



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 3

EMPLOYMENT INCOME: EARNINGS AND BENEFITS ETC. TREATED AS EARNINGS

CHAPTER 6

TAXABLE BENEFITS: CARS, VANS AND RELATED BENEFITS

Cars: appropriate percentage: first registered on or after 1st January 1998

135 Car with a CO₂ emissions figure: pre-October 1999 registration

- (1) This section applies to a car first registered on or after 1st January 1998 but before 1st October 1999 if when it was so registered—
 - (a) it conformed to a vehicle type with an EC type-approval certificate (see section 171(1)), or
 - (b) it had a UK approval certificate (see section 171(1)),
which specifies a CO₂ emissions figure in terms of grams per kilometre driven.
- (2) The car's CO₂ emissions figure is that specified figure.
- (3) This is subject to section 138 (automatic car for a disabled employee).

Modifications etc. (not altering text)

- C1** Ss. 133-142 applied by S.I. 2001/1123, reg. 2 (as amended (6.4.2008) by [The Income Tax \(Car Benefits\) \(Reduction of Value of Appropriate Percentage\) \(Amendment\) Regulations 2007 \(S.I. 2007/3068\)](#), regs. 1, 3)

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Cars: appropriate percentage: first registered on or after 1st January 1998. (See end of Document for details)

136 Car with a CO₂ emissions figure: [^{F1}registration from 1st October 1999 to IP completion day]

- (1) This section applies to a car first registered on or after 1st October 1999 [^{F2}but before IP completion day] if it is so registered on the basis of—
- (a) an EC certificate of conformity (see section 171(1)), or
 - (b) a UK approval certificate (see section 171(1)),
- which specifies a CO₂ emissions figure in terms of grams per kilometre driven.

- (2) The car's CO₂ emissions figure is that specified figure unless more than one figure is specified, in which case the car's CO₂ emissions figure is the figure specified as the CO₂ emissions (combined) figure.

[^{F3}(2A) For the purpose of determining the car's CO₂ emissions figure [^{F4}in a case where the car is first registered before 6 April 2020], ignore any WLTP (worldwide harmonised [^{F5}light] vehicles test procedures) values specified in [^{F6}the EC certificate of conformity or UK approval certificate].]

[^{F7}(2B) For the purpose of determining the car's CO₂ emissions figure in a case where the car is first registered on or after 6 April 2020, ignore any values specified in the EC certificate of conformity or UK approval certificate that are not WLTP (worldwide harmonised light vehicle test procedures) values.]

- (3) [^{F8}Subsection (2)] is subject to—
- (a) section 137 (bi-fuel cars [^{F9}: registration from 1st January 2000 to IP completion day]), and
 - (b) section 138 (automatic car for a disabled employee).

Textual Amendments

- F1** Words in s. 136 heading substituted (24.2.2022) by [Finance Act 2022 \(c. 3\), Sch. 18 para. 4\(1\)\(a\)](#)
- F2** Words in s. 136(1) inserted (24.2.2022) by [Finance Act 2022 \(c. 3\), Sch. 18 para. 4\(1\)\(b\)](#)
- F3** S. 136(2A) inserted (with effect in accordance with s. 48(12) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 48\(9\)\(a\)](#)
- F4** Words in s. 136(2A) inserted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\), s. 8\(2\)\(a\)\(i\)\(5\)](#)
- F5** Word in s. 136(2A) substituted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\), s. 8\(2\)\(a\)\(ii\)\(5\)](#)
- F6** Words in s. 136(2A) substituted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\), s. 8\(2\)\(a\)\(iii\)\(5\)](#)
- F7** S. 136(2B) inserted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\), s. 8\(2\)\(b\)\(5\)](#)
- F8** Words in s. 136(3) substituted (with effect in accordance with s. 48(12) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 48\(9\)\(b\)](#)
- F9** Words in s. 136(3) inserted (24.2.2022) by [Finance Act 2022 \(c. 3\), Sch. 18 para. 4\(1\)\(c\)](#)

Modifications etc. (not altering text)

- C1** Ss. 133-142 applied by S.I. 2001/1123, reg. 2 (as amended (6.4.2008) by [The Income Tax \(Car Benefits\) \(Reduction of Value of Appropriate Percentage\) \(Amendment\) Regulations 2007 \(S.I. 2007/3068\), regs. 1, 3](#))
- C2** Pt. 3 Ch. 6 modified (6.4.2020 for the tax year 2020-21) by [Finance Act 2020 \(c. 14\), s. 9](#)

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Cars: appropriate percentage: first registered on or after 1st January 1998. (See end of Document for details)

[^{F10}136A Car with a CO₂ emissions figure: registration on or after IP completion day

- (1) This section applies to a car first registered on or after IP completion day if it is so registered on the basis of a qualifying emissions certificate.
- (2) The car's CO₂ emissions figure is the figure specified in the qualifying emissions certificate unless more than one figure is specified, in which case the car's CO₂ emissions figure is the figure specified as the CO₂ emissions (combined) figure.
- (3) For the purpose of determining the car's CO₂ emissions figure ignore any values specified in the qualifying emissions certificate that are not WLTP (worldwide harmonised light vehicles test procedures) values.
- (4) Subsection (2) is subject to—
 - (a) section 137A (bi-fuel cars registered after IP completion day), and
 - (b) section 138 (automatic car for a disabled employee).]

Textual Amendments

F10 S. 136A inserted (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), [Sch. 18 para. 4\(2\)](#)

137 Car with a CO₂ emissions figure: bi-fuel cars [^{F11}: registration from 1st January 2000 to IP completion day]

- (1) This section applies to a car first registered on or after 1st January 2000 [^{F12}but before IP completion day] if it is so registered on the basis of—
 - (a) an EC certificate of conformity (see section 171(1)), or
 - (b) a UK approval certificate (see section 171(1)),which specifies separate CO₂ emissions figures in terms of grams per kilometre driven for different fuels.
- (2) The car's CO₂ emissions figure is—
 - (a) the lowest figure specified, or
 - (b) if there is more than one figure specified in relation to each fuel, the lowest CO₂ emissions (combined) figure specified.

[^{F13}(2A) For the purpose of determining the car's CO₂ emissions figure [^{F14}in a case where the car is first registered before 6 April 2020], ignore any WLTP (worldwide harmonised [^{F15}light] vehicles test procedures) values specified in [^{F16}the EC certificate of conformity or UK approval certificate].]

[^{F17}(2B) For the purpose of determining the car's CO₂ emissions figure in a case where the car is first registered on or after 6 April 2020, ignore any values specified in the EC certificate of conformity or UK approval certificate that are not WLTP (worldwide harmonised light vehicle test procedures) values.]

- (3) [^{F18}Subsection (2)] is subject to section 138 (automatic car for a disabled employee).

Textual Amendments

F11 Words in s. 137 heading inserted (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), [Sch. 18 para. 5\(1\)\(a\)](#)

F12 Words in s. 137(1) inserted (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), [Sch. 18 para. 5\(1\)\(b\)](#)

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Cars: appropriate percentage: first registered on or after 1st January 1998. (See end of Document for details)

- F13** S. 137(2A) inserted (with effect in accordance with s. 48(12) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 48\(10\)\(a\)](#)
- F14** Words in s. 137(2A) inserted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\), s. 8\(3\)\(a\)\(i\)\(5\)](#)
- F15** Word in s. 137(2A) substituted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\), s. 8\(3\)\(a\)\(ii\)\(5\)](#)
- F16** Words in s. 137(2A) substituted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\), s. 8\(3\)\(a\)\(iii\)\(5\)](#)
- F17** S. 137(2B) inserted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\), s. 8\(3\)\(b\)\(5\)](#)
- F18** Words in s. 137(3) substituted (with effect in accordance with s. 48(12) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 48\(10\)\(b\)](#)

Modifications etc. (not altering text)

- C1** Ss. 133-142 applied by S.I. 2001/1123, reg. 2 (as amended (6.4.2008) by [The Income Tax \(Car Benefits\) \(Reduction of Value of Appropriate Percentage\) \(Amendment\) Regulations 2007 \(S.I. 2007/3068\), regs. 1, 3](#))

[^{F19}137A Car with a CO₂ emissions figure: bi-fuel cars registered on or after IP completion day

- (1) This section applies to a car first registered on or after IP completion day if it is so registered on the basis of a qualifying emissions certificate which specifies separate CO₂ emissions figures in terms of grams per kilometre driven for different fuels.
- (2) The car's CO₂ emissions figure is—
 - (a) the lowest figure specified, or
 - (b) if there is more than one figure specified in relation to each fuel, the lowest CO₂ emissions (combined) figure specified.
- (3) For the purpose of determining the car's CO₂ emissions figure ignore any values specified in the qualifying emissions certificate that are not WLTP (worldwide harmonised light vehicles test procedures) values.
- (4) Subsection (2) is subject to section 138 (automatic car for a disabled employee).]

Textual Amendments

- F19** [S. 137A](#) inserted (24.2.2022) by [Finance Act 2022 \(c. 3\), Sch. 18 para. 5\(2\)](#)

138 Car with a CO₂ emissions figure: automatic car for a disabled employee

- (1) This section applies where—
 - (a) a car with a CO₂ emissions figure has automatic transmission (“the automatic car”),
 - (b) at any time in the year when the automatic car is available to the employee (“E”), E holds a disabled person's badge, and
 - (c) by reason of E's disability, E must, in the event of wanting to drive a car, drive a car which has automatic transmission.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Cars: appropriate percentage: first registered on or after 1st January 1998. (See end of Document for details)

- (2) If, under sections 135 to 137, the automatic car's CO₂ emissions figure is more than it would have been if the automatic car had been an equivalent manual car, the CO₂ emissions figure for the automatic car is to be the CO₂ emissions figure for an equivalent manual car.
- (3) In subsection (2) “an equivalent manual car” means a car which—
- is first registered at or about the same time as the automatic car, and
 - does not have automatic transmission, but otherwise is the closest variant available of the make and model of the automatic car.
- (4) For the purposes of this section a car has automatic transmission if—
- the driver of the car is not provided with any means by which the driver may vary the gear ratio between the engine and the road wheels independently of the accelerator and the brakes, or
 - the driver is provided with such means, but they do not include—
 - a clutch pedal, or
 - a lever which the driver may operate manually.
- (5) For the purposes of this section a car is available to an employee at a particular time if it is then made available, by reason of the employment and without any transfer of the property in it, to the employee.

Modifications etc. (not altering text)

- C1 Ss. 133-142 applied by S.I. 2001/1123, reg. 2 (as amended (6.4.2008) by [The Income Tax \(Car Benefits\) \(Reduction of Value of Appropriate Percentage\) \(Amendment\) Regulations 2007 \(S.I. 2007/3068\)](#), [regs. 1, 3](#))

[^{F20}139 Cars with a CO₂ emissions figure: the appropriate percentage

- (1) [^{F21}The appropriate percentage for a year for a car with a CO₂ emissions figure of less than 75 is determined in accordance with the following table.

<i>Car</i>	<i>Appropriate percentage</i>
Car with CO ₂ emissions figure of 0	2%
Car with CO ₂ emissions figure of 1 - 50	
Car with electric range figure of 130 or more	2%
Car with electric range figure of 70 - 129	5%
Car with electric range figure of 40 - 69	8%
Car with electric range figure of 30 - 39	12%
Car with electric range figure of less than 30	14%
Car with CO ₂ emissions figure of 51 - 54	15%
Car with CO ₂ emissions figure of 55 - 59	16%
Car with CO ₂ emissions figure of 60 - 64	17%

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Cars: appropriate percentage: first registered on or after 1st January 1998. (See end of Document for details)

Car with CO ₂ emissions figure of 65 - 69	18%
Car with CO ₂ emissions figure of 70 - 74	19%

[^{F22}(2) For the purposes of subsection (1) and the table—

- (a) if a CO₂ emissions figure is not a whole number, round it down to the nearest whole number, and
- (b) if an electric range figure is not a whole number, round it up to the nearest whole number.]

(3) The appropriate percentage for a year for a car with a CO₂ emissions figure of 75 or more is whichever is the lesser of—

- (a) 20% plus one percentage point for each 5 grams per kilometre driven by which the CO₂ emissions figure exceeds 75, and
- (b) 37%.

(4) For the purposes of subsection (3), if a CO₂ emissions figure is not a multiple of 5, round it down to the nearest multiple of 5.

(5) In this section, an “electric range figure” is the number of miles which is the equivalent of the number of kilometres specified in an EC certificate of conformity, an EC type-approval certificate or a UK approval certificate on the basis of which a car is registered, as being the maximum distance for which the car can be driven in electric mode without recharging the battery.]

[^{F23}(5A) For the purpose of determining the electric range figure for a car first registered before 6 April 2020, ignore any WLTP (worldwide harmonised light vehicle test procedures) values specified in an EC certificate of conformity, an EC type-approval certificate or a UK approval certificate.

(5B) For the purpose of determining the electric range figure for a car first registered on or after 6 April 2020, ignore any values specified in an EC certificate of conformity, an EC type-approval certificate or a UK approval certificate that are not WLTP (worldwide harmonised light vehicle test procedures) values.]

(7) This section is subject to—

- ^{F24}(a)
- (b) any regulations made by the Treasury under section 170(4) (power to reduce the appropriate percentage).]

Textual Amendments

- F20** S. 139 substituted (with effect in accordance with s. 59(5) of the amending Act) by [Finance Act 2010 \(c. 13\), s. 59\(2\)](#)
- F21** S. 139(1)-(5) substituted for s. 139(1)-(6) (with effect in accordance with s. 2(6) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 2\(2\)](#)
- F22** S. 139(2) substituted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\), s. 8\(4\)\(a\)\(5\)](#)
- F23** S. 139(5A)(5B) inserted (6.4.2020 with effect for the tax year 2020-21 and subsequent tax years) by [Finance Act 2020 \(c. 14\), s. 8\(4\)\(b\)\(5\)](#)
- F24** S. 139(7)(a) and word omitted (with effect in accordance with s. 24(17) of the amending Act) by virtue of [Finance Act 2014 \(c. 26\), s. 24\(6\)](#) and word in s. 139(7)(a) inserted (with effect in accordance with s. 9(6) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 9\(5\)](#)

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Cars: appropriate percentage: first registered on or after 1st January 1998. (See end of Document for details)

Modifications etc. (not altering text)

- C1** Ss. 133-142 applied by S.I. 2001/1123, reg. 2 (as amended (6.4.2008) by [The Income Tax \(Car Benefits\) \(Reduction of Value of Appropriate Percentage\) \(Amendment\) Regulations 2007](#) (S.I. 2007/3068), **regs. 1, 3**)

140 Car without a CO₂ emissions figure: the appropriate percentage

- (1) The appropriate percentage for a year for a car without a CO₂ emissions figure is determined under this section.
- (2) If the car has an internal combustion engine with one or more reciprocating pistons, the appropriate percentage for the year is—

TABLE

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Appropriate percentage</i>
1,400 or less	[^{F25} 24%]
More than 1,400 but not more than 2,000	[^{F26} 35%]
More than 2,000	[^{F27} 37%]

For this purpose a car's cylinder capacity is the capacity of its engine as calculated for the purposes of VERA 1994.

- (3) If subsection (2) does not apply, the appropriate percentage for the year is—
- [^{F28}[^{F29}(a) [^{F30}[^{F31}9%]] [^{F32}[^{F30}13%]] [^{F33}[^{F32}16%]] [^{F33}2%]] if the car cannot in any circumstances emit CO₂ by being driven, and]
- (b) [^{F34}37%] in any other case.]

^{F35}(3A)

^{F36}(4)

- (5) This section is subject to—
- ^{F37}(a)
- (b) any regulations made by the Treasury under section 170(4) (power to reduce the appropriate percentage).

Textual Amendments

- F25** Word in s. 140(2) Table substituted (with effect in accordance with s. 2(6) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 2\(3\)\(a\)\(i\)](#)
- F26** Word in s. 140(2) Table substituted (with effect in accordance with s. 2(6) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 2\(3\)\(a\)\(ii\)](#)
- F27** Word in s. 140(2) Table substituted (with effect in accordance with s. 23(12) of the amending Act) by [Finance Act 2013 \(c. 29\), s. 23\(8\)](#)
- F28** S. 140(3)(a)(b) substituted for words (with effect for the tax year 2010-11 and subsequent tax years in accordance with s. 58(18) of the amending Act) by [Finance Act 2010 \(c. 13\), s. 58\(8\)](#)

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Cars: appropriate percentage: first registered on or after 1st January 1998. (See end of Document for details)

- F29** S. 140(3)(a) substituted (with effect in accordance with s. 23(12) of the amending Act) by [Finance Act 2013 \(c. 29\), s. 23\(9\)\(a\)](#)
- F30** Word in s. 140(3)(a) substituted (with effect in accordance with s. 9(4) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 9\(3\)](#)
- F31** Word in s. 140(3)(a) substituted (with effect in accordance with s. 9(2) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 9\(1\)](#)
- F32** Word in s. 140(3)(a) substituted (with effect in accordance with s. 8(9) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 8\(7\)](#)
- F33** Word in s. 140(3)(a) substituted (with effect in accordance with s. 2(6) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 2\(3\)\(b\)](#)
- F34** Word in s. 140(3)(b) substituted (with effect in accordance with s. 23(12) of the amending Act) by [Finance Act 2013 \(c. 29\), s. 23\(10\)](#)
- F35** S. 140(3A) omitted (with effect in accordance with s. 23(12) of the amending Act) by virtue of [Finance Act 2013 \(c. 29\), s. 23\(10\)](#)
- F36** S. 140(4) omitted (with effect for the tax year 2010-11 and subsequent tax years in accordance with s. 58(18) of the amending Act) by virtue of [Finance Act 2010 \(c. 13\), s. 58\(10\)](#)
- F37** S. 140(5)(a) and word omitted (with effect in accordance with s. 24(17) of the amending Act) by virtue of [Finance Act 2014 \(c. 26\), s. 24\(10\)](#) and word in s. 140(5)(a) inserted (with effect in accordance with s. 9(6) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 9\(5\)](#)

Modifications etc. (not altering text)

- C1** Ss. 133-142 applied by S.I. 2001/1123, reg. 2 (as amended (6.4.2008) by [The Income Tax \(Car Benefits\) \(Reduction of Value of Appropriate Percentage\) \(Amendment\) Regulations 2007 \(S.I. 2007/3068\), regs. 1, 3](#))

F38 **141 Diesel cars: the appropriate percentage**

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Textual Amendments

- F38** S. 141 omitted (with effect in accordance with s. 24(17) of the amending Act) by virtue of [Finance Act 2014 \(c. 26\), s. 24\(11\)](#); word in s. 141(2) substituted (with effect in accordance with s. 9(2) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 9\(1\)](#); s. 141(1)(1A) substituted for s. 141(1) (with effect in accordance with s. 9(6) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 9\(2\)](#); s. 141(2A) inserted (with effect in accordance with s. 9(6) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 9\(4\)](#); word in s. 141(2) substituted (with effect in accordance with s. 9(6) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 9\(3\)\(a\)](#); words in s. 141(2) substituted (with effect in accordance with s. 9(6) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 9\(3\)\(b\)](#)

Modifications etc. (not altering text)

- C1** Ss. 133-142 applied by S.I. 2001/1123, reg. 2 (as amended (6.4.2008) by [The Income Tax \(Car Benefits\) \(Reduction of Value of Appropriate Percentage\) \(Amendment\) Regulations 2007 \(S.I. 2007/3068\), regs. 1, 3](#))

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Cars: appropriate percentage: first registered on or after 1st January 1998.