



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: special cases

146 Cars that run on road fuel gas

- (1) This section applies [^{F1}for the purposes of sections 121 and 121B] if the car—
 - (a) has been manufactured so as to be capable of running on road fuel gas, and
 - (b) is not a car to which section 137 (different CO₂ emissions figure for bi-fuel cars) applies.
- (2) The price of the car found under step 1 of section 121(1) [^{F2}or (as the case may be) step 1 of section 121B(1)] is to be reduced by so much of that price as it is reasonable to attribute to the car being manufactured in such a way as to be capable of running on road fuel gas rather than in such a way as to be capable of running only on petrol.

Textual Amendments

- F1** Words in s. 146(1) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 31\(2\)](#)
- F2** Words in s. 146(2) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 31\(3\)](#)

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Cars: special cases. (See end of Document for details)

147 Classic cars: 15 years of age or more

- (1) This section applies in calculating the cash equivalent of the benefit of a car for a tax year if—
 - (a) the age of the car at the end of the year is 15 years or more,
 - (b) the market value of the car for the year is £15,000 or more, and
 - (c) that market value exceeds the [^{F3}interim sum calculated under] step 3 of section 121(1).
- (2) For the [^{F4}interim sum calculated under] step 3 substitute the market value of the car for the tax year in question less any deductions under subsection (6).
- (3) The market value of a car for a tax year is the price which the car might reasonably have been expected to fetch on a sale in the open market on—
 - (a) the last day of that year, or
 - (b) the last day in that year on which the car is available to the employee if that is earlier.
- (4) It is assumed that any qualifying accessories available with the car on that day are included in the sale.
- (5) Subsection (6) applies if the employee contributes a capital sum to expenditure on the provision of—
 - (a) the car, or
 - (b) any qualifying accessory which is taken into account in determining the market value of the car.
- (6) A deduction is to be made from the market value of the car—
 - (a) for the tax year in which the contribution is made, and
 - (b) for all subsequent years in which the employee is chargeable to tax in respect of the car by virtue of section 120.
- (7) The amount of the deduction allowed in any tax year is the lesser of—
 - (a) the total of the capital sums contributed by the employee in that year and any earlier years to expenditure on the provision of—
 - (i) the car, or
 - (ii) any qualifying accessory which is taken into account in determining the market value of the car for the tax year in question, and
 - (b) £5,000.

Textual Amendments

F3 Words in s. 147(1) substituted (with effect in accordance with Sch. 28 para. 10(2) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 28 para. 4](#)

F4 Words in s. 147(2) substituted (with effect in accordance with Sch. 28 para. 10(2) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 28 para. 4](#)

[^{F5}147A Classic cars: optional remuneration arrangements

- (1) This section applies in calculating the relevant amount in respect of a car for a tax year for the purposes of section 120A (benefit of car treated as earnings: optional remuneration arrangements) if—

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Cars: special cases. (See end of Document for details)

- (a) the age of the car at the end of the year is 15 years or more,
 - (b) the market value of the car for the year is £15,000 or more, and
 - (c) that market value exceeds the specified amount (see subsection (4)).
- (2) In calculating the modified cash equivalent of the benefit of the car, for the interim sum calculated under step 2 of section 121B(1) substitute the market value of the car for the tax year in question.
- (3) Section 132A (capital contributions by employee: optional remuneration arrangements) has effect as if—
- (a) in subsection (1)(b) the reference to calculating under section 121B the modified cash equivalent of the benefit of the car were to determining the market value of the car, and
 - (b) in subsection (5)(a)(ii) the reference to calculating under section 121B the modified cash equivalent of the benefit of the car for the tax year in question were to determining the market value of the car for the tax year in question.
- (4) The “specified amount” is found as follows.
- Step 1* Find what would be the interim sum under step 2 of section 121B(1) (if subsection (2) of this section did not have effect).
- Step 2* (Assuming for this purpose that the reference in section 132(2) to step 2 of section 121(1) includes a reference to step 1 of this subsection) make any deduction under section 132 for capital contributions made by the employee to the cost of the car or accessories.
- The resulting amount is the specified amount.
- (5) The market value of a car for a tax year is to be determined in accordance with section 147(3) and (4).]

Textual Amendments

- F5** S. 147A inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 32](#)

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Cars: special cases.