

2014 No. 2896

INCOME TAX

The Van Benefit and Car and Van Fuel Benefit Order 2014

Made - - - - *1st December 2014*

Laid before the House of Commons *2nd December 2014*

Coming into force - - *31st December 2014*

The Treasury, in exercise of the powers conferred by section 170(1A), (2), (5) and (6) of the Income Tax (Earnings and Pensions) Act 2003(a), makes the following Order:

Citation, commencement and effect

1.—(1) This Order may be cited as the Van Benefit and Car and Van Fuel Benefit Order 2014.

(2) This Order shall come into force on 31st December 2014 and has effect for the tax year 2015-16 and subsequent tax years.

Amendment to section 150 of the Income Tax (Earnings and Pensions) Act 2003

2. In section 150(1) of the Income Tax (Earnings and Pensions) Act 2003 (car fuel: calculating the cash equivalent)(b) for “£21,700” substitute “£22,100”.

Amendment to section 155 of the Income Tax (Earnings and Pensions) Act 2003

3. In section 155(1)(b) of the Income Tax (Earnings and Pensions) Act 2003 (cash equivalent of the benefit of a van)(c) for “£3,090” substitute “£3,150”.

Amendment to section 161 of the Income Tax (Earnings and Pensions) Act 2003

4. In section 161(b) of the Income Tax (Earnings and Pensions) Act 2003 (van fuel: the cash equivalent)(d) for “£581” substitute “£594”.

David Evennett
Alun Cairns

1st December 2014

Two of the Lords Commissioners of Her Majesty's Treasury

(a) 2003 c. 1; section 170(1A) was inserted by paragraphs 1 and 7 of Schedule 14 to the Finance Act 2004 (c. 12) and amended by section 58(1) and (15) of the Finance Act 2010 (c. 13). Section 170(2) and (5) was amended by paragraphs 1 and 7 of Schedule 14 to the Finance Act 2004.

(b) The amount specified in section 150(1) was last substituted by S.I. 2013/3033.

(c) Section 155(1) was substituted by section 58(1) and (12) of the Finance Act 2010. The amount specified in section 155(1)(b) was last substituted by S.I. 2013/3033.

(d) Section 161 was substituted by paragraphs 1 and 5 of Schedule 14 to the Finance Act 2004. The amount specified in section 161(b) was last substituted by S.I. 2013/3033.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends sections 150(1), 155(1)(b) and 161(b) of the Income Tax (Earnings and Pensions) Act 2003 (“the Act”).

If a van is made available for an employee’s private use because of their employment, section 154 of the Act means that the benefit of the van is treated as earnings which are subject to tax. The amount of earnings is based on the “cash equivalent” of the benefit, which is fixed in section 155(1)(b) of the Act. Article 3 of this Order increases this amount to £3,150 with effect from the 2015-16 tax year. The cash equivalent is nil if the private use is insignificant or limited to ordinary commuting, or (in the tax years 2010-11 to 2014-15) if the van is incapable of producing CO₂ emissions.

An employee who is liable to pay tax on a car or van under sections 120 or 154 of the Act is also liable to pay tax, under sections 149 and 160 of the Act, on the cash equivalent of the benefit of any fuel that they receive for the vehicle as a result of their employment.

Section 150 of the Act provides that the cash equivalent of car fuel is to be calculated by applying the “appropriate percentage” (which is normally based on the CO₂ emissions of the car) to the figure set in section 150(1) of the Act. Article 2 of this Order increases this figure to £22,100 with effect from the 2015-16 tax year.

Section 161(b) of the Act sets the cash equivalent of van fuel. Article 4 of this Order increases this figure to £594 with effect from the 2015-16 tax year.

A Tax Information and Impact Note has not been prepared for this Instrument as it gives effect to previously announced policy.

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