

## SCHEDULES

### SCHEDULE 12

#### MILEAGE ALLOWANCES

#### 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.

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“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—

“(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

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- (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
  - “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,”.

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*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);”.