



Finance Act 1981

1981 CHAPTER 35

PART IV

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER III

BENEFITS IN KIND

69 Car fuel

(1) After section 64 of the Finance Act 1976 there shall be inserted—

“64A Car fuel.

- (1) Where in any year in the case of a person employed in director's or higher-paid employment fuel is provided by reason of his employment for a car which is made available as mentioned in section 64 above, he shall be treated for the purposes of the Income Tax Acts (and in particular section 204 of the Taxes Act (pay as you earn)) as being paid by his employer in that year an emolument of his employment of an amount equal to whatever is the cash equivalent of that benefit in that year.
- (2) Subject to the following provisions of this section, the cash equivalent of that benefit shall be ascertained from Table A below where the car has an internal combustion engine with one or more reciprocating pistons and from Table B below in the case of other cars; and for the purposes of Table A below a car's cylinder capacity is the capacity of its engine calculated as for the purposes of the Vehicles (Excise) Act 1971 or the Vehicles (Excise) Act (Northern Ireland) 1972.

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TABLE A

Cylinder capacity of car in cubic centimetres	Cash equivalent
1300 or less	£270
More than 1300, but not more than 1800	£360
More than 1800	£540

TABLE B

Original market value of car	Cash equivalent
Less than £3,600	£270
£3,600 or more, but less than £5,100	£360
£5,100 or more	£540

- (3) Without prejudice to the generality of subsection (1) above, fuel is provided for a car if—
- (a) any liability in respect of the provision of fuel for the car is discharged ;
 - (b) a voucher within the meaning of section 36 of the Finance (No. 2) Act 1975 or a credit-token within the meaning of section 36A of that Act is used to obtain fuel for the car or money which is spent on such fuel; or
 - (c) any sum is paid in respect of expenses incurred in providing fuel for the car.
- (4) The Treasury may by order taking effect from the beginning of any year beginning after it is made (but not of any year earlier than 1983-84) substitute a different Table for either of the Tables in subsection (2) above.
- Orders under this subsection shall be made by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.
- (5) Where paragraph 2 or 3 of Part II of Schedule 7 to this Act applies to reduce the cash equivalent of the benefit of the car for which the fuel is provided, the same reduction shall be made to the cash equivalent of the benefit of the fuel ascertained under subsection (2) above.
- (6) If in the relevant year—
- (a) the employee is required to make good to the person providing the fuel the whole of the expense incurred by him in or in connection with the provision of fuel for his private use and he does so ; or
 - (b) the fuel is made available only for business travel,
the cash equivalent is nil.
- (7) For the purposes of section 204 of the Taxes Act no alteration of the cash equivalent shall be made by virtue of sub-paragraph (1) of paragraph 2 of Part II of Schedule 7 to this Act in a case in which sub-paragraph (2) (b) of that

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paragraph applies or of paragraph 3 of that Part or of subsection (6)(a) above unless the inspector has notified the employer of the alteration to be made.

(8) Subsections (6) and (7) of section 64 above shall apply in relation to the amount referred to in subsection (1) above as they apply to the amount referred to in subsection (1) of that section.”.

(2) This section has effect for the year 1982-83 and subsequent years of assessment.