

SCHEDULES

SCHEDULE 3

Section 72.

CAR AND CAR FUEL BENEFITS: 1994-95 ONWARDS

Introductory

1 The Taxes Act 1988 shall be amended as follows.

Car benefits

2 (1) In section 157 (cars available for private use) for subsection (2) there shall be substituted the following subsection—

“(2) The cash equivalent of the benefit in the year concerned shall be ascertained in accordance with Schedule 6.”

(2) Subsections (4) and (5) of that section shall be omitted.

3 (1) In subsection (5) of section 168 (interpretation of provisions relating to cars) for paragraph (d) there shall be substituted the following paragraph—

“(d) the date of a car’s first registration is the date on which it was first registered under the Vehicles (Excise) Act 1971 or under corresponding legislation of any country or territory;”.

(2) For paragraph (e) of that subsection there shall be substituted the following paragraph—

“(e) the price of a car as regards a year shall be determined in accordance with the provisions contained in or made under sections 168A to 168G; and”.

4 The following sections shall be inserted after section 168—

“168A Price of a car as regards a year.

(1) Subject to the provisions contained in or made under sections 168B to 168G, for the purposes of this Chapter the price of a car as regards a year is—

- (a) its list price, if it has one, or
- (b) its notional price, if it has no list price;

and in this section any reference to the relevant car is to the particular car whose price as regards a year is being determined.

(2) The relevant car has a list price if a price was published by the car’s manufacturer, importer or distributor (as the case may be) as the inclusive price appropriate for a car of that kind if sold in the United Kingdom singly in a retail sale in the open market on the relevant day.

(3) In a case where—

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- (a) subsection (2) above applies, and
 - (b) at the time when the relevant car was first made available to the employee the only qualifying accessories available with it were standard accessories,
- the list price of the car is the price published as mentioned in subsection (2) above.
- (4) In a case where—
- (a) subsection (2) above applies,
 - (b) at the time when the relevant car was first made available to the employee a qualifying accessory which was an optional accessory was available with it, and
 - (c) in relation to each such accessory then available with the car a price was published by the car’s manufacturer, importer or distributor (as the case may be) as the inclusive price appropriate for an equivalent accessory if sold with a car of the same kind as the relevant car in the United Kingdom singly in a retail sale in the open market on the relevant day,
- the list price of the car is the price found under subsection (5) below.
- (5) The price referred to in subsection (4) above is the total of—
- (a) the price published as mentioned in subsection (2) above, and
 - (b) the price, or the sum of the prices, published as mentioned in subsection (4) above in relation to the optional accessory or (as the case may be) the optional accessories.
- (6) In a case where—
- (a) subsection (2) above applies, and
 - (b) at the time when the relevant car was first made available to the employee a qualifying accessory falling within subsection (7) below was available with the car,
- the list price of the car is the price which would have been its list price under subsection (3) or (4) above (as the case may be) if no such accessory had been available with it at that time.
- (7) An accessory falls within this subsection if—
- (a) it is an optional accessory, and
 - (b) no price was published by the relevant car’s manufacturer, importer or distributor (as the case may be) as the inclusive price appropriate for an equivalent accessory if sold with a car of the same kind as the relevant car in the United Kingdom singly in a retail sale in the open market on the relevant day.
- (8) The notional price of a car is the price which might reasonably have been expected to be its list price if its manufacturer, importer or distributor (as the case may be) had published a price as the inclusive price appropriate for an equivalent car if sold in the United Kingdom singly in a retail sale in the open market on the relevant day; and “equivalent car” here means a car—
- (a) of the same kind as the relevant car, and
 - (b) with accessories equivalent to the qualifying accessories available with the relevant car at the time when it was first made available to the employee.

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- (9) For the purposes of this section—
- (a) the inclusive price is the price inclusive of any charge for delivery by the manufacturer, importer or distributor to the seller's place of business and of any relevant tax and, in the case of an accessory, of any charge for fitting it,
 - (b) the relevant day is the day immediately before the date of the relevant car's first registration,
 - (c) a standard accessory is an accessory equivalent to an accessory which, in arriving at the price published as mentioned in subsection (2) above, is assumed to be available with cars of the same kind as the relevant car, and
 - (d) an optional accessory is an accessory other than a standard accessory;
- and "relevant tax" here means any customs or excise duty, any tax chargeable as if it were a duty of customs, any value added tax and any car tax.
- (10) For the purposes of this section a qualifying accessory is an accessory which—
- (a) is made available for use with the car without any transfer of the property in it,
 - (b) is made available by reason of the employee's employment,
 - (c) is attached to the car (whether or not permanently), and
 - (d) is not an accessory necessarily provided for use in the performance of the duties of the employee's employment.
- (11) For the purposes of this section "accessory" includes any kind of equipment, but does not include a mobile telephone within the meaning given by section 159A(8)(a).
- (12) For the purposes of this section the time when a car is first made available to an employee is the earliest time when the car is made available, by reason of his employment and without any transfer of the property in it, either to him or to others being members of his family or household.

168B Price of a car: accessories not included in list price

- (1) This section applies where a car has a list price and in any year there are available with the car qualifying accessories which—
- (a) fall within section 168A(7), and
 - (b) were available with the car at the time when it was first made available to the employee.
- (2) As regards that year the price of the car shall be treated as the price found under section 168A, increased by the price of the accessories.
- (3) For the purposes of this section the price of an accessory is—
- (a) its list price, if it has one, or
 - (b) its notional price, if it has no list price.
- (4) The list price of an accessory is the price published by or on behalf of its manufacturer, importer or distributor (as the case may be) as the inclusive price appropriate for such an accessory if sold in the United Kingdom singly

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in a retail sale in the open market at the relevant time; and the relevant time is the time immediately before the accessory concerned is first made available for use with the car (which may be before the car is first made available to the employee).

- (5) The notional price of an accessory is the inclusive price which it might reasonably have been expected to fetch if sold in the United Kingdom singly in a retail sale in the open market immediately before it is first made available for use with the car (which may be before the car is first made available to the employee).
- (6) Where the accessory is permanently attached to the car the sale assumed by subsection (4) or (5) above is one under which the seller is to attach it.
- (7) For the purposes of this section the inclusive price is the price inclusive of—
 - (a) any charge for delivery by the manufacturer, importer or distributor to the seller's place of business, and
 - (b) any customs or excise duty, any tax chargeable as if it were a duty of customs and any value added tax.
- (8) Subsections (10) to (12) of section 168A apply for the purposes of this section as they apply for the purposes of that.

168C Price of a car: accessories available after car first made available

- (1) This section applies where in any year there are available with a car qualifying accessories which—
 - (a) were not available with the car at the time when it was first made available to the employee, and
 - (b) were not made available with the car before 1st August 1993,but any accessory whose price is less than £100 shall be ignored for the purposes of this section.
- (2) As regards that year the price of the car shall be treated as the price found under sections 168A and 168B, increased by the price of the accessories.
- (3) Subsections (10) to (12) of section 168A apply for the purposes of this section as they apply for the purposes of that.
- (4) Subsections (3) to (6) of section 168B apply for the purposes of this section as they apply for the purposes of that, but ignoring for the purposes of this section the words “(which may be before the car is first made available to the employee)”.
- (5) The Treasury may by order substitute for the sum for the time being specified in subsection (1) above a sum of a greater amount; and any such substitution shall have effect as regards such years as are specified in the order.

168D Price of a car: capital contributions

- (1) This section applies where the employee contributes a capital sum to expenditure on the provision of—
 - (a) the car, or

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- (b) any qualifying accessories which are taken into account under sections 168A to 168C in determining the price of the car as regards a year.
- (2) As regards each relevant year the price of the car shall be treated as the price found under sections 168A to 168C, reduced by the appropriate amount; and relevant years are the year in which the capital sum is contributed and all subsequent years in which section 157 applies in the case of the car and the employee.
- (3) As regards a relevant year the appropriate amount is whichever is the smaller of—
 - (a) the amount found under subsection (4) below as regards the year, and
 - (b) £5,000.
- (4) As regards a relevant year the amount referred to in subsection (3) above is the amount of the capital sum, or the total amount of all the capital sums, which the employee has contributed (whether in the year in question or earlier) to expenditure on the provision of—
 - (a) the car, or
 - (b) any qualifying accessories which are taken into account under sections 168A to 168C in determining the price of the car as regards the year in question.
- (5) Subsections (10) and (11) of section 168A apply for the purposes of this section as they apply for the purposes of that.
- (6) The Treasury may by order substitute for the sum for the time being specified in subsection (3)(b) above a sum of a greater amount; and any such substitution shall have effect as regards such years as are specified in the order.

168E Price of a car: replacement accessories

- (1) The Treasury may make regulations under this section as regards any case where—
 - (a) a qualifying accessory is available with a car in any year, and
 - (b) the accessory (the replacing accessory) replaces another accessory (the replaced accessory).
- (2) Regulations under this section may provide that as regards the year—
 - (a) the price of the car shall be found as if the replacement had not been made and the replacing accessory were a continuation of the replaced accessory, or
 - (b) sections 168A to 168D shall apply to the car with such modifications to take account of the fact that the replacement has been made as are prescribed by the regulations.
- (3) The regulations may—
 - (a) provide as mentioned in subsection (2)(a) above as regards some cases and as mentioned in subsection (2)(b) above as regards others;

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- (b) provide under subsection (2)(b) above that sections 168A to 168D shall apply with different modifications in different cases.

168F Price of a car: classic cars

- (1) This section applies where—
- (a) the price of a car as regards a year, found under the provisions contained in or made under sections 168A to 168E, is less than the market value of the car for the year,
 - (b) the age of the car at the end of the year is 15 years or more, and
 - (c) the market value of the car for the year is £15,000 or more.
- (2) In such a case—
- (a) the price of the car as regards the year is not the amount found under the provisions contained in or made under sections 168A to 168E;
 - (b) the price of the car as regards the year is the market value of the car for the year;
- but paragraph (b) above is subject to subsection (5) below.
- (3) The market value of a car for a year is the price which the car might reasonably have been expected to fetch on a sale in the open market on the material day, on the assumption that any qualifying accessories available with the car on the material day are included in the sale.
- (4) For the purposes of subsection (3) above the material day is—
- (a) the last day of the year concerned, or
 - (b) if earlier, the last day in the year on which the car is available to the employee.
- (5) Where the employee contributes a capital sum to expenditure on the provision of—
- (a) the car, or
 - (b) any qualifying accessories which are taken into account under subsection (3) above in determining the price of the car as regards a year,
- as regards each relevant year the price of the car shall be treated as the market value of the car for the year, reduced by the appropriate amount.
- (6) For the purposes of subsection (5) above relevant years are the year in which the capital sum is contributed and all subsequent years in which section 157 applies in the case of the car and the employee.
- (7) For the purposes of subsection (5) above the appropriate amount, in relation to a relevant year, is whichever is the smaller of—
- (a) the amount found under subsection (8) below as regards the year, and
 - (b) £5,000.
- (8) As regards a particular year the amount referred to in subsection (7) above is the amount of the capital sum, or the total amounts of all the capital sums, which the employee has contributed (whether in the year or earlier) to expenditure—

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- (a) on the provision of the car, or
 - (b) on the provision of any qualifying accessories which are taken into account in determining the price of the car as regards the year.
- (9) Subsections (10) and (11) of section 168A apply for the purposes of this section as they apply for the purposes of that.
- (10) For the purposes of this section the last day in a year on which a car is available to an employee is the last day in the year on which the car is made available, by reason of his employment and without any transfer of the property in it, either to him or to others being members of his family or household.
- (11) The Treasury may by order—
- (a) substitute for the sum for the time being specified in subsection (1) (c) above a sum of a greater amount;
 - (b) substitute for the sum for the time being specified in subsection (7) (b) above a sum of a greater amount;
- and any such substitution shall have effect as regards such years as are specified in the order.

168G Price of a car: cap for expensive car

- (1) Where the price of a car as regards a year (as found under the provisions contained in or made under sections 168A to 168F) exceeds £80,000, the price of the car as regards the year is £80,000 and not the price as so found.
- (2) The Treasury may by order substitute for the sum for the time being specified in subsection (1) above a sum of a greater amount; and any such substitution shall have effect as regards such years as are specified in the order.”

5 For Schedule 6 there shall be substituted the following Schedule—

“SCHEDULE 6

Section 157.

TAXATION OF DIRECTORS AND OTHERS IN RESPECT OF CARS

Cash equivalent

- 1 Subject to paragraphs 2 to 7 below, the cash equivalent of the benefit is 35 per cent. of the price of the car as regards the year.

Reduction for business travel

- 2 (1) Subject to paragraphs 3 to 7 below, where it is shown to the inspector’s satisfaction that the employee was required by the nature of his employment to use, and did use, the car for at least 18,000 miles of business travel in the year concerned, the cash equivalent of the benefit is the amount ascertained under paragraph 1 above, reduced by two thirds.
- (2) Subject to paragraphs 3 to 7 below, where it is shown to the inspector’s satisfaction that the employee was required by the nature of his employment to use, and did use, the car for at least 2,500 but less than 18,000 miles of business travel in the year concerned, the cash

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equivalent of the benefit is the amount ascertained under paragraph 1 above, reduced by one third.

3 In relation to a car which for part of the year concerned was unavailable—

- (a) paragraph 2 above shall have effect as if the figure of 18,000, in each place where it occurs, were reduced by a number which bears to 18,000 the same proportion as the number of days in the year on which the car was unavailable bears to 365;
- (b) paragraph 2(2) above shall have effect as if the figure of 2,500 were reduced by a number which bears to 2,500 the same proportion as the number of days in the year on which the car was unavailable bears to 365;

but this is subject to paragraph 4(b) below.

4 Where in any year an employee is taxable under section 157 in respect of two or more cars which are available to him concurrently, in relation to each of those cars other than the one which, in the period for which they are concurrently available, is used to the greatest extent for the employee's business travel—

- (a) paragraph 2(1) above shall have effect as if for “two thirds” there were substituted “one third”, and
- (b) paragraph 2(2) above shall not have effect.

Reduction for age of car

5 Subject to paragraphs 6 and 7 below, where at the end of the year concerned the age of the car is 4 years or more, the cash equivalent of the benefit is the amount ascertained under the preceding provisions of this Schedule, reduced by one third.

Reduction for periods when car unavailable

6 Subject to paragraph 7 below, where for any part of the year concerned the car is unavailable, the cash equivalent of the benefit is the amount ascertained under the preceding provisions of this Schedule (“the full amount”) reduced by an amount which bears to the full amount the same proportion as the number of days in the year on which the car is unavailable bears to 365.

Reduction for payments for use of car

7 (1) Where in the year concerned the employee is required, as a condition of the car being available for his private use, to pay any amount of money (whether by way of deduction from his emoluments or otherwise) for that use, then—

- (a) if the amount ascertained under the preceding provisions of this Schedule exceeds the relevant sum, the cash equivalent of the benefit is an amount equal to the excess;
- (b) if the relevant sum exceeds or is equal to the amount ascertained under the preceding provisions of this Schedule, the cash equivalent of the benefit is nil.

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- (2) In sub-paragraph (1) above—
- (a) “the relevant sum” means the amount paid by the employee, as there mentioned, in respect of the year concerned;
 - (b) the reference to the car being available for the employee’s private use includes a reference to the car being available for the private use of others being members of his family or household.

Replacement cars

- 8 The Treasury may by regulations provide that where—
- (a) a car is normally available to the employee but for a period of less than 30 days it is not available to him,
 - (b) another car is made available to the employee in order to replace the car mentioned in paragraph (a) above for the whole or part of the period, and
 - (c) such other conditions as may be prescribed by the regulations are fulfilled,

this Schedule shall have effect in relation to the cars concerned subject to such modifications as are prescribed by the regulations.

Meaning of “unavailable”

- 9 For the purposes of this Schedule a car is to be treated as being unavailable on any day if—
- (a) the day falls before the first day on which the car is available to the employee,
 - (b) the day falls after the last day on which the car is available to the employee, or
 - (c) the day falls within a period, of 30 days or more, throughout which the car is not available to the employee.

General

- 10 For the purposes of this Schedule a car is available to an employee at a particular time if it is then made available, by reason of his employment and without any transfer of the property in it, either to him or to others being members of his family or household.”

Car fuel benefits

- 6 (1) In section 158 (car fuel) for the Tables in subsection (2) (tables of cash equivalents) there shall be substituted—

“TABLE A

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Cash equivalent</i>
1,400 or less	£600
More than 1,400 but not more than 2,000	£760

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<i>Cylinder capacity of car in cubic centimetres</i>	<i>Cash equivalent</i>
More than 2,000	£1,130

TABLE AB

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Cash equivalent</i>
2,000 or less	£550
More than 2,000	£710

TABLE B

<i>Description of car</i>	<i>Cash equivalent</i>
Any car	£1,130”

(2) In subsection (5) of that section (reductions in cash equivalent of car fuel benefit) for the words from “paragraph 2” to “Part II” there shall be substituted “paragraph 6”.

General

7 This Schedule shall have effect for the year 1994-95 and subsequent years of assessment.