



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 3

EMPLOYMENT INCOME: EARNINGS AND BENEFITS ETC. TREATED AS EARNINGS

CHAPTER 6

TAXABLE BENEFITS: CARS, VANS AND RELATED BENEFITS

Car fuel: benefit treated as earnings

149 Benefit of car fuel treated as earnings

- (1) If in a tax year—
 - (a) fuel is provided for a car by reason of an employee's employment, and
 - (b) that person is chargeable to tax in respect of the car by virtue of section 120 [F1 or 120A],the cash equivalent of the benefit of the fuel is to be treated as earnings from the employment for that year.
- (2) The cash equivalent of the benefit of the fuel is calculated in accordance with sections 150 to 153.
- (3) Fuel is to be treated as provided for a car, in addition to any other way in which it may be provided, if—
 - (a) any liability in respect of the provision of fuel for the car is discharged,
 - (b) a non-cash voucher or a credit-token is used to obtain fuel for the car,
 - (c) a non-cash voucher or a credit-token is used to obtain money which is spent on fuel for the car, or

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- (d) any sum is paid in respect of expenses incurred in providing fuel for the car.
- (4) References in this section to fuel do not include any facility or means for supplying electrical energy [^{F2}or any energy for a car which cannot in any circumstances emit CO₂ by being driven].

Textual Amendments

- F1** Words in s. 149(1)(b) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 34](#)
- F2** Words in s. 149(4) substituted (with effect for the tax year 2010-11 and subsequent tax years in accordance with s. 58(18) of the amending Act) by [Finance Act 2010 \(c. 13\)](#), [s. 58\(11\)](#)

[^{F3}149A Benefit of car fuel treated as earnings: optional remuneration arrangements

- (1) This section applies if—
- (a) fuel is provided for a car in a tax year by reason of an employee's employment,
 - (b) the employee is chargeable to tax in respect of the car in the tax year by virtue of section 120 or 120A, and
 - (c) the fuel is provided pursuant to optional remuneration arrangements.
- (2) If the condition in subsection (3) is met—
- (a) the amount foregone with respect to the benefit of the fuel (see section 69B) is to be treated as earnings from the employment for the tax year, and
 - (b) section 149(1) does not apply.
- (3) The condition mentioned in subsection (2) is that the amount foregone with respect to the benefit of the fuel is greater than the cash equivalent of the benefit of the fuel.
- (4) For the purposes of subsection (3), assume that the cash equivalent of the benefit of the fuel is zero if the condition in subsection (5) is met.
- (5) The condition mentioned in subsection (4) is that the benefit of the fuel would be exempt from income tax but for section 228A (exclusion of certain exemptions).
- (6) References in this section to fuel do not include any facility or means for supplying electrical energy or any energy for a car which cannot in any circumstances emit CO₂ by being driven.
- (7) Where it is necessary for the purposes of subsections (2)(a) and (3) to apportion an amount of earnings to the benefit of the fuel in the tax year, the apportionment is to be made on a just and reasonable basis.

In this subsection “earnings” is to be interpreted in accordance with section 69B(5).]

Textual Amendments

- F3** [S. 149A](#) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 35](#)

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150 Car fuel: calculating the cash equivalent

- (1) The cash equivalent of the benefit of the fuel is the appropriate percentage of [^{F4}£27,800].
- (2) The “appropriate percentage” means the appropriate percentage determined in accordance with sections 133 to 142 for the purpose of calculating the cash equivalent of the benefit of the car for which the fuel is provided.
- (3) But the cash equivalent may be—
 - (a) nil where either of the conditions in section 151 is met;
 - (b) proportionately reduced under section 152;
 - (c) reduced under section 153.

Textual Amendments

- F4** Sum in s. 150(1) substituted (6.4.2023 with application to the tax year 2023-24 and subsequent tax years) by [The Van Benefit and Car and Van Fuel Benefit Order 2022 \(S.I. 2022/1288\)](#), arts. 1(2), [2](#)

151 Car fuel: nil cash equivalent

- (1) The cash equivalent of the benefit of the fuel is nil if condition A or B is met.
- (2) Condition A is met if ^{F5}...—
 - (a) [^{F6}in the tax year in question,] the employee is required to make good to the person providing the fuel the whole of the expense incurred by that person in connection with the provision of the fuel for the employee’s private use, and
 - (b) the employee does make good that expense [^{F7}on or before 6 July following that tax year] .
- (3) Condition B is met if in the tax year in question the fuel is made available only for business travel (see section 171(1)).

Textual Amendments

- F5** Words in s. 151(2) omitted (with effect in accordance with s. 1(14) of the amending Act) by virtue of [Finance \(No. 2\) Act 2017 \(c. 32\)](#), s. [1\(8\)\(a\)](#)
- F6** Words in s. 151(2)(a) inserted (with effect in accordance with s. 1(14) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), s. [1\(8\)\(b\)](#)
- F7** Words in s. 151(2)(b) inserted (with effect in accordance with s. 1(14) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), s. [1\(8\)\(c\)](#)

152 Car fuel: proportionate reduction of cash equivalent

- (1) The cash equivalent of the benefit of the fuel is to be proportionately reduced if for any part of the tax year in question the car for which the fuel is provided is unavailable (within the meaning of section 143 (deduction for periods when car unavailable)).
- (2) The cash equivalent of the benefit of the fuel is also to be proportionately reduced if ^{F8}...—
 - (a) [^{F9}for any part of the tax year in question,] the facility for the provision of fuel as mentioned in section 149(1) is not available,

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- (b) [^{F10}for any part of the tax year in question,] the fuel is made available only for business travel (see section 171(1)), or
- (c) the employee^{F11}—
 - (i) for any part of the tax year in question,] is required to make good to the person providing the fuel the whole of the expense incurred by that person in connection with the provision of the fuel for the employee's private use [^{F12}, and
 - (ii) the employee does make good that expense on or before 6 July following that tax year]
- (3) The fact that any of the conditions specified in subsection (2) is met for part of a tax year is to be disregarded if there is a time later in that year when none of those conditions is met.
- (4) Where the cash equivalent is to be proportionately reduced under subsection (1) or (2) (or under both those subsections), the reduced amount is given by the formula—

$$CE \times \frac{Y-D}{Y}$$

where—

CE is the amount of the cash equivalent before any reduction,

Y is the number of days in the tax year in question, and

D is the total number of days in that year on which either the car is unavailable or one or more of the conditions in subsection (2) is met.

Textual Amendments

- F8** Words in s. 152(2) omitted (with effect in accordance with s. 1(14) of the amending Act) by virtue of Finance (No. 2) Act 2017 (c. 32), s. 1(9)(a)
- F9** Words in s. 152(2)(a) inserted (with effect in accordance with s. 1(14) of the amending Act) by Finance (No. 2) Act 2017 (c. 32), s. 1(9)(b)
- F10** Words in s. 152(2)(b) inserted (with effect in accordance with s. 1(14) of the amending Act) by Finance (No. 2) Act 2017 (c. 32), s. 1(9)(c)
- F11** S. 152(2)(c)(i) inserted (with effect in accordance with s. 1(14) of the amending Act) by Finance (No. 2) Act 2017 (c. 32), s. 1(9)(d)(i)
- F12** Words in s. 152(2)(c) substituted (with effect in accordance with s. 1(14) of the amending Act) by Finance (No. 2) Act 2017 (c. 32), s. 1(9)(d)(ii)

153 Car fuel: reduction of cash equivalent

If a reduction of the cash equivalent of the benefit of the car for which the fuel is provided is made under section 148 (reduction of cash equivalent where car is shared), a corresponding reduction is to be made in relation to the cash equivalent of the benefit of the fuel.

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Car fuel: benefit treated as earnings.