



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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- 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—

- (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.

8 Exemption for benefit in form of vehicle-battery charging at workplace

- (1) In Chapter 3 of Part 4 of ITEPA 2003 (employment income: travel-related exemptions), after section 237 insert—

“237A Vehicle-battery charging

- (1) No liability to income tax arises in respect of the provision, at or near an employee’s workplace, of facilities for charging a battery of a vehicle used by the employee (including a vehicle used by the employee as a passenger).
 - (2) Subsection (1) applies only if the facilities are made available generally to the employer’s employees at that workplace.
 - (3) In this section—
 - “facilities”—
 - (a) includes electricity, but
 - (b) does not include workplace parking,
 - “taxable”, in relation to a car or van, has the meaning given by section 239(6),
 - “vehicle” means a vehicle—
 - (a) to which Chapter 2 applies (see section 235), and
 - (b) which is neither a taxable car nor a taxable van, and
 - “workplace parking” has the meaning given by section 237(3).”
- (2) The amendment made by subsection (1) has effect for the tax year 2018-19 and subsequent tax years.

Status: This is the original version (as it was originally enacted).

9 Exemptions relating to emergency vehicles

- (1) Section 248A of ITEPA 2003 (emergency vehicles) is amended in accordance with subsections (2) and (3).
- (2) In subsection (1)—
- (a) in paragraph (a), for “for the person’s private use” substitute “mainly for use for the person’s business travel”;
 - (b) in paragraph (b), omit “engaged in on-call”.
- (3) In subsection (8)—
- (a) in the opening words, omit “engaged in on-call”;
 - (b) in paragraph (a), for “it” substitute “the vehicle”;
 - (c) omit paragraph (b) (and the “and” before it).
- (4) In section 205 of ITEPA 2003 (cost of the benefit: asset made available without transfer), after subsection (4) insert—
- (5) Where the asset is an emergency vehicle, the expense of providing fuel for it in a tax year is not an additional expense by virtue of subsection (4) so long as—
 - (a) the person incurring that expense incurs no expense in that tax year in the provision of fuel for the vehicle which is used for the employee’s private travel (“private fuel expense”), or
 - (b) all private fuel expense that the person does incur in that tax year is made good by the employee on or before 6 July following the tax year.
 - (6) For the purposes of this section—
 - “emergency vehicle” has the same meaning as in section 248A;
 - “fuel” includes electrical energy;
 - “private travel” means travelling the expenses of which, if incurred and paid by the employee, would not be deductible under Chapter 2 or 5 of Part 5.”
- (5) The amendments made by subsections (1) to (4) have effect for the tax year 2017-18 and subsequent tax years.
- (6) For the tax year 2017-18, the tax year 2018-19 and the tax year 2019-20, sections 205 and 205A of ITEPA 2003 (taxable benefits: assets made available without transfer) have effect, where the asset mentioned in section 205(1)(a) is an emergency vehicle, with the modifications in subsections (7) and (8).
- (7) Section 205(1C) has effect as if—
- (a) in paragraph (a), at the beginning, there were inserted “the private use proportion of”;
 - (b) after paragraph (b), and on a new line, there were inserted—
 - “The private use proportion is the proportion (by miles) of travel by the employee by the emergency vehicle in the tax year that is private travel.”
- (8) Section 205A(2) has effect as if paragraphs (c) and (d) were omitted.
- (9) For the purposes of subsection (6), “emergency vehicle” has the same meaning as in section 248A of ITEPA 2003.

10 Exemption for expenses related to travel

- (1) Section 289A of ITEPA 2003 (exemption for paid or reimbursed expenses) is amended as follows.
- (2) After subsection (2) insert—
 - “(2A) No liability to income tax arises in respect of an amount paid or reimbursed by a person (“the payer”) to an employee (whether or not an employee of the payer) for expenses in the course of qualifying travel if—
 - (a) the amount has been calculated and paid or reimbursed in accordance with regulations made by the Commissioners for Her Majesty’s Revenue and Customs,
 - (b) the payment or reimbursement is not provided pursuant to relevant salary sacrifice arrangements, and
 - (c) condition C is met.”
- (3) After subsection (4) insert—
 - “(4A) Condition C is that—
 - (a) the payer or another person operates a system for checking that the employee has undertaken the qualifying travel in relation to which the amount is paid or reimbursed, and
 - (b) neither the payer nor any other person operating the system knows or suspects, or could reasonably be expected to know or suspect, that the travel was not undertaken.”
- (4) In subsection (5)—
 - (a) for ““Relevant” substitute “In this section “relevant”, and
 - (b) before “in respect of” insert “for or”.
- (5) After subsection (5) insert—
 - “(5A) In this section “qualifying travel” means travel for which a deduction from the employee’s earnings would be allowed under Chapter 2 or 5 of Part 5.”
- (6) In subsection (6), for “this section” substitute “subsection (2)”.
- (7) In subsection (7), after “subsection” insert “(2A)(a) or”.
- (8) After subsection (7) insert—
 - “(8) Regulations made under subsection (2A)(a) may contain provision about calculating amounts that is framed by reference to rates (for expenses) published from time to time by the Commissioners for Her Majesty’s Revenue and Customs.”
- (9) The amendments made by this section have effect for the tax year 2019-20 and subsequent tax years.
- (10) For the tax year 2019-20 and subsequent tax years, the Income Tax (Approved Expenses) Regulations 2015 (S.I. 2015/1948)—
 - (a) have effect as if made under section 289A(2A)(a) of ITEPA 2003 (and may be revoked, or amended, accordingly), and
 - (b) have effect as if in regulation 2(1)—

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- (i) the reference to section 289A of ITEPA 2003 were to section 289A(2A)(a) of that Act,
- (ii) for the words “in an approved way” there were substituted “in accordance with these regulations”, and
- (iii) the words “purchased by the employee” were omitted.

11 Beneficiaries of tax-exempt employer-provided pension benefits

- (1) In section 307(2) of ITEPA 2003 (“death or retirement benefit” is a benefit for employee or others on employee’s retirement or death), for “or a member of the employee’s family or household” substitute “, or paid or given in respect of the employee to any other individual or to a charity,”.
- (2) The amendment made by subsection (1) has effect for the tax year 2019-20 and subsequent tax years.

12 Tax treatment of social security income

- (1) Part 10 of ITEPA 2003 (social security income) is amended as follows.
- (2) In Table A in section 660 (taxable UK benefits), at the appropriate place insert—

“Carer’s allowance supplement	SS(S)A 2018	Sections 24 and 28”.
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- (3) In section 658 (amount charged to tax), in subsection (4), after “carer’s allowance,” insert “carer’s allowance supplement,”.
- (4) In section 661 (taxable social security income), in subsection (1), after “carer’s allowance,” insert “carer’s allowance supplement,”.
- (5) In Part 1 of Table B in section 677(1) (UK social security benefits wholly exempt from tax: benefits payable under primary legislation), insert each of the following at the appropriate place—

“Best start grant	SS(S)A 2018	Sections 24 and 32”
“Discretionary housing payment	SS(S)A 2018	Section 88”
“Discretionary support award	DSR(NI) 2016	Regulation 2”
“Funeral expense assistance	SS(S)A 2018	Sections 24 and 34”
“Flexible support fund payment	ETA 1973	Section 2”
“Payment under a council tax reduction scheme: England	LGFA 1992	Section 13A(2)”
“Young carer grant	SS(S)A 2018	Sections 24 and 28”.

(6) In the heading of Part 1 of Table B in section 677(1), after “Northern Ireland welfare supplementary payments” insert “etc”.

(7) In Part 2 of Table B in section 677(1) (UK social security benefits wholly exempt from tax: benefits payable under regulations), insert each of the following at the appropriate place—

“Discretionary housing payment	CSPSSA 2000	Section 69”
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“Payment under a council tax reduction scheme: Wales	LGFA 1992	Section 13A(4)”.
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(8) In Part 1 of Schedule 1 to ITEPA 2003 (abbreviations of Acts and instruments), insert each of the following at the appropriate place—

“LGFA 1992	Local Government Finance Act 1992”
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“CSPSSA 2000	Child Support, Pensions and Social Security Act 2000”
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“DSR(NI) 2016	Discretionary Support Regulations (Northern Ireland) 2016 (S.R. (N.I.) 2016 No. 270)”
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“SS(S)A 2018	Social Security (Scotland) Act 2018”.
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