



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

Cars: appropriate percentage: first registered on or after 1st January 1998

135 Car with a CO₂ emissions figure: pre-October 1999 registration

- (1) This section applies to a car first registered on or after 1st January 1998 but before 1st October 1999 if when it was so registered—
 - (a) it conformed to a vehicle type with an EC type-approval certificate (see section 171(1)), or
 - (b) it had a UK approval certificate (see section 171(1)),
which specifies a CO₂ emissions figure in terms of grams per kilometre driven.
- (2) The car's CO₂ emissions figure is that specified figure.
- (3) This is subject to section 138 (automatic car for a disabled employee).

136 Car with a CO₂ emissions figure: post-September 1999 registration

- (1) This section applies to a car first registered on or after 1st October 1999 if it is so registered on the basis of—
 - (a) an EC certificate of conformity (see section 171(1)), or
 - (b) a UK approval certificate (see section 171(1)),

which specifies a CO₂ emissions figure in terms of grams per kilometre driven.

- (2) The car's CO₂ emissions figure is that specified figure unless more than one figure is specified, in which case the car's CO₂ emissions figure is the figure specified as the CO₂ emissions (combined) figure.
- (3) This is subject to—
 - (a) section 137 (bi-fuel cars), and
 - (b) section 138 (automatic car for a disabled employee).

137 Car with a CO₂ emissions figure: bi-fuel cars

- (1) This section applies to a car first registered on or after 1st January 2000 if it is so registered on the basis of—
 - (a) an EC certificate of conformity (see section 171(1)), or
 - (b) a UK approval certificate (see section 171(1)),
 which specifies separate CO₂ emissions figures in terms of grams per kilometre driven for different fuels.
- (2) The car's CO₂ emissions figure is—
 - (a) the lowest figure specified, or
 - (b) if there is more than one figure specified in relation to each fuel, the lowest CO₂ emissions (combined) figure specified.
- (3) This is subject to section 138 (automatic car for a disabled employee).

138 Car with a CO₂ emissions figure: automatic car for a disabled employee

- (1) This section applies where—
 - (a) a car with a CO₂ emissions figure has automatic transmission (“the automatic car”),
 - (b) at any time in the year when the automatic car is available to the employee (“E”), E holds a disabled person's badge, and
 - (c) by reason of E's disability, E must, in the event of wanting to drive a car, drive a car which has automatic transmission.
- (2) If, under sections 135 to 137, the automatic car's CO₂ emissions figure is more than it would have been if the automatic car had been an equivalent manual car, the CO₂ emissions figure for the automatic car is to be the CO₂ emissions figure for an equivalent manual car.
- (3) In subsection (2) “an equivalent manual car” means a car which—
 - (a) is first registered at or about the same time as the automatic car, and
 - (b) does not have automatic transmission, but otherwise is the closest variant available of the make and model of the automatic car.
- (4) For the purposes of this section a car has automatic transmission if—
 - (a) the driver of the car is not provided with any means by which the driver may vary the gear ratio between the engine and the road wheels independently of the accelerator and the brakes, or
 - (b) the driver is provided with such means, but they do not include—
 - (i) a clutch pedal, or

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(ii) a lever which the driver may operate manually.

- (5) For the purposes of this section a car is available to an employee at a particular time if it is then made available, by reason of the employment and without any transfer of the property in it, to the employee.

139 Car with a CO₂ emissions figure: the appropriate percentage

- (1) The appropriate percentage for a year for a car with a CO₂ emissions figure depends upon whether the car's CO₂ emissions figure exceeds the lower threshold for that year.
- (2) If the car's CO₂ emissions figure does not exceed the lower threshold for the year, the appropriate percentage for the year is 15% ("the basic percentage").
- (3) If the car's CO₂ emissions figure does exceed the lower threshold for the year, the appropriate percentage for the year is whichever is the lesser of—
 - (a) the basic percentage increased by one percentage point for each 5 grams per kilometre by which the CO₂ emissions figure exceeds the lower threshold for the year, and
 - (b) 35%.
- (4) The lower threshold is—

TABLE

<i>Tax year</i>	<i>Lower threshold (in g/km)</i>
2003-04	155
2004-05 and subsequent tax years	145

- (5) If the car's CO₂ emissions figure is not a multiple of 5, it is to be rounded down to the nearest multiple of 5 for the purposes of this section.
- (6) This section is subject to—
 - (a) section 141 (diesel cars), and
 - (b) any regulations made by the Treasury under section 170(4) (power to reduce the appropriate percentage).

140 Car without a CO₂ emissions figure: the appropriate percentage

- (1) The appropriate percentage for a year for a car without a CO₂ emissions figure is determined under this section.
- (2) If the car has an internal combustion engine with one or more reciprocating pistons, the appropriate percentage for the year is—

TABLE

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Appropriate percentage</i>
1,400 or less	15%
More than 1,400 but not more than 2,000	25%

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<i>Cylinder capacity of car in cubic centimetres</i>	<i>Appropriate percentage</i>
More than 2,000	35%

For this purpose a car's cylinder capacity is the capacity of its engine as calculated for the purposes of VERA 1994.

- (3) If subsection (2) does not apply, the appropriate percentage for the year is—
- (a) 15%, if the car is an electrically propelled vehicle, and
 - (b) 35%, in any other case.
- (4) For the purposes of this section a vehicle is not an electrically propelled vehicle unless—
- (a) it is propelled solely by electrical power, and
 - (b) that power is derived from—
 - (i) a source external to the vehicle, or
 - (ii) an electrical storage battery which is not connected to any source of power when the vehicle is in motion.
- (5) This section is subject to—
- (a) section 141 (diesel cars), and
 - (b) any regulations made by the Treasury under section 170(4) (power to reduce the appropriate percentage).

141 Diesel cars: the appropriate percentage

- (1) This section applies to a diesel car first registered on or after 1st January 1998.
- (2) To determine the appropriate percentage for such a car for a year—
- Step 1*
- Determine whether the car is a car with a CO₂ emissions figure or a car without a CO₂ emissions figure (see section 134).
- Step 2*
- Take what would be the appropriate percentage for the car for the year under section 139 or 140 as appropriate.
- Step 3*
- The appropriate percentage for the car for the year is whichever is the smaller of—
- (a) the figure resulting from the addition of 3 percentage points to the figure found under step 2, and
 - (b) 35%.
- (3) In this section “diesel car” means a car which is propelled solely by diesel.
- (4) This section is subject to any regulations made by the Treasury under section 170(4) (power to reduce the appropriate percentage).