

*These notes refer to the Finance Act 2015 (c.11)
which received Royal Assent on 26 March 2015*

FINANCE ACT 2015

EXPLANATORY NOTES

INTRODUCTION

Section 9: Diesel Cars: the Appropriate Percentage for 2015-16

Summary

1. This section increases the maximum appropriate percentage for diesel cars. This increases the maximum level of chargeable benefit for diesel company car tax for employees and of Class 1A National Insurance contributions (NICs) for employers. The amendment has effect on or after 6 April 2015.

Details of the Section

2. Subsection (1) introduces the change to section 141 Income Tax (Earnings and Pensions) Act (ITEPA) 2003 and increases the maximum appropriate percentage for diesel cars from 35% to 37%.
3. This brings the maximum appropriate percentage for diesel company cars into line with petrol company cars.
4. Subsection (2) provides that this change has effect for the tax year 2015-16.

Background Note

5. [Section 139](#) ITEPA 2003 sets out the basis for calculating the appropriate percentage for cars with a CO₂ emissions figure. The appropriate percentage multiplied by the list price of the car (adjusted for any taxable accessories) provides the level of chargeable benefit for company car tax for employees and of Class 1A NICs for employers.
6. [Section 141](#) ITEPA 2003 sets out the basis for calculating the appropriate percentage for diesel cars. Under section 24(11) of Finance Act 2014, section 141 will be repealed with effect from 6 April 2016.