



# Finance Act 2019

## 2019 CHAPTER 1

### PART 1

#### DIRECT TAXES

##### *Employment and social security income*

#### **7 Optional remuneration arrangements: arrangements for cars and vans**

- (1) ITEPA 2003 is amended as follows.
- (2) In section 120A (optional remuneration arrangements: benefit of a car)—
  - (a) in subsection (3)(b), for the words from “the amount” to “year is” substitute “the total foregone amount in connection with the car for the tax year is”, and
  - (b) after subsection (3) insert—
    - “(4) In this section, and in section 121A, the total foregone amount in connection with the car for a tax year is the total of—
      - (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.”
- (3) In section 121A (optional remuneration arrangements: method of calculating relevant amount)—
  - (a) in subsection (1), for step 1 substitute—

*“Step 1*

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*Status: This is the original version (as it was originally enacted).*

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- Take the total foregone amount in connection with the car for the tax year (see section 120A(4)).”, and
- (b) in subsection (2)—
- (i) for ““amount foregone” under” substitute ““total foregone amount” for the purposes of”, and
  - (ii) for “the benefit of the car” substitute “a benefit mentioned in section 120A(4)(a) or (b)”.
- (4) In section 132A (capital contributions by employee: optional remuneration arrangements)—
- (a) for subsection (3) substitute—
 

“(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.”, and
  - (b) after subsection (4) insert—
 

“(4A) For the purposes of subsection (3), “the availability factor” is given by the formula—

$$\frac{Y - U}{Y}$$

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—

    - (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 section 154A (optional remuneration arrangements: benefit of a van)—
- (a) in subsection (2)(b), for the words from “the amount” to “section 69B)” substitute “the total foregone amount in connection with the van”,
  - (b) in subsection (3), for step 1 substitute—
 

“*Step 1*

Take the total foregone amount in connection with the van for the tax year.”,
  - (c) in subsection (7), for “the benefit of the van” substitute “a benefit mentioned in subsection (8)(a) or (b)”, and
  - (d) after subsection (7) insert—
 

“(8) In this section the total foregone amount in connection with the van for a tax year is the total of—

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*Status: This is the original version (as it was originally enacted).*

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- (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.”
- (6) In section 239 (exemptions for payments and benefits relating to taxable cars, vans and exempt HGVs), in subsection (3)—
- (a) after “by virtue of” insert “section 120A (optional remuneration arrangements: benefit of a car),”, and
  - (b) before “or section 160” insert “, section 154A (optional remuneration arrangements: benefit of a van)”.
- (7) The amendments made by this section have effect for the tax year 2019-20 and subsequent tax years.