



Finance Act 2005

2005 CHAPTER 7

PART 2

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 2

PERSONAL TAXATION

Taxable benefits

15 Childcare vouchers: exempt amount

- (1) Section 270A of ITEPA 2003 (limited exemption for qualifying childcare vouchers) is amended as follows.
- (2) In subsection (6) (exempt amount), for “£50 for each qualifying week in that year” substitute “the sum of—
 - (a) £50 for each qualifying week in that year, and
 - (b) the voucher administration costs for that year.”
- (3) After that subsection insert—

“(6A) The “voucher administration costs” for any tax year in respect of which qualifying childcare vouchers are provided for an employee means the difference between the cost of provision of the vouchers and their face value.

The face value of a voucher is the amount stated on or recorded in the voucher as the value of the provision of care for a child that may be obtained by using it.”
- (4) After subsection (10) insert—

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005, Cross Heading: Taxable benefits. (See end of Document for details)

“(10A) In this section “cost of provision”, in relation to a childcare voucher, has the meaning given in section 87(3) and (3A).”

(5) This section has effect for the year 2005-06 and subsequent years of assessment.

16 Extension of exemptions for childcare, workplace parking, cycles etc

(1) ITEPA 2003 is amended as follows.

(2) In section 237(1) (exemption for provision of workplace parking), for “No liability to income tax arises by virtue of Chapter 10 of Part 3 (taxable benefits: residual liability to charge)” substitute “No liability to income tax arises”.

(3) In section 244(1) (exemption for provision of cycles and cyclist's safety equipment), for “No liability to income tax arises by virtue of Chapter 10 of Part 3 (taxable benefits: residual liability to charge)” substitute “No liability to income tax arises”.

(4) In section 270A(1) (limited exemption for qualifying childcare vouchers), for “employee, liability” substitute “employee—

- (a) no liability to income tax arises by virtue of section 62 (general definition of earnings), and
- (b) liability”.

(5) In section 318(1) (childcare: exemption for employer-provided care), for “No liability to income tax arises by virtue of Chapter 10 of Part 3 (taxable benefits: residual liability to charge)” substitute “No liability to income tax arises”.

(6) In section 318A(1) (childcare: limited exemption for other care), for “child, liability” substitute “child—

- (a) no liability to income tax arises by virtue of section 62 (general definition of earnings), and
- (b) liability”.

(7) This section has effect for the year 2005-06 and subsequent years of assessment.

17 Transfer of previously loaned computer or cycle etc

(1) Section 206 of ITEPA 2003 (cost of the benefit: transfer of used or depreciated asset) is amended as follows.

(2) In subsection (3)(a), for “a car (within the meaning of Chapter 6)” substitute “an excluded asset (see subsection (6))”.

(3) After subsection (5) insert—

“(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.”

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005, Cross Heading: Taxable benefits. (See end of Document for details)

(4) This section has effect for the year 2005-06 and subsequent years of assessment.

18 Extension of outplacement services etc exemption: part-time employees

- (1) ITEPA 2003 is amended as follows.
- (2) In section 310 (counselling and other outplacement services) in subsection (4) (person to have been employed full-time in the employment which is ceasing for a specified period) omit “full-time”.
- (3) In section 311 (retraining courses) in subsection (3) (conditions to be satisfied in relation to the course)—
 - (a) at the end of paragraph (b) insert “ and ”;
 - (b) in paragraph (c) (course to last no more than one year) for “one year” substitute “ two years ”;
 - (c) omit paragraph (d) (employee to attend the course on a full-time or substantially full-time basis) and the word “and” before it.
- (4) In that section, in subsection (4)(c) (person to be employed full-time in the employment which is ceasing for a specified period) omit “full-time”.
- (5) This section has effect in relation to the year 2005-06 and subsequent years of assessment.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2005, Cross Heading:
Taxable benefits.