



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

Modifications etc. (not altering text)

- C1** Pt. 3 Ch. 6 modified (6.4.2020 for the tax year 2020-21) by [Finance Act 2020 \(c. 14\), s. 9](#)
C2 Pt. 3 Ch. 6 modified (6.4.2021 for the tax year 2021-22) by [Finance Act 2020 \(c. 14\), s. 10](#)

General

114 Cars, vans and related benefits

- (1) This Chapter applies to a car or a van in relation to a particular tax year if in that year the car or van—
- is made available (without any transfer of the property in it) to an employee or a member of the employee's family or household,
 - is so made available by reason of the employment (see section 117), and
 - is available for the employee's or member's private use (see section 118).

[^{F1}(1A) Where this Chapter applies to a car or van, the car or van is a benefit for the purposes of this Chapter (and accordingly it is immaterial whether the terms on which it is made available to the employee or member constitute a fair bargain).]

Changes to legislation: *Income Tax (Earnings and Pensions) Act 2003, Chapter 6 is up to date with all changes known to be in force on or before 12 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

- (2) Where this Chapter applies to a car or van—
- (a) sections 120 to 148 provide for [^{F2}an amount in respect of] the benefit of the car to be treated as earnings,
 - (b) sections 149 to 153 provide for [^{F3}an amount in respect of] the benefit of any fuel provided for the car to be treated as earnings, ^{F4} ...
 - (c) sections 154 to [^{F5}159] provide for [^{F6}an amount in respect of] the benefit of the van to be treated as earnings^{F7}; and
 - (d) sections 160 to 164 provide for [^{F8}an amount in respect of] the benefit of any fuel provided for the van to be treated as earnings in certain circumstances.]

^{F9}(3)

[^{F10}(3A) This Chapter does not apply to a van in relation to a tax year if the private use of the van during the tax year by the employee or member of the employee’s family or household is insignificant.]

- (4) The following provisions of this Chapter provide for further exceptions—
- section 167 (pooled cars);
 - section 168 (pooled vans);
 - section 169 (car available to more than one member of family or household employed by same employer).
 - [^{F11}section 169A (van available to more than one member of family or household employed by same employer).]

Textual Amendments

- F1** S. 114(1A) inserted (with effect in accordance with s. 7(9) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 7\(4\)](#)
- F2** Words in s. 114(2)(a) substituted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 19\(a\)](#)
- F3** Words in s. 114(2)(b) substituted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 19\(b\)](#)
- F4** Word in s. 114(2)(b) repealed (22.7.2004) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 2\(9\)](#)
- F5** Word in s. 114(2)(c) substituted (with effect in accordance with s. 80(2) of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 14 para. 2\(2\)](#)
- F6** Words in s. 114(2)(c) substituted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 19\(c\)](#)
- F7** S. 114(2)(d) and preceding word inserted (with effect in accordance with s. 80(2) of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 14 para. 2\(2\)](#)
- F8** Words in s. 114(2)(d) substituted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 19\(d\)](#)
- F9** S. 114(3) omitted (with effect in accordance with s. 23(2) of the amending Act) by virtue of [Finance Act 2014 \(c. 26\), s. 23\(1\)](#)
- F10** S. 114(3A) inserted (with effect in accordance with s. 80(2) of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 14 para. 2\(3\)](#)
- F11** Words in s. 114(4) inserted (with effect in accordance with s. 80(2) of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 14 para. 2\(4\)](#)

115 Meaning of “car” and “van”

- (1) In this Chapter—

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“car” means a mechanically propelled road vehicle which is not—

- (a) a goods vehicle,
- (b) a motor cycle,
- (c) an invalid carriage, or
- (d) a vehicle of a type not commonly used as a private vehicle and unsuitable to be so used;

“van” means a mechanically propelled road vehicle which—

- (a) is a goods vehicle, and
- (b) has a design weight not exceeding 3,500 kilograms,

and which is not a motor cycle.

(2) For the purposes of subsection (1)—

“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;

“goods vehicle” means a vehicle of a construction primarily suited for the conveyance of goods or burden of any description;

“invalid carriage” has the meaning given by section 185(1) of the Road Traffic Act 1988 (c. 52);

“motor cycle” has the meaning given by section 185(1) of the Road Traffic Act 1988.

116 Meaning of when car or van is available to employee

(1) For the purposes of this Chapter a car or van 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 or a member of the employee’s family or household.

(2) References in this Chapter to—

(a) the time when a car [^{F12}or van] is first made available to an employee are to the earliest time when the car [^{F12}or van] is made available as mentioned in subsection (1), and

(b) the last day in a year on which a car [^{F12}or van] is available to an employee are to the last day in the year on which the car [^{F12}or van] is made available as mentioned in subsection (1).

(3) This section does not apply to section [^{F13}124A or] 138 (automatic car [^{F12}or van] for a disabled employee).

Textual Amendments

F12 Words in s. 116(2) inserted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), [Sch. 14 para. 3](#)

F13 Words in s. 116(3) inserted (with effect in accordance with s. 54(6) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [s. 54\(2\)](#)

[^{F14}117 Meaning of car or van made available by reason of employment

(1) For the purposes of this Chapter a car or van made available by an employer to an employee or member of an employee's family or household is to be regarded as

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made available by reason of the employment unless subsection (2) or (3) excludes the application of this subsection.

- (2) Subsection (1) does not apply where—
- (a) the employer is an individual, and
 - (b) the car or van in question is made available in the normal course of the employer's domestic, family or personal relationships.
- (3) Subsection (1) does not apply where—
- (a) the employer carries on a vehicle hire business under which cars or vans of the same kind are made available to members of the public for hire,
 - (b) the car or van in question is hired to the employee or member in the normal course of that business, and
 - (c) in hiring that car or van the employee or member is acting as an ordinary member of the public.]

Textual Amendments

- F14** S. 117 substituted (with effect in accordance with s. 7(9) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 7\(5\)](#)

118 Availability for private use

- (1) For the purposes of this Chapter a car or van made available in a tax year to an employee or a member of the employee's family or household is to be treated as available for the employee's or member's private use unless in that year—
- (a) the terms on which it is made available prohibit such use, and
 - (b) it is not so used.
- (2) In this Chapter “private use”, in relation to a car or van made available to an employee or a member of the employee's family or household, means any use other than for the employee's business travel (see section 171(1)).

119 Where alternative to benefit of ^{F15}low emission] car ^{F16}or van] offered

- ^{F17}(1) This section applies where in a tax year—
- (a) a car is made available as mentioned in section 114(1),
 - (b) the car's CO₂ emissions figure (see sections 133 to 138) does not exceed 75 grams per kilometre, and
 - (c) an alternative to the benefit of the car is offered.]
- (2) The mere fact that the alternative is offered does not result in an amount in respect of the benefit constituting earnings by virtue of Chapter 1 of this Part (earnings).

Textual Amendments

- F15** Words in s. 119 heading inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 20\(3\)](#)
- F16** Words in s. 119 inserted (22.7.2004) by [Finance Act 2004 \(c. 12\), Sch. 14 para. 4](#)

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F17 S. 119(1) substituted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 20\(2\)](#)

Cars: benefit treated as earnings

120 Benefit of car treated as earnings

- (1) If this Chapter applies to a car in relation to a particular tax year, the cash equivalent of the benefit of the car is to be treated as earnings from the employment for that year.
- (2) In such a case ^{F18}(including a case where the cash equivalent of the benefit of the car is nil) the employee is referred to in this Chapter as being chargeable to tax in respect of the car in that year.
- ^{F19}(3) Any reference in this Act to a case where the cash equivalent of the benefit of a car is treated as the employee's earnings for a year by virtue of this section includes a case where the cash equivalent is nil.]
- ^{F20}(4) This section is subject to section 120A.]

Textual Amendments

- F18** Words in s. 120(2) inserted (with effect in accordance with s. 7(9) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 7\(6\)\(a\)](#)
- F19** S. 120(3) inserted (with effect in accordance with s. 7(9) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 7\(6\)\(b\)](#)
- F20** S. 120(4) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 21](#)

^{F21}**120A Benefit of car treated as earnings: optional remuneration arrangements**

- (1) Where this Chapter applies to a car in relation to a particular tax year and the conditions in subsection (3) are met—
 - (a) the relevant amount (see section 121A) is to be treated as earnings from the employment for that tax year, and
 - (b) section 120(1) does not apply.
- (2) In such a case (including a case where the relevant amount is nil) the employee is referred to in this Chapter as being chargeable to tax in respect of the car in the tax year.
- (3) The conditions are that—
 - (a) the car is made available to the employee or member of the employee's household pursuant to optional remuneration arrangements,
 - (b) ^{F22}[the total foregone amount in connection with the car for the tax year is] is greater than the modified cash equivalent of the benefit of the car for the tax year (see section 121B), and
 - (c) the car's CO₂ emissions figure (see sections 133 to 138) exceeds 75 grams per kilometre.

[In this section, and in section 121A, the total foregone amount in connection with the ^{F23}(4) car for a tax year is the total of—

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- (a) the amount foregone (see section 69B) with respect to the benefit of the car for that year, and
- (b) the amount foregone (see section 69B) with respect to each other benefit that—
 - (i) is connected with the car,
 - (ii) is provided in that year for the employee, or a member of the employee's household, pursuant to optional remuneration arrangements, and
 - (iii) is neither the provision of a driver nor the provision of fuel.]]

Textual Amendments

- F21** S. 120A inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 22](#)
- F22** Words in s. 120A(3)(b) substituted (with effect in accordance with s. 7(7) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [s. 7\(2\)\(a\)](#)
- F23** S. 120A(4) inserted (with effect in accordance with s. 7(7) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [s. 7\(2\)\(b\)](#)

121 Method of calculating the cash equivalent of the benefit of a car

- (1) The cash equivalent of the benefit of a car for a tax year is calculated as follows—

Step 1

Find the price of the car in accordance with sections 122 to [^{F24}124A].

Step 2

Add the price of any accessories which fall to be taken into account in accordance with sections 125 to 131.

Step 3

Make any deduction under section 132 for capital contributions made by the employee to the cost of the car or accessories. [^{F25}The resulting amount is the interim sum.]

Step 4

^{F26} ...

Step 5

Find the appropriate percentage for the car for the year in accordance with sections 133 to 142.

Step 6

Multiply the interim sum by the appropriate percentage for the car for the year.

Step 7

Make any deduction under section 143 for any periods when the car was unavailable.

The resulting amount is the provisional sum.

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Step 8

Make any deduction from the provisional sum under section 144 in respect of payments by the employee for the private use of the car.

The result is the cash equivalent of the benefit of the car for the year.

- (2) The method of calculation set out in subsection (1) is modified in the special cases dealt with in—

- section 146 (cars that run on road fuel gas), and
- section 147 (classic cars: 15 years of age or more).

- [^{F27}(3) Where the car is shared the cash equivalent is calculated under this section in accordance with section 148.]

Textual Amendments

- F24** Word in s. 121(1) substituted (with effect in accordance with s. 54(6) of the amending Act) by [Finance Act 2009 \(c. 10\), s. 54\(3\)](#)
- F25** Words in s. 121(1) inserted (with effect in accordance with Sch. 28 para. 10(2) of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 28 para. 2\(2\)](#)
- F26** Words in s. 121(1) omitted (with effect in accordance with Sch. 28 para. 10(2) of the amending Act) by virtue of [Finance Act 2009 \(c. 10\), Sch. 28 para. 2\(3\)](#)
- F27** S. 121(3) substituted (1.3.2012) by [The Enactment of Extra-Statutory Concessions Order 2012 \(S.I. 2012/266\), arts. 1, 3\(2\)](#)

[^{F28}121A] Optional remuneration arrangements: method of calculating relevant amount

- (1) To find the relevant amount for the purposes of section 120A, take the following steps—

[^{F29}*Step 1* Take the total foregone amount in connection with the car for the tax year (see section 120A(4)).]

Step 2 Make any deduction under section 132A in respect of capital contributions made by the employee to the cost of the car or accessories.

The resulting amount is the provisional sum.

Step 3 Make any deduction from the provisional sum under section 144 in respect of payments by the employee for the private use of the car.

The result is the “relevant amount” for the purposes of section 120A.

- (2) Where it is necessary, for the purpose of determining the [^{F30}“total foregone amount” for the purposes of] step 1 of subsection (1), to apportion an amount of earnings to [^{F31}a benefit mentioned in section 120A(4)(a) or (b)] for 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

- F28** Ss. 121A, 121B inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 23](#)

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- F29** Words in s. 121A(1) substituted (with effect in accordance with s. 7(7) of the amending Act) by Finance Act 2019 (c. 1), s. 7(3)(a)
- F30** Words in s. 121A(2) substituted (with effect in accordance with s. 7(7) of the amending Act) by Finance Act 2019 (c. 1), s. 7(3)(b)(i)
- F31** Words in s. 121A(2) substituted (with effect in accordance with s. 7(7) of the amending Act) by Finance Act 2019 (c. 1), s. 7(3)(b)(ii)

121B Meaning of “modified cash equivalent”

- (1) The “modified cash equivalent” of the benefit of a car for a tax year is calculated in accordance with the following steps (which must be read with subsections (2) to (4))—

Step 1 Find the price of the car in accordance with sections 122 to 124A.

Step 2 Add the price of any accessories which fall to be taken into account in accordance with sections 125 to 131.

The resulting amount is the interim sum.

Step 3 Find the appropriate percentage for the car for the year in accordance with sections 133 to 142.

Step 4 Multiply the interim sum by the appropriate percentage for the car for the year.

Step 5 Make any deduction under section 143 for any periods when the car was unavailable.

The resulting amount is the modified cash equivalent of the benefit of the car for the year.

- (2) Where the car is shared the modified cash equivalent is calculated under this section in accordance with section 148.
- (3) The modified cash equivalent of the benefit of a car for a tax year is to be taken to be zero if the condition in subsection (4) is met.
- (4) The condition is that the benefit of the car for the tax year would be exempt from income tax but for section 228A (exclusion of certain exemptions).
- (5) The method of calculation set out in subsection (1) is modified in the special cases dealt with in—
- (a) section 146 (cars that run on road fuel gas), and
 - (b) section 147A (classic cars: optional remuneration arrangements).]

Textual Amendments

- F28** Ss. 121A, 121B inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by Finance Act 2017 (c. 10), Sch. 2 para. 23

Cars: the price of a car

122 The price of the car

- [^{F32}(1) For the purposes of this Chapter the price of a car means—

This is subject to section 124A (automatic car for a disabled employee).

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

[^{F33}(2) This is subject to section 124A (automatic car for a disabled employee).]

Textual Amendments

- F32** S. 122 renumbered as s. 122(1) (with effect in accordance with s. 54(6) of the amending Act) by [Finance Act 2009 \(c. 10\), s. 54\(4\)](#)
- F33** S. 122(2) inserted (with effect in accordance with s. 54(6) of the amending Act) by [Finance Act 2009 \(c. 10\), s. 54\(4\)](#)

123 The list price of a car

- (1) In this Chapter a car’s “list price” means the price 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—
- (a) in the United Kingdom,
 - (b) singly,
 - (c) in a retail sale,
 - (d) in the open market, and
 - (e) on the day immediately before the date of the car’s first registration.
- (2) The “inclusive price” means 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 relevant taxes (see section 171(1)).

Modifications etc. (not altering text)

- C3** [S. 123](#) applied (with modifications) by 1994 c. 22, s. 1GF(3)(4) (as inserted (18.11.2015) by [Finance \(No. 2\) Act 2015 \(c. 33\), s. 46\(2\)\(c\)](#))

124 The notional price of a car with no list price

- (1) In this Chapter a car’s “notional price” means 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 a sale of a car of the same kind sold—
- (a) in the United Kingdom,
 - (b) singly,
 - (c) in a retail sale,
 - (d) in the open market,
 - (e) on the day immediately before the date of the car’s first registration, and
 - (f) with accessories equivalent to the qualifying accessories (see section 125) available with the car at the time when it was first made available to the employee.
- (2) In this section “inclusive price” has the same meaning as in section 123.

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Modifications etc. (not altering text)

- C4** S. 124 applied (with modifications) by 1994 c. 22, s. 1GF(3)(4) (as inserted (18.11.2015) by [Finance \(No. 2\) Act 2015 \(c. 33\), s. 46\(2\)\(c\)](#))

[^{F34}124A Automatic car for a disabled employee

- (1) This section applies where—
 - (a) a car 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 section 122 to 124, the price of the automatic car is more than it would have been if the automatic car had been an equivalent manual car, the price of the automatic car is to be the price of 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
 - (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.]

Textual Amendments

- F34** S. 124A inserted (with effect in accordance with s. 54(6) of the amending Act) by [Finance Act 2009 \(c. 10\), s. 54\(5\)](#)

Cars: treatment of accessories

125 Meaning of “accessory” and related terms

- (1) In this Chapter “qualifying accessory” means an accessory which—
 - (a) is made available for use with the car without any transfer of the property in the accessory,
 - (b) is made available by reason of the employment, and
 - (c) is attached to the car (whether permanently or not).

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(2) For the purposes of this Chapter “accessory” includes any kind of equipment but does not include—

- (a) equipment necessarily provided for use in the performance of the duties of the employment;
- (b) equipment by means of which a car is capable of running on road fuel gas;
- (c) equipment to enable a disabled person to use a car (see section 172);
- (d) a mobile telephone (within the meaning given in section 319(2)).

(3) But subsection (2)(b) does not apply in relation to a car to which section 137 (different CO₂ emissions figure for bi-fuel cars) applies.

[^{F35}(3A) Subsection (2) needs to be read with section 125A (security features not to be regarded as accessories).]

(4) In this Chapter—

“standard accessory” means an accessory equivalent to an accessory assumed to be available with cars of the same kind as the car in question in arriving at the list price, and

“non-standard accessory” means any other accessory.

Textual Amendments

F35 S. 125(3A) inserted (with effect in accordance with s. 14(5) of the amending Act) by [Finance Act 2012 \(c. 14\), s. 14\(2\)](#)

Modifications etc. (not altering text)

C5 S. 125 applied (with modifications) by 1994 c. 22, s. 1GF(3)(4) (as inserted (18.11.2015) by [Finance \(No. 2\) Act 2015 \(c. 33\), s. 46\(2\)\(c\)](#))

[^{F36}125A Security features not to be regarded as accessories

(1) This section applies where a car made available to an employee has a relevant security feature.

(2) The relevant security feature is not an accessory for the purposes of this Chapter if it is provided in order to meet a threat to the employee's personal physical security which arises wholly or mainly because of the nature of the employee's employment.

(3) In this section “relevant security feature” means—

- (a) armour designed to protect the car's occupants from explosions or gunfire,
- (b) bullet-resistant glass,
- (c) any modification to the car's fuel tank designed to protect the tank's contents from explosions or gunfire (including by making the tank self-sealing), and
- (d) any modification made to the car in consequence of anything which is a relevant security feature by virtue of paragraph (a), (b) or (c).

(4) The Treasury may by regulations amend the definition of “relevant security feature” in subsection (3).]

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Textual Amendments

F36 S. 125A inserted (with effect in accordance with s. 14(5) of the amending Act) by [Finance Act 2012 \(c. 14\), s. 14\(3\)](#)

126 Amounts taken into account in respect of accessories

- (1) The price of the following accessories is to be taken into account under step 2 of section 121(1) [^{F37}and step 2 of section 121B(1)] —
 - (a) in the case of a car with a list price, the price of any initial extra accessory, and
 - (b) in the case of any car, the price of any later accessory.
- (2) In this Chapter an “initial extra accessory” means a qualifying accessory which—
 - (a) is a non-standard accessory,
 - (b) is available with the car at the time when it is first made available to the employee, and
 - (c) if it is an accessory in relation to which there is no published price of the manufacturer, importer or distributor of the car (see section 128), is available with the car in the tax year in question.
- (3) In this Chapter a “later accessory” means a qualifying accessory which—
 - (a) is available with the car in the tax year in question,
 - (b) was not available with the car at the time when it was first made available to the employee,
 - (c) was not made available with the car before 1st August 1993, and
 - (d) has a price of at least £100.
- (4) In this section references to the price of an accessory are to—
 - (a) its list price, if it has one, or
 - (b) its notional price, if it has no list price.
- (5) This section is subject to section 131 (replacement accessories).

Textual Amendments

F37 Words in s. 126(1) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 24](#)

127 The list price of an accessory

- (1) For the purposes of this Chapter the list price of an initial extra accessory is—
 - (a) the published price of the manufacturer, importer or distributor of the car (see section 128), or
 - (b) if there is no such price, the published price of the manufacturer, importer or distributor of the accessory (see section 129).
- (2) For the purposes of this Chapter the list price of a later accessory is the published price of the manufacturer, importer or distributor of the accessory (see section 129).

Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Chapter 6 is up to date with all changes known to be in force on or before 12 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Modifications etc. (not altering text)

- C6 Ss. 127-130 applied (with modifications) by 1994 c. 22, s. 1GF(3)(4) (as inserted (18.11.2015) by Finance (No. 2) Act 2015 (c. 33), s. 46(2)(c))

128 Accessory: published price of the car manufacturer etc.

- (1) In this Chapter the “published price of the manufacturer, importer or distributor of the car” in relation to an accessory means the price 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—
- (a) in the United Kingdom,
 - (b) singly,
 - (c) in a retail sale,
 - (d) in the open market, and
 - (e) on the day immediately before the date of the car’s first registration.
- (2) The “inclusive price” means the price inclusive of—
- (a) any charge for delivery by the manufacturer, importer or distributor to the seller’s place of business,
 - (b) any relevant taxes other than car tax (see section 171(1)), and
 - (c) any charge for fitting the accessory.

Modifications etc. (not altering text)

- C6 Ss. 127-130 applied (with modifications) by 1994 c. 22, s. 1GF(3)(4) (as inserted (18.11.2015) by Finance (No. 2) Act 2015 (c. 33), s. 46(2)(c))

129 Accessory: published price of the accessory manufacturer etc.

- (1) In this Chapter the “published price of the manufacturer, importer or distributor of the accessory” in relation to an accessory means the price published by or on behalf of the manufacturer, importer or distributor of the accessory (as the case may be) as the inclusive price appropriate for such an accessory if sold—
- (a) in the United Kingdom,
 - (b) singly,
 - (c) in a retail sale,
 - (d) in the open market, and
 - (e) at the time immediately before the accessory concerned is first made available for use with the car.
- (2) The “inclusive price” means the price inclusive of—
- (a) any charge for delivery by the manufacturer, importer or distributor to the seller’s place of business,
 - (b) any relevant taxes other than car tax (see section 171(1)), and
 - (c) in the case of an accessory permanently attached to the car, the price which the seller would charge for attaching it.

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- (3) In the case of an initial extra accessory, the time referred to in subsection (1)(e) may be a time before the car is first made available to the employee.

Modifications etc. (not altering text)

C6 Ss. 127-130 applied (with modifications) by 1994 c. 22, s. 1GF(3)(4) (as inserted (18.11.2015) by Finance (No. 2) Act 2015 (c. 33), s. 46(2)(c))

130 The notional price of an accessory

- (1) In this Chapter the “notional price” of an accessory means the inclusive price which it might reasonably have been expected to fetch if sold—
- (a) in the United Kingdom,
 - (b) singly,
 - (c) in a retail sale,
 - (d) in the open market, and
 - (e) at the time immediately before the accessory concerned is first made available for use with the car.
- (2) The “inclusive price” means the price inclusive of—
- (a) any charge for delivery by the manufacturer, importer or distributor to the seller’s place of business,
 - (b) any relevant taxes other than car tax (see section 171(1)), and
 - (c) in the case of an accessory permanently attached to the car, the price which the seller would charge for attaching it.
- (3) In the case of an initial extra accessory, the time referred to in subsection (1)(e) may be a time before the car is first made available to the employee.

Modifications etc. (not altering text)

C6 Ss. 127-130 applied (with modifications) by 1994 c. 22, s. 1GF(3)(4) (as inserted (18.11.2015) by Finance (No. 2) Act 2015 (c. 33), s. 46(2)(c))

131 Replacement accessories

- (1) This section applies [^{F38}for the purposes of sections 121(1) and 121B(1)] where—
- (a) a later accessory is available with the car in the tax year in question,
 - (b) that accessory (“the new accessory”) replaced another qualifying accessory (“the old accessory”) in that year or an earlier tax year, and
 - (c) the new accessory is of the same kind as the old accessory.

[^{F39}(1A) In the application of this section for the purposes of section 121B(1)—

- (a) references to the cash equivalent of the benefit of the car for the tax year are to be read as references to the modified cash equivalent of the benefit of the car for the tax year, and
- (b) references to step 2 of section 121(1) are to be read as references to step 2 of section 121B(1).]

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- (2) If the new accessory is not superior to the old accessory, the cash equivalent of the benefit of the car for the tax year is to be calculated under step 2 of section 121(1) as if—
- (a) the replacement has not been made, and
 - (b) the new accessory is a continuation of the old accessory.
- (3) If the new accessory is superior to the old accessory and the conditions in subsection (4) are met, the cash equivalent of the benefit of the car for the tax year is to be calculated under step 2 of section 121(1)—
- (a) as if the old accessory was not available with the car in that tax year, or
 - (b) where the price of the old accessory would (apart from this section) be added to the price of the car under step 2 of section 121(1) as an initial extra accessory, as if it was not available with the car at the time when the car was first made available to the employee.
- (4) The conditions mentioned in subsection (3) are that—
- (a) the old accessory was a non-standard accessory, and
 - (b) both the old and the new accessory would (apart from this section) be taken into account under step 2 of section 121(1) in calculating the cash equivalent of the benefit of the car for the year.
- (5) For the purposes of this section a new accessory is superior to an old accessory if the price of the new accessory exceeds whichever is the greater of—
- (a) the price of the old accessory, and
 - (b) the price of an accessory equivalent to the old accessory at the time immediately before the new accessory is first made available for use with the car.
- (6) In this section references to the price of an accessory are to—
- (a) its list price, if it has one, or
 - (b) its notional price, if it has no list price.

Textual Amendments

F38 Words in s. 131(1) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by Finance Act 2017 (c. 10), **Sch. 2 para. 25(2)**

F39 S. 131(1A) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by Finance Act 2017 (c. 10), **Sch. 2 para. 25(3)**

Cars: capital contributions by employee

132 Capital contributions by employee

- (1) This section applies [^{F40}for the purposes of section 121(1)] if the employee contributes a capital sum to expenditure on the provision of—
- (a) the car, or
 - (b) any qualifying accessory which is taken into account in calculating the cash equivalent of the benefit of the car.

Changes to legislation: *Income Tax (Earnings and Pensions) Act 2003, Chapter 6 is up to date with all changes known to be in force on or before 12 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

- (2) A deduction is to be made from the amount carried forward from step 2 of section 121(1)—
- (a) for the tax year in which the contribution is made, and
 - (b) for all subsequent years in which the employee is chargeable to tax in respect of the car by virtue of section 120.
- (3) The amount of the deduction allowed in any tax year is the lesser of—
- (a) the total of the capital sums contributed by the employee in that year and any earlier years to expenditure on the provision of—
 - (i) the car, or
 - (ii) any qualifying accessory which is taken into account in calculating the cash equivalent of the benefit of the car for the tax year in question, and
 - (b) £5,000.

Textual Amendments

F40 Words in s. 132(1) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by Finance Act 2017 (c. 10), Sch. 2 para. 26

^{F41}132A Capital contributions by employee: optional remuneration arrangements

- (1) This section applies for the purposes of section 121A(1) if the employee contributes a capital sum to expenditure on the provision of—
- (a) the car, or
 - (b) any qualifying accessory which is taken into account in calculating under section 121B the modified cash equivalent of the benefit of the car.
- (2) A deduction is to be made from the amount carried forward from step 1 of section 121A(1)—
- (a) for the tax year in which the contribution is made, and
 - (b) for all subsequent tax years in which the employee is chargeable to tax in respect of the car by virtue of section 120A.
- ^{F42}(3) The amount of the deduction allowed in any tax year is found by—
- (a) first multiplying the capped amount by the appropriate percentage, and
 - (b) then multiplying the result by the availability factor.]
- (4) In subsection (3) the reference to “the appropriate percentage” is to the appropriate percentage for the car for the tax year (determined in accordance with sections 133 to 142).

[For the purposes of subsection (3), “the availability factor” is given by the formula—

$$\sup{F43}(4A) \quad Y - U \over Y$$

where—

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

U is the number of days in the tax year on which the car is unavailable.

- (4B) For the purposes of subsection (4A), the car is unavailable on any day if the day—

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- (a) falls before the first day on which the car is available to the employee,
 - (b) falls after the last day on which the car is available to the employee, or
 - (c) falls within a period of 30 days or more throughout which the car is not available to the employee.]
- (5) In this section “the capped amount” means the lesser of—
- (a) the total of the capital sums contributed by the employee in that year and any earlier years to expenditure on the provision of—
 - (i) the car, or
 - (ii) any qualifying accessory which is taken into account in calculating under section 121B the modified cash equivalent of the benefit of the car for the tax year in question, and
 - (b) £5,000.
- (6) This section is modified by section 147A (classic cars: optional remuneration arrangements).]

Textual Amendments

- F41** S. 132A inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 27](#)
- F42** S. 132A(3) substituted (with effect in accordance with s. 7(7) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [s. 7\(4\)\(a\)](#)
- F43** S. 132A(4A)(4B) inserted (with effect in accordance with s. 7(7) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [s. 7\(4\)\(b\)](#)

Cars: the appropriate percentage

133 How to determine the “appropriate percentage”

- (1) The “appropriate percentage” for a car for a year depends upon when the car was first registered.
- (2) If the car was first registered on or after 1st January 1998, the “appropriate percentage” depends upon whether the car—
- (a) is a car with a CO₂ emissions figure (see section 134(1)), [^{F44}or]
 - (b) is a car without a CO₂ emissions figure (see section 134(2)), ^{F45}...
 - ^{F45}(c)
- and is determined under sections 139 [^{F46}and 140].
- (3) If the car was first registered before 1st January 1998, the “appropriate percentage” is determined under section 142.

Textual Amendments

- F44** Word in s. 133(2)(a) inserted (with effect in accordance with s. 24(17) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [s. 24\(2\)\(a\)](#)
- F45** S. 133(2)(c) and word omitted (with effect in accordance with s. 24(17) of the amending Act) by virtue of [Finance Act 2014 \(c. 26\)](#), [s. 24\(2\)\(b\)](#)

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F46 Words in s. 133(2) substituted (with effect in accordance with s. 24(17) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 24\(2\)\(c\)](#)

Modifications etc. (not altering text)

C7 Ss. 133-142 applied by S.I. 2001/1123, reg. 2 (as amended (6.4.2008) by [The Income Tax \(Car Benefits\) \(Reduction of Value of Appropriate Percentage\) \(Amendment\) Regulations 2007 \(S.I. 2007/3068\)](#), [regs. 1, 3](#))

134 Meaning of car with or without a CO₂ emissions figure

(1) In this Chapter a “car with a CO₂ emissions figure” means—

- (a) a car first registered on or after 1st January 1998 but before 1st October 1999 to which section 135 applies,
- (b) a car first registered on or after 1st October 1999 [^{F47}but before IP completion day] to which section 136 [^{F48}(registration from 1st October 1999 to IP completion day)] applies, ^{F49}...
- [^{F50}(ba) a car first registered on or after IP completion day to which section 136A (registration on or after IP completion day) applies,]
- (c) a car first registered on or after 1st January 2000 [^{F51}but before IP completion day] which is a car to which section 137 (bi-fuel cars [^{F52}: registration from 1st January 2000 to IP completion day]) applies [^{F53}, or
- (d) a car first registered on or after IP completion day to which section 137A (bi-fuel cars: registration on or after IP completion day) applies.]

(2) In this Chapter a “car without a CO₂ emissions figure” means any other car first registered on or after 1st January 1998.

Textual Amendments

- F47** Words in s. 134(1)(b) inserted (24.2.2022) by [Finance Act 2022 \(c. 3\), Sch. 18 para. 3\(a\)\(i\)](#)
- F48** Words in s. 134(1)(b) inserted (24.2.2022) by [Finance Act 2022 \(c. 3\), Sch. 18 para. 3\(a\)\(ii\)](#)
- F49** Word in s. 134(1)(b) omitted (24.2.2022) by virtue of [Finance Act 2022 \(c. 3\), Sch. 18 para. 3\(b\)](#)
- F50** S. 134(1)(ba) inserted (24.2.2022) by [Finance Act 2022 \(c. 3\), Sch. 18 para. 3\(b\)](#)
- F51** Words in s. 134(1)(c) inserted (24.2.2022) by [Finance Act 2022 \(c. 3\), Sch. 18 para. 3\(c\)\(i\)](#)
- F52** Words in s. 134(1)(c) inserted (24.2.2022) by [Finance Act 2022 \(c. 3\), Sch. 18 para. 3\(c\)\(ii\)](#)
- F53** S. 134(1)(d) and word inserted (24.2.2022) by [Finance Act 2022 \(c. 3\), Sch. 18 para. 3\(d\)](#)

Modifications etc. (not altering text)

C7 Ss. 133-142 applied by S.I. 2001/1123, reg. 2 (as amended (6.4.2008) by [The Income Tax \(Car Benefits\) \(Reduction of Value of Appropriate Percentage\) \(Amendment\) Regulations 2007 \(S.I. 2007/3068\)](#), [regs. 1, 3](#))

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

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- (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).

Modifications etc. (not altering text)

- C7 Ss. 133-142 applied by S.I. 2001/1123, reg. 2 (as amended (6.4.2008) by [The Income Tax \(Car Benefits\) \(Reduction of Value of Appropriate Percentage\) \(Amendment\) Regulations 2007 \(S.I. 2007/3068\)](#), [regs. 1, 3](#))

136 Car with a CO₂ emissions figure: [^{F54}registration from 1st October 1999 to IP completion day]

- (1) This section applies to a car first registered on or after 1st October 1999 [^{F55}but before IP completion day] 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.

[^{F56}(2A) For the purpose of determining the car's CO₂ emissions figure [^{F57}in a case where the car is first registered before 6 April 2020], ignore any WLTP (worldwide harmonised [^{F58}light] vehicles test procedures) values specified in [^{F59}the EC certificate of conformity or UK approval certificate].]

[^{F60}(2B) For the purpose of determining the car's CO₂ emissions figure in a case where the car is first registered on or after 6 April 2020, ignore any values specified in the EC certificate of conformity or UK approval certificate that are not WLTP (worldwide harmonised light vehicle test procedures) values.]

- (3) [^{F61}Subsection (2)] is subject to—
- (a) section 137 (bi-fuel cars [^{F62}: registration from 1st January 2000 to IP completion day]), and
- (b) section 138 (automatic car for a disabled employee).

Textual Amendments

- F54** Words in s. 136 heading substituted (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), [Sch. 18 para. 4\(1\)\(a\)](#)
- F55** Words in s. 136(1) inserted (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), [Sch. 18 para. 4\(1\)\(b\)](#)
- F56** S. 136(2A) inserted (with effect in accordance with s. 48(12) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [s. 48\(9\)\(a\)](#)
- F57** Words in s. 136(2A) inserted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\)](#), [s. 8\(2\)\(a\)\(i\)\(5\)](#)
- F58** Word in s. 136(2A) substituted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\)](#), [s. 8\(2\)\(a\)\(ii\)\(5\)](#)

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- F59** Words in s. 136(2A) substituted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\), s. 8\(2\)\(a\)\(iii\)\(5\)](#)
- F60** S. 136(2B) inserted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\), s. 8\(2\)\(b\)\(5\)](#)
- F61** Words in s. 136(3) substituted (with effect in accordance with s. 48(12) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 48\(9\)\(b\)](#)
- F62** Words in s. 136(3) inserted (24.2.2022) by [Finance Act 2022 \(c. 3\), Sch. 18 para. 4\(1\)\(c\)](#)

Modifications etc. (not altering text)

- C7** Ss. 133-142 applied by S.I. 2001/1123, reg. 2 (as amended (6.4.2008) by [The Income Tax \(Car Benefits\) \(Reduction of Value of Appropriate Percentage\) \(Amendment\) Regulations 2007 \(S.I. 2007/3068\), regs. 1, 3](#))

[^{F63}136A Car with a CO₂ emissions figure: registration on or after IP completion day

- (1) This section applies to a car first registered on or after IP completion day if it is so registered on the basis of a qualifying emissions certificate.
- (2) The car's CO₂ emissions figure is the figure specified in the qualifying emissions certificate 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) For the purpose of determining the car's CO₂ emissions figure ignore any values specified in the qualifying emissions certificate that are not WLTP (worldwide harmonised light vehicles test procedures) values.
- (4) Subsection (2) is subject to—
 - (a) section 137A (bi-fuel cars registered after IP completion day), and
 - (b) section 138 (automatic car for a disabled employee).]

Textual Amendments

- F63** [S. 136A](#) inserted (24.2.2022) by [Finance Act 2022 \(c. 3\), Sch. 18 para. 4\(2\)](#)

137 Car with a CO₂ emissions figure: bi-fuel cars [^{F64}: registration from 1st January 2000 to IP completion day]

- (1) This section applies to a car first registered on or after 1st January 2000 [^{F65}but before IP completion day] 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.

[^{F66}(2A) For the purpose of determining the car's CO₂ emissions figure [^{F67}in a case where the car is first registered before 6 April 2020], ignore any WLTP (worldwide

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harmonised [^{F68}light] vehicles test procedures) values specified in [^{F69}the EC certificate of conformity or UK approval certificate].]

[^{F70}(2B) For the purpose of determining the car's CO₂ emissions figure in a case where the car is first registered on or after 6 April 2020, ignore any values specified in the EC certificate of conformity or UK approval certificate that are not WLTP (worldwide harmonised light vehicle test procedures) values.]

(3) [^{F71}Subsection (2)] is subject to section 138 (automatic car for a disabled employee).

Textual Amendments

- F64** Words in s. 137 heading inserted (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), [Sch. 18 para. 5\(1\)\(a\)](#)
- F65** Words in s. 137(1) inserted (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), [Sch. 18 para. 5\(1\)\(b\)](#)
- F66** S. 137(2A) inserted (with effect in accordance with s. 48(12) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [s. 48\(10\)\(a\)](#)
- F67** Words in s. 137(2A) inserted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\)](#), [s. 8\(3\)\(a\)\(i\)\(5\)](#)
- F68** Word in s. 137(2A) substituted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\)](#), [s. 8\(3\)\(a\)\(ii\)\(5\)](#)
- F69** Words in s. 137(2A) substituted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\)](#), [s. 8\(3\)\(a\)\(iii\)\(5\)](#)
- F70** S. 137(2B) inserted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\)](#), [s. 8\(3\)\(b\)\(5\)](#)
- F71** Words in s. 137(3) substituted (with effect in accordance with s. 48(12) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [s. 48\(10\)\(b\)](#)

Modifications etc. (not altering text)

- C7** Ss. 133-142 applied by S.I. 2001/1123, reg. 2 (as amended (6.4.2008) by [The Income Tax \(Car Benefits\) \(Reduction of Value of Appropriate Percentage\) \(Amendment\) Regulations 2007 \(S.I. 2007/3068\)](#), [regs. 1, 3](#))

[^{F72}137A Car with a CO₂ emissions figure: bi-fuel cars registered on or after IP completion day

- (1) This section applies to a car first registered on or after IP completion day if it is so registered on the basis of a qualifying emissions certificate 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) For the purpose of determining the car's CO₂ emissions figure ignore any values specified in the qualifying emissions certificate that are not WLTP (worldwide harmonised light vehicles test procedures) values.
- (4) Subsection (2) is subject to section 138 (automatic car for a disabled employee).]

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Textual Amendments

F72 S. 137A inserted (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), [Sch. 18 para. 5\(2\)](#)

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
 - (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.

Modifications etc. (not altering text)

C7 Ss. 133-142 applied by S.I. 2001/1123, reg. 2 (as amended (6.4.2008) by [The Income Tax \(Car Benefits\) \(Reduction of Value of Appropriate Percentage\) \(Amendment\) Regulations 2007 \(S.I. 2007/3068\)](#), [regs. 1, 3](#))

[^{F73}139 Cars with a CO₂ emissions figure: the appropriate percentage

- (1) [^{F74}The appropriate percentage for a year for a car with a CO₂ emissions figure of less than 75 is determined in accordance with the following table.

Car

*Appropriate
percentage*

Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Chapter 6 is up to date with all changes known to be in force on or before 12 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Car with CO ₂ emissions figure of 0	2%
Car with CO ₂ emissions figure of 1 - 50	
Car with electric range figure of 130 or more	2%
Car with electric range figure of 70 - 129	5%
Car with electric range figure of 40 - 69	8%
Car with electric range figure of 30 - 39	12%
Car with electric range figure of less than 30	14%
Car with CO ₂ emissions figure of 51 - 54	15%
Car with CO ₂ emissions figure of 55 - 59	16%
Car with CO ₂ emissions figure of 60 - 64	17%
Car with CO ₂ emissions figure of 65 - 69	18%
Car with CO ₂ emissions figure of 70 - 74	19%

- [^{F75}(2) For the purposes of subsection (1) and the table—
- (a) if a CO₂ emissions figure is not a whole number, round it down to the nearest whole number, and
 - (b) if an electric range figure is not a whole number, round it up to the nearest whole number.]
- (3) The appropriate percentage for a year for a car with a CO₂ emissions figure of 75 or more is whichever is the lesser of—
- (a) 20% plus one percentage point for each 5 grams per kilometre driven by which the CO₂ emissions figure exceeds 75, and
 - (b) 37%.
- (4) For the purposes of subsection (3), if a CO₂ emissions figure is not a multiple of 5, round it down to the nearest multiple of 5.
- (5) In this section, an “electric range figure” is the number of miles which is the equivalent of the number of kilometres specified in an EC certificate of conformity, an EC type-approval certificate or a UK approval certificate on the basis of which a car is registered, as being the maximum distance for which the car can be driven in electric mode without recharging the battery.]
- [^{F76}(5A) For the purpose of determining the electric range figure for a car first registered before 6 April 2020, ignore any WLTP (worldwide harmonised light vehicle test procedures) values specified in an EC certificate of conformity, an EC type-approval certificate or a UK approval certificate.
- (5B) For the purpose of determining the electric range figure for a car first registered on or after 6 April 2020, ignore any values specified in an EC certificate of conformity, an EC type-approval certificate or a UK approval certificate that are not WLTP (worldwide harmonised light vehicle test procedures) values.]
- (7) This section is subject to—
- ^{F77}(a)

Changes to legislation: *Income Tax (Earnings and Pensions) Act 2003, Chapter 6 is up to date with all changes known to be in force on or before 12 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

- (b) any regulations made by the Treasury under section 170(4) (power to reduce the appropriate percentage).]

Textual Amendments

F73 S. 139 substituted (with effect in accordance with s. 59(5) of the amending Act) by [Finance Act 2010 \(c. 13\), s. 59\(2\)](#)

F74 S. 139(1)-(5) substituted for s. 139(1)-(6) (with effect in accordance with s. 2(6) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 2\(2\)](#)

F75 S. 139(2) substituted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\), s. 8\(4\)\(a\)\(5\)](#)

F76 S. 139(5A)(5B) inserted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\), s. 8\(4\)\(b\)\(5\)](#)

F77 S. 139(7)(a) and word omitted (with effect in accordance with s. 24(17) of the amending Act) by virtue of [Finance Act 2014 \(c. 26\), s. 24\(6\)](#) and word in s. 139(7)(a) inserted (with effect in accordance with s. 9(6) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 9\(5\)](#)

Modifications etc. (not altering text)

C7 Ss. 133-142 applied by S.I. 2001/1123, reg. 2 (as amended (6.4.2008) by [The Income Tax \(Car Benefits\) \(Reduction of Value of Appropriate Percentage\) \(Amendment\) Regulations 2007 \(S.I. 2007/3068\), regs. 1, 3](#))

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	[^{F78} 24%]
More than 1,400 but not more than 2,000	[^{F79} 35%]
More than 2,000	[^{F80} 37%]

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—
- [^{F81}[^{F82}(a) [^{F83}[^{F84}9%]] [^{F85}[^{F83}13%]] [^{F86}[^{F85}16%]] [^{F86}2%]] if the car cannot in any circumstances emit CO₂ by being driven, and]
- (b) [^{F87}37%] in any other case.]

^{F88}(3A)

^{F89}(4)

Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Chapter 6 is up to date with all changes known to be in force on or before 12 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

(5) This section is subject to—

^{F90}(a)

(b) any regulations made by the Treasury under section 170(4) (power to reduce the appropriate percentage).

Textual Amendments

- F78** Word in s. 140(2) Table substituted (with effect in accordance with s. 2(6) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 2\(3\)\(a\)\(i\)](#)
- F79** Word in s. 140(2) Table substituted (with effect in accordance with s. 2(6) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 2\(3\)\(a\)\(ii\)](#)
- F80** Word in s. 140(2) Table substituted (with effect in accordance with s. 23(12) of the amending Act) by [Finance Act 2013 \(c. 29\), s. 23\(8\)](#)
- F81** S. 140(3)(a)(b) substituted for words (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\(8\)](#)
- F82** S. 140(3)(a) substituted (with effect in accordance with s. 23(12) of the amending Act) by [Finance Act 2013 \(c. 29\), s. 23\(9\)\(a\)](#)
- F83** Word in s. 140(3)(a) substituted (with effect in accordance with s. 9(4) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 9\(3\)](#)
- F84** Word in s. 140(3)(a) substituted (with effect in accordance with s. 9(2) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 9\(1\)](#)
- F85** Word in s. 140(3)(a) substituted (with effect in accordance with s. 8(9) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 8\(7\)](#)
- F86** Word in s. 140(3)(a) substituted (with effect in accordance with s. 2(6) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 2\(3\)\(b\)](#)
- F87** Word in s. 140(3)(b) substituted (with effect in accordance with s. 23(12) of the amending Act) by [Finance Act 2013 \(c. 29\), s. 23\(10\)](#)
- F88** S. 140(3A) omitted (with effect in accordance with s. 23(12) of the amending Act) by virtue of [Finance Act 2013 \(c. 29\), s. 23\(10\)](#)
- F89** S. 140(4) omitted (with effect for the tax year 2010-11 and subsequent tax years in accordance with s. 58(18) of the amending Act) by virtue of [Finance Act 2010 \(c. 13\), s. 58\(10\)](#)
- F90** S. 140(5)(a) and word omitted (with effect in accordance with s. 24(17) of the amending Act) by virtue of [Finance Act 2014 \(c. 26\), s. 24\(10\)](#) and word in s. 140(5)(a) inserted (with effect in accordance with s. 9(6) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 9\(5\)](#)

Modifications etc. (not altering text)

- C7** Ss. 133-142 applied by S.I. 2001/1123, reg. 2 (as amended (6.4.2008) by [The Income Tax \(Car Benefits\) \(Reduction of Value of Appropriate Percentage\) \(Amendment\) Regulations 2007 \(S.I. 2007/3068\), regs. 1, 3\)](#)

^{F91}141 Diesel cars: the appropriate percentage

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Textual Amendments

- F91** S. 141 omitted (with effect in accordance with s. 24(17) of the amending Act) by virtue of [Finance Act 2014 \(c. 26\), s. 24\(11\)](#); word in s. 141(2) substituted (with effect in accordance with s. 9(2) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 9\(1\)](#); s. 141(1)(1A) substituted for s. 141(1) (with effect in accordance with s. 9(6) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 9\(2\)](#); s. 141(2A)

Changes to legislation: *Income Tax (Earnings and Pensions) Act 2003, Chapter 6 is up to date with all changes known to be in force on or before 12 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

inserted (with effect in accordance with s. 9(6) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 9\(4\)](#); word in s. 141(2) substituted (with effect in accordance with s. 9(6) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 9\(3\)\(a\)](#); words in s. 141(2) substituted (with effect in accordance with s. 9(6) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 9\(3\)\(b\)](#)

Modifications etc. (not altering text)

- C7** Ss. 133-142 applied by S.I. 2001/1123, reg. 2 (as amended (6.4.2008) by [The Income Tax \(Car Benefits\) \(Reduction of Value of Appropriate Percentage\) \(Amendment\) Regulations 2007 \(S.I. 2007/3068\)](#), [regs. 1, 3](#))

Cars: appropriate percentage: first registered before 1st January 1998

142 Car first registered before 1st January 1998: the appropriate percentage

- (1) The appropriate percentage for a car first registered before 1st January 1998 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	[^{F92} 24%]
More than 1,400 but not more than 2,000	[^{F93} 35%]
More than 2,000	[^{F94} 37%]

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 [^{F95}37%].

^{F96}(4)

Textual Amendments

- F92** Word in s. 142(2) Table substituted (with effect in accordance with s. 2(6) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 2\(4\)\(a\)](#)
- F93** Word in s. 142(2) Table substituted (with effect in accordance with s. 2(6) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 2\(4\)\(b\)](#)
- F94** Word in s. 142(2) Table substituted (with effect in accordance with s. 24(17) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 24\(13\)\(c\)](#)
- F95** Word in s. 142(3) substituted (with effect in accordance with s. 24(17) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 24\(14\)](#)
- F96** S. 142(4) omitted (with effect in accordance with Sch. 28 para. 10(2) of the amending Act and with [Finance Act 2010 \(c. 13\), s. 58\(20\)](#)) by virtue of [Finance Act 2009 \(c. 10\), Sch. 28 para. 8\(b\)](#)

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Modifications etc. (not altering text)

- C7 Ss. 133-142 applied by S.I. 2001/1123, reg. 2 (as amended (6.4.2008) by [The Income Tax \(Car Benefits\) \(Reduction of Value of Appropriate Percentage\) \(Amendment\) Regulations 2007](#) (S.I. 2007/3068), [regs. 1, 3](#))

Cars: unavailability or payments for private use

143 Deduction for periods when car unavailable

[^{F97}(A1) This section has effect for the purposes of—

- (a) section 121(1) (method of calculating the cash equivalent of the benefit of a car), and
- (b) section 121B(1) (optional remuneration arrangements: meaning of “modified cash equivalent”).]

(1) A deduction is to be made from the amount carried forward from step 6 of section 121(1) [^{F98}or (as the case may be) step 4 of section 121B(1)] if the car has been unavailable on any day during the tax year in question.

(2) For the purposes of this section a car is unavailable on any day if the day—

- (a) falls before the first day on which the car is available to the employee,
- (b) falls after the last day on which the car is available to the employee, or
- (c) falls within a period of 30 days or more throughout which the car is not available to the employee.

(3) The amount of the deduction is given by the formula—

$$\frac{U}{Y} \times A$$

where—

U is the number of days in the year on which the car is unavailable,

Y is the number of days in that year, and

A is the amount carried forward from step 6 [^{F99}of section 121(1) or (as the case may be) step 4 of section 121B(1)] .

(4) This section is subject to section 145 (modification where car temporarily replaced).

Textual Amendments

- F97** S. 143(A1) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 28\(2\)](#)
- F98** Words in s. 143(1) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 28\(3\)](#)
- F99** Words in s. 143(3) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 28\(4\)](#)

Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Chapter 6 is up to date with all changes known to be in force on or before 12 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

144 Deduction for payments for private use

- (1) A deduction is to be made from the provisional sum ^[F100](see subsection (1A)) if, as a condition of the car being available for the employee’s private use, the employee—
- (a) is required in the tax year in question to pay (whether by way of deduction from earnings or otherwise) an amount of money for that use, and
 - ^[F101](b) pays that amount ^[F102]on or before 6 July following] that year.]
- ^[F103](1A) In this section “the provisional sum” means the provisional sum calculated under—
- (a) step 7 of section 121(1) (method of calculating the cash equivalent of the benefit of a car), or
 - (b) step 2 of section 121A(1) (optional remuneration arrangements: method of calculating relevant amount).]
- (2) If the amount paid ^[F104]as mentioned in subsection (1)(b)] by the employee in respect of that year is equal to or exceeds the provisional sum, the provisional sum is reduced ^[F105]so that—
- (a) in a case within subsection (1A)(a), the cash equivalent of the benefit of the car for the year is nil, or
 - (b) in a case within subsection (1A)(b), the relevant amount for the purposes of section 120A is nil.]
- (3) ^[F106]Where subsection (2) does not apply,] the amount paid ^[F107]as mentioned in subsection (1)(b)] by the employee in respect of the year is deducted from the provisional sum in order to ^[F108]give—
- (a) in a case within subsection (1A)(a), the cash equivalent of the benefit of the car for the year, or
 - (b) in a case within subsection (1A)(b), the relevant amount for the purposes of section 120A.]
- (4) In this section 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 a member of the employee’s family or household.
- (5) This section is subject to section 145 (modification where car temporarily replaced).

Textual Amendments

- F100** Words in s. 144(1) substituted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 29\(2\)](#)
- F101** S. 144(1)(b) substituted (with effect in accordance with s. 25(3) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 25\(1\)](#)
- F102** Words in s. 144(1)(b) substituted (with effect in accordance with s. 1(14) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 1\(7\)\(a\)](#)
- F103** S. 144(1A) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 29\(3\)](#)
- F104** Words in s. 144(2) inserted (with effect in accordance with s. 1(14) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 1\(7\)\(b\)](#)
- F105** Words in s. 144(2) substituted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 29\(4\)](#)
- F106** Words in s. 144(3) substituted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 29\(5\)\(a\)](#)

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F107 Words in s. 144(3) inserted (with effect in accordance with s. 1(14) of the amending Act) by Finance (No. 2) Act 2017 (c. 32), s. 1(7)(c)

F108 Words in s. 144(3) substituted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by Finance Act 2017 (c. 10), Sch. 2 para. 29(5)(b)

145 Modification of provisions where car temporarily replaced

- (1) This section applies if—
- (a) the car normally available to an employee (“the normal car”) is not available to the employee for a period of less than 30 days,
 - (b) another car (“the replacement car”) is made available to the employee in order to replace the normal car for the whole or part of that period,
 - ^{F109}(c) the employee is chargeable to tax—
 - (i) in respect of both the normal car and the replacement car by virtue of section 120, or
 - (ii) in respect of both the normal car and the replacement car by virtue of section 120A, and⁷.]
 - (d) the replacement car meets condition A or B.
- (2) Condition A is met if the replacement car is not materially better than the normal car.
- (3) Condition B is met if the replacement car is not made available to the employee under an arrangement of which the main purpose, or one of the main purposes, is to provide the employee with the benefit of a car which is materially better than the normal car.
- (4) If this section applies—
- (a) section 143 (deduction for periods when car unavailable) applies so that the replacement car is to be treated as unavailable on the days of the period during which it replaces the normal car, and
 - (b) section 144 (deduction for payments for private use) applies as if the replacement had not been made and the replacement car were a continuation of the normal car.
- (5) A replacement car is regarded as materially better than the normal car if—
- (a) it is materially better in quality, or
 - (b) when calculating the cash equivalent of the benefit of the replacement car, the interim sum calculated under ^{F110}step 3] of section 121(1) is materially higher than the interim sum calculated in relation to the normal car.
- ^{F111}(6) Where this section applies by virtue of subsection (1)(c)(ii), the condition in subsection (5)(b) is to be taken to be met if it would be met on the assumption that the cash equivalent of the benefit of the cars in question is to be calculated under section 121(1).]

Textual Amendments

F109 S. 145(1)(c) substituted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by Finance Act 2017 (c. 10), Sch. 2 para. 30(2)

F110 Words in s. 145(5) substituted (with effect in accordance with Sch. 28 para. 10(2) of the amending Act) by Finance Act 2009 (c. 10), Sch. 28 para. 3

Changes to legislation: *Income Tax (Earnings and Pensions) Act 2003, Chapter 6 is up to date with all changes known to be in force on or before 12 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

F111 S. 145(6) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 30\(3\)](#)

Cars: special cases

146 Cars that run on road fuel gas

- (1) This section applies [^{F112}for the purposes of sections 121 and 121B] if the car—
 - (a) has been manufactured so as to be capable of running on road fuel gas, and
 - (b) is not a car to which section 137 (different CO₂ emissions figure for bi-fuel cars) applies.
- (2) The price of the car found under step 1 of section 121(1) [^{F113}or (as the case may be) step 1 of section 121B(1)] is to be reduced by so much of that price as it is reasonable to attribute to the car being manufactured in such a way as to be capable of running on road fuel gas rather than in such a way as to be capable of running only on petrol.

Textual Amendments

F112 Words in s. 146(1) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 31\(2\)](#)

F113 Words in s. 146(2) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 31\(3\)](#)

147 Classic cars: 15 years of age or more

- (1) This section applies in calculating the cash equivalent of the benefit of a car for a tax year if—
 - (a) the age of the car at the end of the year is 15 years or more,
 - (b) the market value of the car for the year is £15,000 or more, and
 - (c) that market value exceeds the [^{F114}interim sum calculated under] step 3 of section 121(1).
- (2) For the [^{F115}interim sum calculated under] step 3 substitute the market value of the car for the tax year in question less any deductions under subsection (6).
- (3) The market value of a car for a tax year is the price which the car might reasonably have been expected to fetch on a sale in the open market on—
 - (a) the last day of that year, or
 - (b) the last day in that year on which the car is available to the employee if that is earlier.
- (4) It is assumed that any qualifying accessories available with the car on that day are included in the sale.
- (5) Subsection (6) applies if the employee contributes a capital sum to expenditure on the provision of—
 - (a) the car, or
 - (b) any qualifying accessory which is taken into account in determining the market value of the car.

Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Chapter 6 is up to date with all changes known to be in force on or before 12 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (6) A deduction is to be made from the market value of the car—
 - (a) for the tax year in which the contribution is made, and
 - (b) for all subsequent years in which the employee is chargeable to tax in respect of the car by virtue of section 120.
- (7) The amount of the deduction allowed in any tax year is the lesser of—
 - (a) the total of the capital sums contributed by the employee in that year and any earlier years to expenditure on the provision of—
 - (i) the car, or
 - (ii) any qualifying accessory which is taken into account in determining the market value of the car for the tax year in question, and
 - (b) £5,000.

Textual Amendments

F114 Words in s. 147(1) substituted (with effect in accordance with Sch. 28 para. 10(2) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 28 para. 4](#)

F115 Words in s. 147(2) substituted (with effect in accordance with Sch. 28 para. 10(2) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 28 para. 4](#)

^{F116}147A Classic cars: optional remuneration arrangements

- (1) This section applies in calculating the relevant amount in respect of a car for a tax year for the purposes of section 120A (benefit of car treated as earnings: optional remuneration arrangements) if—
 - (a) the age of the car at the end of the year is 15 years or more,
 - (b) the market value of the car for the year is £15,000 or more, and
 - (c) that market value exceeds the specified amount (see subsection (4)).
- (2) In calculating the modified cash equivalent of the benefit of the car, for the interim sum calculated under step 2 of section 121B(1) substitute the market value of the car for the tax year in question.
- (3) Section 132A (capital contributions by employee: optional remuneration arrangements) has effect as if—
 - (a) in subsection (1)(b) the reference to calculating under section 121B the modified cash equivalent of the benefit of the car were to determining the market value of the car, and
 - (b) in subsection (5)(a)(ii) the reference to calculating under section 121B the modified cash equivalent of the benefit of the car for the tax year in question were to determining the market value of the car for the tax year in question.
- (4) The “specified amount” is found as follows.
 - Step 1* Find what would be the interim sum under step 2 of section 121B(1) (if subsection (2) of this section did not have effect).
 - Step 2* (Assuming for this purpose that the reference in section 132(2) to step 2 of section 121(1) includes a reference to step 1 of this subsection) make any deduction under section 132 for capital contributions made by the employee to the cost of the car or accessories.

The resulting amount is the specified amount.

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- (5) The market value of a car for a tax year is to be determined in accordance with section 147(3) and (4).]

Textual Amendments

F116 S. 147A inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 32](#)

Cars: reduction where shared car

148 Reduction of cash equivalent where car is shared

- (1) This section applies [^{F117}for the purposes of sections 121 and 121B] if in a tax year a car—
- (a) is available to more than one employee concurrently,
 - (b) is so made available by the same employer, and
 - (c) is available concurrently for each employee’s private use,
- and two or more of those employees are chargeable to tax in respect of the car in that year by virtue of [^{F118}sections 120 and 120A].
- [^{F119}(2) The amount to be treated as earnings in respect of the benefit of the car is to be calculated separately for each of those employees for that tax year (whether under section 120 or section 120A).]
- [^{F120}(2A) [^{F121}In the case of an employee chargeable to tax in respect of the car by virtue of section 120] The provisional sum calculated under step 7 in section 121(1) is to be reduced on a just and reasonable basis before making any deduction under step 8.]
- [^{F122}(2B) In the case of an employee chargeable to tax in respect of the car by virtue of section 120A, the modified cash equivalent (as determined under section 121B(1)) is to be reduced on a just and reasonable basis.]
- [^{F123}(3)]
- (4) In this section the reference to the car being available for each employee’s private use includes a reference to the car being available for the private use of a member of the employee’s family or household.

Textual Amendments

- F117** Words in s. 148(1) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 33\(2\)\(a\)](#)
- F118** Words in s. 148(1) substituted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 33\(2\)\(b\)](#)
- F119** S. 148(2) substituted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 33\(3\)](#)
- F120** S. 148(2A) inserted (1.3.2012) by [The Enactment of Extra-Statutory Concessions Order 2012 \(S.I. 2012/266\)](#), arts. 1, [3\(3\)\(b\)](#)
- F121** Words in s. 148(2A) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 33\(4\)](#)

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F122 S. 148(2B) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 33\(5\)](#)

F123 S. 148(3) omitted (with effect in accordance with s. 13(4) of the amending Act) by virtue of [Finance Act 2015 \(c. 11\)](#), [Sch. 1 para. 7](#)

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 [^{F124}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
 - (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 [^{F125}or any energy for a car which cannot in any circumstances emit CO₂ by being driven].

Textual Amendments

F124 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](#)

F125 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\(11\)](#)

[^{F126}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.

Changes to legislation: *Income Tax (Earnings and Pensions) Act 2003, Chapter 6 is up to date with all changes known to be in force on or before 12 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

- (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

F126 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](#)

150 Car fuel: calculating the cash equivalent

- (1) The cash equivalent of the benefit of the fuel is the appropriate percentage of [^{F127}£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

F127 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 ^{F128}...—
 - (a) [^{F129}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

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- (b) the employee does make good that expense [^{F130}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

- F128** 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)
- F129** 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)
- F130** 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 ^{F131}...—
- (a) [^{F132}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,
- (b) [^{F133}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 [^{F134}—
- (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 [^{F135}, 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.

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Textual Amendments

- F131** 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\(9\)\(a\)](#)
- F132** 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\(9\)\(b\)](#)
- F133** 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\(9\)\(c\)](#)
- F134** 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\(9\)\(d\)\(i\)](#)
- F135** 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.

Vans: benefit treated as earnings

154 Benefit of van treated as earnings

- (1) ^{F136}If this Chapter applies to a van in relation to a particular tax year, the cash equivalent of the benefit of the van is to be treated as earnings from the employment for that year.]
- ^{F137}(2) In such a case (including a case where the cash equivalent of the benefit of the van is nil) the employee is referred to in this Chapter as being chargeable to tax in respect of the van for that year.
- (3) Any reference in this Act to a case where the cash equivalent of the benefit of a van is treated as the employee's earnings for a year by virtue of this section includes a case where the cash equivalent is nil.]
- ^{F138}(4) This section is subject to section 154A.]

Textual Amendments

- F136** s. 154 renumbered as s. 154(1) (with effect in accordance with s. 7(9) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 7\(7\)\(a\)](#)
- F137** S. 154(2)(3) inserted (with effect in accordance with s. 7(9) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 7\(7\)\(b\)](#)
- F138** S. 154(4) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 36](#)

^{F139}154A Benefit of van treated as earnings: optional remuneration arrangements

- (1) Where this Chapter applies to a van in relation to a particular tax year and the conditions in subsection (2) are met—

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- (a) the relevant amount is to be treated as earnings from the employment for that tax year, and
- (b) section 154(1) does not apply.

In such a case (including a case where the relevant amount is nil) the employee is referred to in this Chapter as being chargeable to tax in respect of the van in the tax year.

- (2) The conditions are that—
- (a) the van is made available to the employee or member of the employee's household pursuant to optional remuneration arrangements, and
 - (b) [^{F140}the total foregone amount in connection with the van] is greater than the modified cash equivalent of the benefit of the van.

- (3) To find the relevant amount for the purposes of this section take the following steps—
- [^{F141}Step 1* Take the total foregone amount in connection with the van for the tax year.]
- Step 2* Make any deduction under section 158A in respect of payments by the employee for the private use of the van.

The result is the “relevant amount”.

- (4) In subsection (2) the reference to the “modified cash equivalent” is to the amount which would be the cash equivalent of the benefit of the van (after any reductions under section 156 or 157) if this Chapter had effect the following modifications—
- (a) omit paragraph (c) of section 155(8);
 - (b) omit section 158;
 - (c) in section 159(2)(b), for “155, 157 and 158” substitute “155 and 157”.
- (5) For the purposes of subsection (2) assume that the modified cash equivalent of the benefit of the van is zero if the condition in subsection (6) is met.
- (6) The condition is that the benefit of the van would be exempt from income tax but for section 228A (exclusion of certain exemptions).
- (7) Where it is necessary for the purposes of subsection (2)(b) and step 1 of subsection (3) to apportion an amount of earnings to [^{F142}a benefit mentioned in subsection (8)(a) or (b)] 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).

[In this section the total foregone amount in connection with the van for a tax year is ^{F143}(8) the total of—

- (a) the amount foregone (see section 69B) with respect to the benefit of the van for that year, and
- (b) the amount foregone (see section 69B) with respect to each other benefit that—
 - (i) is connected with the van,
 - (ii) is provided in that year for the employee, or a member of the employee's household, pursuant to optional remuneration arrangements, and
 - (iii) is neither the provision of a driver nor the provision of fuel.]]

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Textual Amendments

- F139** S. 154A inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 37](#)
- F140** Words in s. 154A(2)(b) substituted (with effect in accordance with s. 7(7) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 7\(5\)\(a\)](#)
- F141** Words in s. 154A(3) substituted (with effect in accordance with s. 7(7) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 7\(5\)\(b\)](#)
- F142** Words in s. 154A(7) substituted (with effect in accordance with s. 7(7) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 7\(5\)\(c\)](#)
- F143** S. 154A(8) inserted (with effect in accordance with s. 7(7) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 7\(5\)\(d\)](#)

[^{F144}155 Cash equivalent of the benefit of a van

- [^{F145}(1) The cash equivalent of the benefit of a van for a tax year is calculated as follows.
- (1A) If the restricted private use condition is met in relation to the van for the tax year, the cash equivalent is nil.
 - (1B) If that condition is not met in relation to the van for the tax year—
 - (a) if the van cannot in any circumstances emit CO₂ by being driven and the tax year is any of the tax years 2015-16 to [^{F146}2020-21], the cash equivalent is the appropriate percentage of [^{F147}£3,500]^{F148} ...
 - [^{F149}(aa) if the van cannot in any circumstances emit CO₂ by being driven and the tax year is 2021-22 or a subsequent tax year, the cash equivalent is nil, and]
 - (b) in any other case, the cash equivalent is [^{F150}£3,960].
 - (1C) The appropriate percentage for the purposes of subsection (1B)(a) is—
 - (a) 20% for the tax year 2015-16,
 - [^{F151}(b) 20% for the tax year 2016-17;
 - (c) 60% for the tax year 2017-18,
 - (d) 80% for the tax year 2018-19, and
 - (e) 90% for the tax year 2019-20.
 - (f) 80% for the tax year 2020-21;
 - [^{F152}(g)]]
 - (4) The restricted private use condition is met in relation to a van for a tax year if—
 - (a) the commuter use requirement is satisfied throughout the year (or the part of the year on which it is available to the employee) or the extent to which it is not satisfied during that period is insignificant, and
 - (b) the business travel requirement is satisfied throughout the year (or the part of the year on which it is available to the employee).
 - (5) The commuter use requirement is satisfied at any time if—
 - (a) the terms on which the van is available to the employee at the time prohibit its private use otherwise than for the purposes of ordinary commuting or travel between two places that is for practical purposes substantially ordinary commuting, and
 - (b) neither the employee nor a member of the employee’s family or household makes private use of the van at the time otherwise than for those purposes.

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- (6) In subsection (5) “ordinary commuting” has the same meaning as in section 338 (travel for necessary attendance) (see subsection (3) of that section).
- (7) The business travel requirement is satisfied at a time if the van is available to the employee at the time mainly for use for the purposes of the employee’s business travel (see section 171(1)).
- (8) The cash equivalent of the van may be reduced—
 - (a) under section 156 for any periods when the van is unavailable,
 - (b) under section 157 where the van is shared, and
 - (c) under section 158 in respect of payments by the employee for the private use of the van.]

Textual Amendments

- F144** Ss. 155-164 substituted for ss. 155-166 (with effect in accordance with s. 80(2) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 14 para. 5](#)
- F145** S. 155(1)-(1C) substituted for s. 155(1)(2) (with effect in accordance with s. 10(8) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [s. 10\(2\)](#)
- F146** Word in s. 155(1B)(a) substituted (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), [s. 23\(2\)\(a\)](#)
- F147** Sum in s. 155(1B)(a) substituted (with application in accordance with art. 1(2) of the amending S.I.) by [The Van Benefit and Car and Van Fuel Benefit Order 2021 \(S.I. 2021/248\)](#), arts. 1(2), [3](#)
- F148** Word in s. 155(1B)(a) omitted (10.6.2021) by virtue of [Finance Act 2021 \(c. 26\)](#), [s. 23\(2\)\(b\)](#)
- F149** S. 155(1B)(aa) inserted (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), [s. 23\(2\)\(c\)](#)
- F150** Sum in s. 155(1B)(b) 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), [3](#)
- F151** S. 155(1C)(b)-(g) substituted for s. 155(1C)(b)-(e) (with effect in accordance with s. 11(4) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 11\(3\)](#)
- F152** S. 155(1C)(g) omitted (10.6.2021) by virtue of [Finance Act 2021 \(c. 26\)](#), [s. 23\(3\)](#)

[^{F144}Vans: reductions of cash equivalent

156 Meaning of “shared van”

- (1) The cash equivalent of the benefit of a van for a tax year under section [^{F153}155] is to be reduced if the van has been unavailable on any day during the year.
- (2) For the purposes of this section a van is unavailable on any day if the day—
 - (a) falls before the first day on which the van is available to the employee,
 - (b) falls after the last day on which the van is available to the employee, or
 - (c) falls within a period of 30 days or more throughout which the van is not available to the employee.
- (3) The amount of the reduction is given by the formula—

$$UY \times CE$$

where—

U is the number of days in the year on which the van is unavailable,

Y is the number of days in the year, and

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CE is the amount of the cash equivalent before any reduction.]

Textual Amendments

F153 Word in s. 156(1) substituted (with effect in accordance with s. 10(8) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 10\(3\)](#)

[^{F144}Reduction of cash equivalent where van is shared

157 Reduction of cash equivalent where van is shared

- (1) This section applies if in a tax year a van—
 - (a) is available to more than one employee concurrently,
 - (b) is so made available by the same employer, and
 - (c) is available concurrently for each employee’s private use.
- (2) The cash equivalent of the benefit of the van to each of those employees for that year—
 - (a) is to be calculated separately under sections 155 and 156, and
 - (b) is then to be reduced on a just and reasonable basis.

^{F154}(3)

- (4) In this section the reference to the van being available for each employee’s private use includes a reference to the van being available for the private use of a member of the employee’s family or household.]

Textual Amendments

F154 S. 157(3) omitted (with effect in accordance with s. 13(4) of the amending Act) by virtue of [Finance Act 2015 \(c. 11\), Sch. 1 para. 8](#)

[^{F144}Reduction for payments for private use

158 Reduction for payments for private use

- (1) The cash equivalent of the benefit of a van for a tax year under section [^{F155}155] (after any reduction under sections 156 and 157) is to be reduced if, as a condition of the van being available for the employee’s private use, the employee—
 - (a) is required in that year to pay (whether by way of deduction from earnings or otherwise) an amount of money for that use, and
 - [^{F156}(b) pays that amount [^{F157}on or before 6 July following] that year.]
- (2) If the amount paid [^{F158}as mentioned in subsection (1)(b)] by the employee in respect of that year is equal to or exceeds that cash equivalent, it is reduced to nil.
- (3) In any other case that cash equivalent is reduced by the amount paid [^{F159}as mentioned in subsection (1)(b)] by the employee.

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- (4) In this section the reference to the van being available for the employee's private use includes a reference to the van being available for the private use of a member of the employee's family or household.

Textual Amendments

- F155** Word in s. 158(1) substituted (with effect in accordance with s. 10(8) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 10\(4\)](#)
- F156** S. 158(1)(b) substituted (with effect in accordance with s. 25(3) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 25\(2\)](#)
- F157** Words in s. 158(1)(b) substituted (with effect in accordance with s. 1(14) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 1\(10\)\(a\)](#)
- F158** Words in s. 158(2) inserted (with effect in accordance with s. 1(14) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 1\(10\)\(b\)](#)
- F159** Words in s. 158(3) inserted (with effect in accordance with s. 1(14) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 1\(10\)\(c\)](#)

[^{F160}158A] **Van provided pursuant to optional remuneration arrangements: private use**

- (1) In calculating the relevant amount under section 154A in relation to a van and a tax year, a deduction is to be made under step 2 of subsection (3) of that section if, as a condition of the van being available for the employee's private use, the employee—
- is required in that year to pay (whether by way of deduction from earnings or otherwise) an amount of money for that use, and
 - pays that amount on or before 6 July following that year.
- (2) The amount of the deduction is—
- the amount paid as mentioned in subsection (1)(b) by the employee in respect of the year, or
 - if less, the amount that would reduce the relevant amount to nil.
- (3) In this section the reference to the van being available for the employee's private use includes a reference to the van being available for the private use of a member of the employee's family or household.]]

Textual Amendments

- F160** [S. 158A](#) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 38](#)

[^{F144}Modification of provisions where van temporarily replaced

159 Modification of provisions where van temporarily replaced

- (1) This section applies if—
- the van normally available to an employee (“the normal van”) is not available to the employee for a period of less than 30 days,
 - another van (“the replacement van”) is made available to the employee in order to replace the normal van for the whole or part of that period, and

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- (c) the employee is chargeable to tax in respect of both the normal van and the replacement van by virtue of section 154.
- (2) If this section applies—
- (a) section 156 applies so that the replacement van is to be treated as unavailable on the days during the period on which it replaces the normal van, and
 - (b) sections 155, 157 and 158 apply as if the replacement van were the normal van.]

[^{F144}Van fuel: benefit treated as earnings

160 Benefit of van fuel treated as earnings

- (1) If in a tax year—
- (a) fuel is provided for a van by reason of an employee’s employment,
 - (b) that person is chargeable to tax in respect of the van by virtue of section 154 [^{F161}or 154A] , and
 - (c) the cash equivalent of the van for that year is that under [^{F162}section 155(1B) (b)],
- 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 161 to 164.
- (3) Fuel is to be treated as provided for a van, 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 van is discharged,
 - (b) a non-cash voucher or a credit-token is used to obtain fuel for the van,
 - (c) a non-cash voucher or a credit-token is used to obtain money which is spent on fuel for the van, or
 - (d) any sum is paid in respect of expenses incurred in providing fuel for the van.

^{F163}(4)

[^{F164}(5) This section is subject to section 160A.]]

Textual Amendments

F161 Words in s. 160(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. 39\(2\)](#)

F162 Words in s. 160(1)(c) substituted (with effect in accordance with s. 10(8) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 10\(5\)](#)

F163 S. 160(4) omitted (with effect for the tax year 2010-11 and subsequent tax years in accordance with s. 58(18) of the amending Act) by virtue of [Finance Act 2010 \(c. 13\), s. 58\(14\)\(b\)](#)

F164 S. 160(5) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 39\(3\)](#)

[^{F165}160A] Benefit of van fuel treated as earnings: optional remuneration arrangements

- (1) This section applies if—

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- (a) fuel is provided for a van in a tax year by reason of an employee's employment,
 - (b) the benefit of the fuel is provided pursuant to optional remuneration arrangements, and
 - (c) the employee is chargeable to tax in respect of the van in the tax year by virtue of section 154 or 154A.
- (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 that year, and
 - (b) section 160(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 mentioned 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) 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

F165 S. 160A inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 40](#)

[^{F144}161 Van fuel: the cash equivalent

The cash equivalent of the benefit of the fuel is—

- (a) where the tax year is the tax year 2005-06 or 2006-07, nil, and
- (b) where the tax year is a later tax year, [^{F166}£757.]

Textual Amendments

F166 Sum in s. 161(b) 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), 4

[^{F144}162 Van 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 ^{F167}...—
- (a) [^{F168}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 [^{F169}on or before 6 July following that tax year] .

Changes to legislation: *Income Tax (Earnings and Pensions) Act 2003, Chapter 6 is up to date with all changes known to be in force on or before 12 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

- (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

- F167** Words in s. 162(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(11)(a)
- F168** Words in s. 162(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(11)(b)
- F169** Words in s. 162(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(11)(c)

[^{F144}163 Van 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 van for which the fuel is provided is unavailable (within the meaning of section 156 (reduction for periods when van unavailable)).
- (2) But if section 159 (van temporarily replaced) applies—
- (a) section 160 applies as if the replacement van were the normal van, and
 - (b) for the purposes of subsection (1) the replacement van is to be treated as unavailable on the days during the period on which it replaces the normal van.
- (3) The cash equivalent of the benefit of the fuel is also to be proportionately reduced if ^{F170}—
- (a) [^{F171}for any part of the tax year in question,] the facility for the provision of fuel as mentioned in section 160 (1) is not available,
 - (b) [^{F172}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^{F173}—
 - (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]^{F174}, and
 - (ii) the employee does make good that expense on or before 6 July following that tax year]
- (4) The fact that any of the conditions specified in subsection (3) 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.
- (5) Where the cash equivalent is to be proportionately reduced under subsection (1) or (3) (or under both those subsections), the reduced amount is given by the formula—

$$CE \times YDY$$

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

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D is the total number of days in the tax year on which either the van is unavailable or one or more of the conditions in subsection (3) is met.]

Textual Amendments

- F170** Words in s. 163(3) 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(12)(a)
- F171** Words in s. 163(3)(a) inserted (with effect in accordance with s. 1(14) of the amending Act) by Finance (No. 2) Act 2017 (c. 32), s. 1(12)(b)
- F172** Words in s. 163(3)(b) inserted (with effect in accordance with s. 1(14) of the amending Act) by Finance (No. 2) Act 2017 (c. 32), s. 1(12)(c)
- F173** S. 163(3)(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(12)(d)(i)
- F174** S. 163(3)(c)(ii) substituted for words (with effect in accordance with s. 1(14) of the amending Act) by Finance (No. 2) Act 2017 (c. 32), s. 1(12)(d)(ii)

[^{F144}164 Van fuel: reduction of cash equivalent

If a reduction of the cash equivalent of the benefit of the van for which the fuel is provided is made under section 157 (reduction of cash equivalent where van is shared), a corresponding reduction is to be made in relation to the cash equivalent of the benefit of the fuel.]

Cars and vans: exceptions

167 Pooled cars

- (1) This section applies to a car in relation to a particular tax year if for that year the car has been included in a car pool for the use of the employees of one or more employers.
- (2) For that tax year the car—
 - (a) is to be treated under section 114(1) (cars to which this Chapter applies) as not having been available for the private use of any of the employees concerned, and
 - (b) is not to be treated in relation to the employees concerned as an employment-related benefit within the meaning of Chapter 10 of this Part (taxable benefits: residual liability to charge) (see section 201).
- (3) In relation to a particular tax year, a car is included in a car pool for the use of the employees of one or more employers if in that year—
 - (a) the car was made available to, and actually used by, more than one of those employees,
 - (b) the car was made available, in the case of each of those employees, by reason of the employee's employment,
 - (c) the car was not ordinarily used by one of those employees to the exclusion of the others,
 - (d) in the case of each of those employees, any private use of the car made by the employee was merely incidental to the employee's other use of the car in that year, and

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- (e) the car was not normally kept overnight on or in the vicinity of any residential premises where any of the employees was residing, except while being kept overnight on premises occupied by the person making the car available to them.

168 Pooled vans

- (1) This section applies to a van in relation to a particular tax year if for that year the van has been included in a van pool for the use of the employees of one or more employers.
- (2) For that tax year the van—
 - (a) is to be treated under section 114(1) (vans to which this Chapter applies) as not having been available for the private use of any of the employees concerned, and
 - (b) is not to be treated in relation to the employees concerned as an employment-related benefit within the meaning of Chapter 10 of this Part (taxable benefits: residual liability to charge) (see section 201).
- (3) In relation to a particular tax year, a van is included in a van pool for the use of the employees of one or more employers if in that year—
 - (a) the van was made available to, and actually used by, more than one of those employees,
 - (b) the van was made available, in the case of each of those employees, by reason of the employee's employment,
 - (c) the van was not ordinarily used by one of those employees to the exclusion of the others,
 - (d) in the case of each of those employees, any private use of the van made by the employee was merely incidental to the employee's other use of the van in that year, and
 - (e) the van was not normally kept overnight on or in the vicinity of any residential premises where any of the employees was residing, except while being kept overnight on premises occupied by the person making the van available to them.

169 Car available to more than one member of family or household employed by same employer

- (1) This section applies where—
 - (a) an employee ("E") and a member of the employee's family or household ("M") are employed by the same employer, and
 - (b) as a result of a car being made available to M in a tax year, E would (apart from this section) be chargeable to tax in respect of the car in that year by virtue of section 120.
- (2) The cash equivalent of the benefit of the car and of any fuel provided for the car by reason of E's employment is not to be treated as E's earnings for that year if—
 - (a) M is chargeable to tax in respect of the car in that year by virtue of section 120, or
 - [^{F175}(b) M's employment is lower-paid employment as a minister of religion.]

^{F176}(3)

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^{F176}(4)

Textual Amendments

F175 S. 169(2)(b) substituted (with effect in accordance with s. 13(4) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 1 para. 9\(2\)](#)

F176 S. 169(3)(4) omitted (with effect in accordance with s. 13(4) of the amending Act) by virtue of [Finance Act 2015 \(c. 11\)](#), [Sch. 1 para. 9\(3\)](#)

[^{F177}169A] Van available to more than one member of family or household employed by same employer

- (1) This section applies where—
- (a) an employee (“E”) and a member of the employee’s family or household (“M”) are employed by the same employer, and
 - (b) as a result of a van being made available to M in a tax year, E would (apart from this section) be chargeable to tax in respect of the van in that year by virtue of section 154.
- (2) The cash equivalent of the benefit of the van and of any fuel provided for the van by reason of E’s employment is not to be treated as E’s earnings for that year if—
- (a) M is chargeable to tax in respect of the van in that year by virtue of section 154, or
 - ^{F178}(b) M’s employment is lower-paid employment as a minister of religion.]

^{F179}(3)

^{F179}(4)]

Textual Amendments

F177 S. 169A inserted (with effect in accordance with s. 80(2) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 14 para. 6](#)

F178 S. 169A(2)(b) substituted (with effect in accordance with s. 13(4) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 1 para. 10\(2\)](#)

F179 S. 169A(3)(4) omitted (with effect in accordance with s. 13(4) of the amending Act) by virtue of [Finance Act 2015 \(c. 11\)](#), [Sch. 1 para. 10\(3\)](#)

Orders

170 Orders etc. relating to this Chapter

- (1) The Treasury may by order substitute a greater amount for that for the time being specified in—
- ^{F180}(a)
 - (b) section 126(3)(d) (car: minimum price of later accessory),
 - (c) section 132(3)(b) (car: maximum contributions deduction),
 - ^{F181}(ca) section 132A(5)(b) (corresponding provision with respect to optional remuneration arrangements),]

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- (d) section 147(1)(b) (classic car: minimum value),^{F182}...
- (e) section 147(7)(b) (classic car: maximum contributions deduction)^{F183}, or
- (f) section 147A(1)(b) (classic car: minimum value: optional remuneration arrangements).]

^{F184}(1A) The Treasury may by order substitute a different amount for the amount for the time being specified in—

- (a) section 155(1A) (cash equivalent where van subject only to restricted private use by employee),
- (b) section 155(1B)(a) (cash equivalent for zero-emission van [^{F185}in tax years 2015-16 to 2020-21]),^{F186} ...
- ^{F187}(ba) section 155(1B)(aa) (cash equivalent for zero-emissions vans in tax year 2021-22 and subsequent tax years), and]
- (c) section 155(1B)(b) (cash equivalent in other cases).]

(2) An order under subsection (1) [^{F188}or (1A)] must specify the tax years to which it applies.

^{F189}(2A)

^{F190}(3)

(4) The Treasury may by regulations provide for the value of the appropriate percentage as determined under sections 139 [^{F191}and 140] to be reduced—

- (a) by such amount,
- (b) in such circumstances, and
- (c) subject to such conditions,

as may be prescribed in the regulations.

(5) The Treasury may by order substitute a different amount for that specified in section 150(1) (car fuel: cash equivalent) [^{F192}or section 161(b) (van fuel: cash equivalent)].

(6) An order under subsection (5) must specify the tax years to which it applies, being tax years beginning after that in which it is made.

Textual Amendments

F180 S. 170(1)(a) omitted (with effect in accordance with Sch. 28 para. 10(2) of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 28 para. 5](#)

F181 S. 170(1)(ca) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 41\(a\)](#)

F182 Word in s. 170(1)(d) omitted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by virtue of [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 41\(b\)](#)

F183 S. 170(1)(f) and word inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 41\(c\)](#)

F184 S. 170(1A) substituted (with effect in accordance with s. 10(8) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [s. 10\(6\)](#)

F185 Words in s. 170(1A)(b) inserted (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), [s. 23\(4\)\(a\)](#)

F186 Word in s. 170(1A)(b) omitted (10.6.2021) by virtue of [Finance Act 2021 \(c. 26\)](#), [s. 23\(4\)\(b\)](#)

F187 S. 170(1A)(ba) inserted (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), [s. 23\(4\)\(c\)](#)

F188 Words in s. 170(2) inserted (with effect in accordance with s. 80(2) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 14 para. 7\(3\)](#)

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- F189** S. 170(2A) omitted (with effect in accordance with s. 59(5) of the amending Act) by virtue of [Finance Act 2010 \(c. 13\), s. 59\(3\)\(a\)](#)
- F190** S. 170(3) omitted (with effect in accordance with s. 2(6) of the amending Act) by virtue of [Finance \(No. 2\) Act 2017 \(c. 32\), s. 2\(5\)](#)
- F191** Words in s. 170(4) substituted (with effect in accordance with s. 24(17) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 24\(15\)](#)
- F192** Words in s. 170(5) inserted (with effect in accordance with s. 80(2) of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 14 para. 7\(4\)](#)

Supplementary

171 Minor definitions: general

(1) In this Chapter—

“business travel”, in relation to any employee, means travelling the expenses of which, if incurred and paid by the employee, would (if Chapter 2 of Part 4 did not apply) be deductible under sections 337 to 342, section 353 or under Chapter 5 of Part 5 (other than section 377);

“diesel” means any diesel fuel within the definition in Article 2 of Directive [98/70/EC](#) of the European Parliament and of the Council;

[^{F193}“EC certificate of conformity” means a certificate of conformity within the meaning of—

- (a) Council [Directive 70/156/EEC](#),
- (b) [Directive 2007/46/EC](#) of the European Parliament and of the Council of 5 September 2007, or
- (c) Regulation (EU) 2018/858 of the European Parliament and of the Council of 30 May 2018 on the approval and market surveillance of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles;]

[^{F194}“EC type-approval certificate” means—

- (a) a type-approval certificate issued under any provision of the law of a Member State implementing Council [Directive 70/156/EEC](#),
- (b) an EC type-approval certificate within the meaning of Council [Directive 2007/46/EC](#), or
- (c) an EU type-approval certificate within the meaning of Regulation (EU) 2018/858 of the European Parliament and of the Council of 30 May 2018 on the approval and market surveillance of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles;]

[^{F195}“qualifying emissions certificate” has the same meaning as in CAA 2001 (see section 268C(1) of that Act);]

“relevant taxes” means any car tax, any value added tax, any customs or excise duty and any tax chargeable as if it were a customs duty;

“road fuel gas” means any substance which is gaseous at a temperature of 15°C and under a pressure of 1013.25 millibars, and which is for use as fuel in road vehicles;

[^{F196}“UK approval certificate” means—

- (a) a certificate issued under—
 - (i) section 58(1) or (4) of the Road Traffic Act 1988, or

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- (ii) Article 31A(4) or (5) of the Road Traffic (Northern Ireland) Order 1981 (S.I. 1981/154 (N.I. 1)), or
 - (b) any other certificate or document issued in the United Kingdom on the basis of which a vehicle is first registered, other than an EC certificate of conformity or an EC type-approval certificate.]
- (2) In this Chapter references to the date of first registration in relation to a car ^{F197}... are to the date on which the vehicle was first registered under VERA 1994 or under corresponding legislation of any country or territory.
- (3) In this Chapter references to the age of a car ^{F198}... at any time are to the interval between the date of first registration of the vehicle and that time.
- (4) In this Chapter “disabled person’s badge” means a badge—
- (a) which is issued to a disabled person under section 21 of the Chronically Sick and Disabled Persons Act 1970 (c. 44) or section 14 of the Chronically Sick and Disabled Persons (Northern Ireland) Act 1978 (c. 53), or has effect as if it had been issued under one of those provisions, and
 - (b) which is not required to be returned to the issuing authority under or by virtue of the provision referred to in paragraph (a).

Textual Amendments

- F193** Words in s. 171(1) substituted (1.9.2020) by [The Road Vehicles \(Approval\) Regulations 2020 \(S.I. 2020/818\)](#), reg. 1(b), [Sch. 6 para. 4\(2\)](#) (with Sch. 4 paras. 16, 17)
- F194** Words in s. 171(1) substituted (1.9.2020) by [The Road Vehicles \(Approval\) Regulations 2020 \(S.I. 2020/818\)](#), reg. 1(b), [Sch. 6 para. 4\(3\)](#) (with Sch. 4 paras. 16, 17)
- F195** Words in s. 171(1) inserted (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), [Sch. 18 para. 6\(2\)](#)
- F196** Words in s. 171(1) substituted (with effect in accordance with [Sch. 18 para. 6\(4\)](#) of the amending Act) by [Finance Act 2022 \(c. 3\)](#), [Sch. 18 para. 6\(3\)](#)
- F197** Words in s. 171(2) repealed (with effect in accordance with Sch. 42 Pt. 2(9) of the repealing Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(9\)](#)
- F198** Words in s. 171(3) repealed (with effect in accordance with Sch. 42 Pt. 2(9) of the repealing Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(9\)](#)

172 Minor definitions: equipment to enable a disabled person to use a car

- (1) In section 125(2)(c) “equipment to enable a disabled person to use a car” means equipment—
- (a) which is designed solely for use by a chronically sick or disabled person, or
 - (b) which is made available for use with the car because it enables a disabled employee to use the car in spite of the disability.
- (2) In this section—
- “disabled employee” means an employee who, at the time when the car is first made available to the employee, holds a disabled person’s badge, and
 - “the disability” means the disability entitling the disabled employee to hold the disabled person’s badge.

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 452(2)(aa) inserted by [2013 c. 29 Sch. 23 para. 11](#)
- s. 707A inserted by [2024 c. 3 s. 36\(4\)](#)