

*These notes refer to the Income Tax (Earnings and Pensions)
Act 2003 (c.1) which received Royal Assent on 6th March 2003*

INCOME TAX (EARNINGS AND PENSIONS) ACT 2003

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Example 3

£150(Pe) – £50(E) = £100

Chapter 6: Taxable benefits: cars, vans and related benefits

Overview

Section 120: Benefit of car treated as earnings

- 443. This section provides that the cash equivalent of the benefit arising from the provision of a car is treated as an employee's earnings. The section derives from part of section 157(1) of ICTA.
- 444. *Subsection (1)* brings the cash equivalent of the car benefit into charge as part of the employee's earnings. The rewrite of the source legislation has clarified the timing of the charge. See *Note 7* in Annex 2.
- 445. *Subsection (2)* allows concise expression in this Chapter of the link between the employee and the taxable benefit.