage costs.

3. The cloud accounting software can digitally store your purchase receipts within the software so that you do not need physical copies. Physical receipts can be imported into the software using their own data capture tools or third-party apps, but a better solution is for your suppliers to email you the receipts. These can be imported directly into the software with no paper being generated. To make things even better, because all your invoices and receipts are within the software, you will no longer need to lug boxes of records to your accountant at the end of the year!

Please speak to your adviser regarding cloud accounting solutions that would suit your business.

Cycle to Work Scheme

If your employees are driving short distances to work, you may want to take advantage of a cycle to work scheme to encourage them to ditch the car and cycle instead. The government has produced a [document to help employers](#) and there are several companies who specialise in helping businesses introduce schemes into their workplace.

The cycle to work scheme can seem a bit complicated at first and it does have to be available to all employees, but there are scheme providers who can take care of all the regulatory requirements for you.

In effect, the scheme allows employers to provide its employees with a bike which the employee pays for through a salary sacrifice. This saves the employee the tax and National Insurance that would have been paid on the salary if the employee received it and used it to buy a bike out of their own funds.

Encouraging employees to cycle rather than drive can result in a healthier and more motivated workforce.

In conclusion

All businesses should be taking sustainability seriously. Larger businesses are already well down this road, and many are now insisting that their suppliers follow sustainable business practices.

Customers are also becoming more concerned with sustainable business practices and, if given a choice, will often pick a business that promotes sustainable practices. Governments are also committed to reducing carbon and will be looking at the business community to achieve this.

Businesses will soon be under pressure to change to more environmentally friendly and sustainable ways of working from all these sources, if they have not been already. Why not be ahead of the curve.

For more help or advice about any of the ideas covered in this guide, Westcotts is here to help. You a [member of the team](#) to discuss the taxable benefits of going green.