



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 3

EMPLOYMENT INCOME: EARNINGS AND BENEFITS ETC. TREATED AS EARNINGS

CHAPTER 10

TAXABLE BENEFITS: RESIDUAL LIABILITY TO CHARGE

Determination of the cost of the benefit

206 Cost of the benefit: transfer of used or depreciated asset

- (1) The cost of an employment-related benefit is determined in accordance with this section if—
 - (a) the benefit consists in the transfer of an asset, and
 - (b) the asset has been used, or has depreciated, since the person transferring the asset (“the transferor”) acquired or produced it.
- (2) The cost of the benefit is the market value of the asset at the time of the transfer.
- (3) But the cost of the benefit (“the current benefit”) is the higher of the market value of the asset at the time of the transfer and the amount calculated in accordance with subsection (5) if—
 - (a) the asset is not [F1an excluded asset (see subsection (6))],
 - (b) the asset has previously been applied in the provision of a relevant employment-related benefit (whether or not the person provided with that benefit is also the transferee), and
 - (c) the transferor first applied the asset in the provision of an employment-related benefit after 5th April 1980.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 206. (See end of Document for details)

- (4) In this section “relevant employment-related benefit” means an employment-related benefit the cost of which was to be determined in accordance with section 205.
- (5) The amount referred to in subsection (3) is calculated in accordance with the following steps—

Step 1

Determine the tax years in which the asset was applied in the provision of a relevant employment-related benefit (including, if appropriate, the current tax year).

Step 2

Determine the cost of the benefit for each of those tax years in accordance with section 205.

Step 3

Calculate the total of the amounts determined under step 2.

Step 4

Calculate the market value of the asset at the time when the transferor first applied it in the provision of an employment-related benefit.

Step 5

Deduct the total calculated under step 3 from the market value calculated under step 4.

The result is the amount referred to in subsection (3).

[^{F2}(6) An excluded asset is—

- (a) a car (within the meaning of Chapter 6),
- (b) computer equipment that has previously been applied as mentioned in subsection (3)(b) in circumstances in which the conditions set out in section 320 were met, or
- (c) a cycle or cyclist's safety equipment that has previously been so applied in circumstances in which the conditions set out in section 244 were met.]

Textual Amendments

F1 Words in s. 206(3)(a) substituted (with effect in accordance with s. 17(4) of the amending Act) by [Finance Act 2005 \(c. 7\), s. 17\(2\)](#)

F2 S. 206(6) inserted (with effect in accordance with s. 17(4) of the amending Act) by [Finance Act 2005 \(c. 7\), s. 17\(3\)](#)

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 206.