

## SCHEDULES

### SCHEDULE 12

#### MILEAGE ALLOWANCES

##### PART 1

#### NEW SCHEDULE 12AA TO THE TAXES ACT 1988

After Schedule 12 to the Taxes Act 1988 insert—

#### “SCHEDULE 12AA

#### MILEAGE ALLOWANCES: INTERPRETATION

##### **Introduction**

- 1 (1) The provisions of this Schedule apply for the purposes of sections 197AD to 197AG (Schedule E exemption for mileage allowance payments and passenger payments and mileage allowance relief).
- (2) Expressions defined in this Schedule for those purposes have the same meaning for the purposes of this Schedule.
- (3) In this Schedule “mileage allowance payments” has the meaning given by section 197AD(2) and “passenger payments” has the meaning given by section 197AE(2).

##### **Business travel**

- 2 “Business travel” means travelling the expenses of which, if incurred and defrayed by the employee in question out of the emoluments of his employment, would (in the absence of sections 197AD to 197AF) be deductible under section 198(1) (general relief for necessary expenses).

##### **Qualifying vehicles**

- 3 (1) “Qualifying vehicle” means a car, van, motor cycle or cycle.
- (2) “Car” means a mechanically propelled road vehicle which is not—
  - (a) a goods vehicle,
  - (b) a motor cycle, or
  - (c) a vehicle of a type not commonly used as a private vehicle and unsuitable to be so used.
- (3) “Van” means a mechanically propelled road vehicle which—

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- (a) is a goods vehicle, and
  - (b) has a design weight not exceeding 3,500 kilograms, and which is not a motor cycle.
- (4) “Motor cycle” has the meaning given by section 185(1) of the Road Traffic Act 1988.
- (5) “Cycle” has the meaning given by section 192(1) of that Act.
- (6) In this paragraph—
- “design weight” means the weight which a vehicle is designed or adapted not to exceed when in normal use and travelling on a road laden; and
  - “goods vehicle” means a vehicle of a construction primarily suited for the conveyance of goods or burden of any description.

**The approved amount: mileage allowance payments**

- 4 (1) The approved amount for mileage allowance payments that is applicable to a kind of vehicle is—

$$M \times R$$

where—

M is the number of miles of business travel by the employee (other than as a passenger), using that kind of vehicle, in the tax year in question; and

R is the rate applicable for that kind of vehicle.

- (2) The rates applicable are as follows—

<i>Kind of vehicle</i>	<i>Rate</i>
Car or van	40p per mile for the first 10,000 miles; 25p per mile after that
Motor cycle	24p per mile.
Cycle	20p per mile.

Note: The reference above to “the first 10,000 miles” is to the total number of miles of business travel in relation to the employment or any associated employment, by car or van, in the tax year in question.

One employment is associated with another if—

- (a) the employer is the same;
- (b) the employers are partnerships or bodies and an individual or another partnership or body has control over both of them; or
- (c) the employers are associated companies (as defined in section 416).

Section 168(12) (meaning of “control”) applies for the purposes of paragraph (b).

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- (3) The Treasury may by regulations amend sub-paragraph (2) so as to alter the rates or rate bands.

### **The approved amount: passenger payments**

- 5 (1) The approved amount for passenger payments is—

$$M \times R$$

where—

M is the number of miles of business travel by the employee, by car or van, for which the employee carries a qualifying passenger in the tax year in question and in respect of which passenger payments are made; and

R is 5p per mile.

- (2) If the employee carries more than one qualifying passenger for all or part of a tax year, the approved amount for passenger payments is the total of the amounts calculated under sub-paragraph (1) in respect of each qualifying passenger.
- (3) In this paragraph “qualifying passenger” means a passenger who is also an employee for whom the travel is business travel.
- (4) The Treasury may by regulations amend sub-paragraph (1) so as to alter the rate.

### **Company vehicles**

- 6 (1) A vehicle is a “company vehicle” in a tax year if in that year—
- (a) the vehicle is made available to the employee by reason of his employment and is not available for his private use, or
  - (b) the employee is chargeable to tax in respect of the vehicle under section 154, 157 or 159AA (charge where benefit provided or car or van available for private use), or
  - (c) in the case of a car or van, the employee would be chargeable to tax in respect of it under section 157 or 159AA but for section 159 or 159AB (exception for pooled cars and vans), or
  - (d) in the case of a cycle, the employee would be chargeable to tax in respect of it under section 154 but for section 197AC(1)(a) (exception for cycles made available).
- (2) Section 168(6) (when cars and vans are made available for private use and are made available by reason of employment) applies for the purposes of sub-paragraph (1).

### **Employment**

- 7 “Employment” includes an office and “employee” includes an office-holder.

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**Tax year**

8 “Tax year” means a year of assessment.”.