

# SCHEDULES

## SCHEDULE 12

Section 57.

### MILEAGE ALLOWANCES

#### PART 1

#### NEW SCHEDULE 12AA TO THE TAXES ACT 1988

After Schedule 12 to the Taxes Act 1988 insert—

#### “SCHEDULE 12AA

#### MILEAGE ALLOWANCES: INTERPRETATION

##### Introduction

- 1 (1) The provisions of this Schedule apply for the purposes of sections 197AD to 197AG (Schedule E exemption for mileage allowance payments and passenger payments and mileage allowance relief).
- (2) Expressions defined in this Schedule for those purposes have the same meaning for the purposes of this Schedule.
- (3) In this Schedule “mileage allowance payments” has the meaning given by section 197AD(2) and “passenger payments” has the meaning given by section 197AE(2).

##### Business travel

- 2 “Business travel” means travelling the expenses of which, if incurred and defrayed by the employee in question out of the emoluments of his employment, would (in the absence of sections 197AD to 197AF) be deductible under section 198(1) (general relief for necessary expenses).

##### Qualifying vehicles

- 3 (1) “Qualifying vehicle” means a car, van, motor cycle or cycle.
- (2) “Car” means a mechanically propelled road vehicle which is not—
  - (a) a goods vehicle,
  - (b) a motor cycle, or
  - (c) a vehicle of a type not commonly used as a private vehicle and unsuitable to be so used.
- (3) “Van” means a mechanically propelled road vehicle which—

---

*Status: This is the original version (as it was originally enacted).*

---

- (a) is a goods vehicle, and
  - (b) has a design weight not exceeding 3,500 kilograms,  
and which is not a motor cycle.
- (4) “Motor cycle” has the meaning given by section 185(1) of the Road Traffic Act 1988.
- (5) “Cycle” has the meaning given by section 192(1) of that Act.
- (6) In this paragraph—
- “design weight” means the weight which a vehicle is designed or adapted not to exceed when in normal use and travelling on a road laden; and
  - “goods vehicle” means a vehicle of a construction primarily suited for the conveyance of goods or burden of any description.

### **The approved amount: mileage allowance payments**

- 4 (1) The approved amount for mileage allowance payments that is applicable to a kind of vehicle is—

$$M \times R$$

where—

M is the number of miles of business travel by the employee (other than as a passenger), using that kind of vehicle, in the tax year in question; and

R is the rate applicable for that kind of vehicle.

- (2) The rates applicable are as follows—

<i>Kind of vehicle</i>	<i>Rate</i>
Car or van	40p per mile for the first 10,000 miles; 25p per mile after that
Motor cycle	24p per mile.
Cycle	20p per mile.

Note: The reference above to “the first 10,000 miles” is to the total number of miles of business travel in relation to the employment or any associated employment, by car or van, in the tax year in question.

One employment is associated with another if—

- (a) the employer is the same;
- (b) the employers are partnerships or bodies and an individual or another partnership or body has control over both of them; or
- (c) the employers are associated companies (as defined in section 416).

Section 168(12) (meaning of “control”) applies for the purposes of paragraph (b).

- (3) The Treasury may by regulations amend sub-paragraph (2) so as to alter the rates or rate bands.

### **The approved amount: passenger payments**

- 5 (1) The approved amount for passenger payments is—

$$M \times R$$

where—

M is the number of miles of business travel by the employee, by car or van, for which the employee carries a qualifying passenger in the tax year in question and in respect of which passenger payments are made; and

R is 5p per mile.

- (2) If the employee carries more than one qualifying passenger for all or part of a tax year, the approved amount for passenger payments is the total of the amounts calculated under sub-paragraph (1) in respect of each qualifying passenger.
- (3) In this paragraph “qualifying passenger” means a passenger who is also an employee for whom the travel is business travel.
- (4) The Treasury may by regulations amend sub-paragraph (1) so as to alter the rate.

### **Company vehicles**

- 6 (1) A vehicle is a “company vehicle” in a tax year if in that year—
- (a) the vehicle is made available to the employee by reason of his employment and is not available for his private use, or
  - (b) the employee is chargeable to tax in respect of the vehicle under section 154, 157 or 159AA (charge where benefit provided or car or van available for private use), or
  - (c) in the case of a car or van, the employee would be chargeable to tax in respect of it under section 157 or 159AA but for section 159 or 159AB (exception for pooled cars and vans), or
  - (d) in the case of a cycle, the employee would be chargeable to tax in respect of it under section 154 but for section 197AC(1)(a) (exception for cycles made available).
- (2) Section 168(6) (when cars and vans are made available for private use and are made available by reason of employment) applies for the purposes of sub-paragraph (1).

### **Employment**

- 7 “Employment” includes an office and “employee” includes an office-holder.

## **Tax year**

8           “Tax year” means a year of assessment.”.

## **PART 2**

### CONSEQUENTIAL AMENDMENTS

#### *The Taxes Act 1988*

- 1       (1) Section 153 of the Taxes Act 1988 (payments in respect of expenses) is amended as follows.
- (2) In subsection (1), after “provisions of this Chapter” insert “and sections 197AD and 197AE”.
- (3) In subsection (2), after “section” insert “197AG,”.
- 2       In section 163(4)(b) of that Act (expenses connected with living accommodation), after “section” insert “197AG,”.
- 3       In section 167(2)(b) of that Act (employment to which Chapter 2 of Part 5 applies), after “section” insert “197AG,”.
- 4       (1) Section 168 of that Act (Chapter 2 of Part 5: other interpretative provisions) is amended as follows.
- (2) In subsection (5)(c), after “would” insert “(in the absence of sections 197AD to 197AF)”.
- (3) In subsection (5A)(c), after “would” insert “(in the absence of sections 197AD to 197AF)”.
- 5       In section 192(5) of that Act (relief for foreign emoluments), after “195(7),” insert “197AG,”.
- 6       In section 198 of that Act (general relief for necessary expenses), after subsection (4) add—
  - “(5) No deduction may be made under this section in respect of qualifying travelling expenses incurred in connection with the use by an employee or office-holder of a vehicle that is not a company vehicle if—
  - (a) mileage allowance payments (within the meaning of section 197AD(2)) are made to that person in respect of the use of the vehicle; or
  - (b) mileage allowance relief is available in respect of the use of the vehicle by that person.
  - “Company vehicle” has the meaning given by paragraph 6 of Schedule 12AA.”.
- 7       In section 200A(1)(b) (incidental overnight expenses), for “195, 198 or 332” substitute “195 or 332 or (in the absence of sections 197AD to 197AF) 198”.
- 8       For section 200C(2) (cap on travelling and subsistence expenditure exempt under section 200B) substitute—

---

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

---

“(2) Section 200B shall not apply in the case of any expenditure incurred in paying or reimbursing any expenses of travelling or subsistence, except to the extent that, on the assumptions in subsection (2A) below—

- (a) mileage allowance relief would be available in respect of those expenses if no mileage allowance payments (within the meaning of section 197AD(2)) had been made; or
- (b) those expenses would be deductible under section 198.

(2A) The assumptions are—

- (a) that the employee undertook the training in question in the performance of the duties of his office or employment under the employer; and
- (b) that the employee incurred the expenses in question out of the emoluments of that office or employment.”.

9 For section 200F(2) (cap on travelling and subsistence expenditure exempt under section 200E) substitute—

“(2) Section 200E shall not apply in the case of any expenditure incurred in paying or reimbursing any expenses of travelling or subsistence, except to the extent that, on the assumptions in subsection (2A) below—

- (a) mileage allowance relief would be available in respect of those expenses if no mileage allowance payments (within the meaning of section 197AD(2)) had been made; or
- (b) those expenses would be deductible under section 198.

(2A) The assumptions are—

- (a) that the employee undertook the education or training in question in the performance of the duties of—
  - (i) his office or employment under the employer, or
  - (ii) where the employee no longer holds an office or employment under the employer, the last office or employment that he did hold under the employer; and
- (b) that the employee incurred the expenses in question out of the emoluments of that office or employment.”.

10 In section 332 of that Act (expenditure of ministers of religion), after subsection (3) insert—

“(3A) No deduction may be made under subsection (3) above in respect of qualifying travelling expenses incurred in connection with the use by a clergyman or minister of a vehicle that is not a company vehicle if—

- (a) mileage allowance payments are made to that person in respect of the use of the vehicle; or
- (b) mileage allowance relief is available in respect of the use of the vehicle by that person.

(3B) In subsection (3A)—

“company vehicle” has the meaning given by paragraph 6 of Schedule 12AA;

“mileage allowance payments” has the meaning given by section 197AD(2); and

---

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

---

“qualifying travelling expenses” has the meaning given by section 198(1A).”.

- 11 In section 578A(1) of that Act (deductions for expenditure on car hire)—
  - (a) after paragraph (a) insert “or”; and
  - (b) omit paragraph (c) and the word “or” immediately preceding it.
- 12 For section 589(6) (cap on travelling expenses exempt under section 588) substitute—

“(6) The travelling expenses referred to in subsection (5)(d) above are—

  - (a) those in respect of which, on the assumptions in subsection (6A) below, mileage allowance relief would be available if no mileage allowance payments (within the meaning of section 197AD(2)) had been made; or
  - (b) those which, on those assumptions, would be deductible under section 198.

(6A) The assumptions are—

  - (a) that attendance at the course is one of the duties of the employee’s office or employment; and
  - (b) if the employee has in fact ceased to be employed by the employer, that he continues to be employed by him.”.
- 13 For section 589B(4) (cap on travelling expenses exempt under section 589A) substitute—

“(4) In relation to services, allowable travelling expenses are—

  - (a) those in respect of which, on the assumptions in subsection (4A) below, mileage allowance relief would be available if no mileage allowance payments (within the meaning of section 197AD(2)) had been made; or
  - (b) those which, on those assumptions, would be deductible under section 198.

(4A) The assumptions are—

  - (a) that receipt of the services is one of the duties of the employee’s office or employment; and
  - (b) if the employee has in fact ceased to be employed by the employer, that he continues to be employed by him.”.
- 14 In section 646(2)(b) (meaning of “net relevant earnings”), after “section” insert “197AG,”.
- 15 In paragraph 1A of Schedule 12 (foreign earnings), after “195(7),” insert “197AG,”.

*Finance Act 2000 (c. 17)*

- 16 In Part 2 of Schedule 12 to the Finance Act 2000 (provision of services through an intermediary: the deemed Schedule E payment), in paragraph 11(4), after “higher-paid employment);” insert—

“(ab) for the purposes of section 197AG of that Act (mileage allowance relief);”.