

Beat the VAT increase with a used car from Autoquake.com

Submitted by: Autoquake.com

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Car buyers can beat the VAT increase with a used car from Autoquake.com, as January's new tax rate pushes up the price of new cars.

Autoquake.com, the UK's largest online used car retailer, has pledged to absorb the cost of the VAT increase. However, the move from 15% to a 17.5% VAT rate will put £250 on the price of a new car with a £10,000 pre-tax price, so Autoquake.com's stock will be even better value compared with a new model.

"The VAT increase will increase the price gap between new and used cars," said Autoquake.com's Founder, Fredrik Skantze. "With the scrappage scheme likely to run out of money in February, many buyers will once again find a new car is just too expensive. A quality used model is much better value."

The 17.5% VAT rate and the end of the scrappage scheme won't be the end of the bad news for new car buyers in 2010, Skantze predicts: "We've already seen a number of car manufacturers raise prices in 2009. Ford's prices have gone up no less than four times in the past 12 months. While the pound remains weak against the euro, increases by other manufacturers can't be ruled out.

"Experts are also predicting the cost of steel will increase in 2010, which will add to the cost of manufacture. Don't be surprised if the new car buyer has to foot the bill," Skantze concluded.

While VAT applies to the invoice price of every new car, the tax position is more complicated in the used car market. On many used cars (<http://www.autoquake.com/used-cars>), the selling dealer only pays VAT on their profit margin. Even VAT Qualifying cars, which do attract VAT, are valued no differently by trade price guides to any other used car. In effect, this minimises the theoretical impact the VAT increase has on used car prices.

Autoquake.com's VAT price pledge

(<http://blog.autoquake.com/beat-the-vat-increase-with-a-used-car-from-autoquake-com/>) goes further, however, and means the 17.5% VAT rate won't add a penny to the price its customers pay.

For more information on the VAT increase visit www.hmrc.gov.uk

(<http://www.hmrc.gov.uk/vat/forms-rates/rates/rate-changes.htm>) and for more information on Autoquake.com go to www.autoquake.com (<http://www.autoquake.com>).

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About Autoquake.com

Autoquake.com's proven online retail model sells high quality used cars on behalf of large corporate fleet and leasing companies direct to consumers through its website www.autoquake.com. Autoquake.com has pioneered the concept of enabling consumers to buy a used car from the comfort of their home. Cars are displayed in Autoquake.com's virtual showroom with descriptions including 40 high quality digital pictures. The breadth and transparency of information about the vehicle dramatically improves the

purchase experience for the buyers who are enthusiastically embracing the Autoquake.com model which includes low, no haggle prices. All cars go through a 141 point inspection and come with a 100% money back guarantee. Car finance, warranty, insurance, and delivery are supplementary options that buyers can benefit from.

Fleets typically remarket cars through trade channels such as wholesale auctions where cars are sold at trade prices to car dealers. For fleets Autoquake.com is an attractive disposal channel that gives them a slice of the retail margin whilst delivering days to sale that are similar to auctions. Autoquake.com sells used cars on behalf of large fleet and leasing companies. The ex-company cars are taken directly from the UK fleet operators, prepared to retail condition and sold via the Autoquake.com website. Because Autoquake.com takes out a step in the value chain, it can provide higher returns for fleets while still saving consumers money. The company is funded by leading venture capital companies Accel Partners (http://www.accel.com/company/sector.php?sector_view=2) and Highland Capital Partners (<http://www.hcp.com/autoquake>) who are investors in companies such as Facebook, Digg and Real Networks.

Useful Links

Website: <http://www.autoquake.com>

Blog: <http://blog.autoquake.com>

Twitter: <http://twitter.com/autoquake>

eBay: <http://stores.ebay.co.uk/autoquake>

LinkedIn: <http://www.linkedin.com/companies/autoquake>

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