



# 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: treatment of accessories*

#### 125 Meaning of “accessory” and related terms

- (1) In this Chapter “qualifying accessory” means an accessory which—
  - (a) is made available for use with the car without any transfer of the property in the accessory,
  - (b) is made available by reason of the employment, and
  - (c) is attached to the car (whether permanently or not).
- (2) For the purposes of this Chapter “accessory” includes any kind of equipment but does not include—
  - (a) equipment necessarily provided for use in the performance of the duties of the employment;
  - (b) equipment by means of which a car is capable of running on road fuel gas;
  - (c) equipment to enable a disabled person to use a car (see section 172);
  - (d) a mobile telephone (within the meaning given in section 319(2)).
- (3) But subsection (2)(b) does not apply in relation to a car to which section 137 (different CO<sub>2</sub> emissions figure for bi-fuel cars) applies.

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

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[<sup>F1</sup>(3A) Subsection (2) needs to be read with section 125A (security features not to be regarded as accessories).]

(4) In this Chapter—

“standard accessory” means an accessory equivalent to an accessory assumed to be available with cars of the same kind as the car in question in arriving at the list price, and

“non-standard accessory” means any other accessory.

#### **Textual Amendments**

**F1** S. 125(3A) inserted (with effect in accordance with s. 14(5) of the amending Act) by [Finance Act 2012 \(c. 14\), s. 14\(2\)](#)

#### **Modifications etc. (not altering text)**

**C1** S. 125 applied (with modifications) by 1994 c. 22, s. 1GF(3)(4) (as inserted (18.11.2015) by [Finance \(No. 2\) Act 2015 \(c. 33\), s. 46\(2\)\(c\)](#))

### [<sup>F2</sup>125A Security features not to be regarded as accessories

- (1) This section applies where a car made available to an employee has a relevant security feature.
- (2) The relevant security feature is not an accessory for the purposes of this Chapter if it is provided in order to meet a threat to the employee's personal physical security which arises wholly or mainly because of the nature of the employee's employment.
- (3) In this section “relevant security feature” means—
  - (a) armour designed to protect the car's occupants from explosions or gunfire,
  - (b) bullet-resistant glass,
  - (c) any modification to the car's fuel tank designed to protect the tank's contents from explosions or gunfire (including by making the tank self-sealing), and
  - (d) any modification made to the car in consequence of anything which is a relevant security feature by virtue of paragraph (a), (b) or (c).
- (4) The Treasury may by regulations amend the definition of “relevant security feature” in subsection (3).]

#### **Textual Amendments**

**F2** S. 125A inserted (with effect in accordance with s. 14(5) of the amending Act) by [Finance Act 2012 \(c. 14\), s. 14\(3\)](#)

### 126 Amounts taken into account in respect of accessories

- (1) The price of the following accessories is to be taken into account under step 2 of section 121(1) [<sup>F3</sup>and step 2 of section 121B(1)] —
  - (a) in the case of a car with a list price, the price of any initial extra accessory, and
  - (b) in the case of any car, the price of any later accessory.

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

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- (2) In this Chapter an “initial extra accessory” means a qualifying accessory which—
- is a non-standard accessory,
  - is available with the car at the time when it is first made available to the employee, and
  - if it is an accessory in relation to which there is no published price of the manufacturer, importer or distributor of the car (see section 128), is available with the car in the tax year in question.
- (3) In this Chapter a “later accessory” means a qualifying accessory which—
- is available with the car in the tax year in question,
  - was not available with the car at the time when it was first made available to the employee,
  - was not made available with the car before 1st August 1993, and
  - has a price of at least £100.
- (4) In this section references to the price of an accessory are to—
- its list price, if it has one, or
  - its notional price, if it has no list price.
- (5) This section is subject to section 131 (replacement accessories).

#### Textual Amendments

- F3** Words in s. 126(1) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 24](#)

### 127 The list price of an accessory

- (1) For the purposes of this Chapter the list price of an initial extra accessory is—
- the published price of the manufacturer, importer or distributor of the car (see section 128), or
  - if there is no such price, the published price of the manufacturer, importer or distributor of the accessory (see section 129).
- (2) For the purposes of this Chapter the list price of a later accessory is the published price of the manufacturer, importer or distributor of the accessory (see section 129).

#### Modifications etc. (not altering text)

- C2** [Ss. 127-130](#) applied (with modifications) by 1994 c. 22, s. 1GF(3)(4) (as inserted (18.11.2015) by [Finance \(No. 2\) Act 2015 \(c. 33\)](#), [s. 46\(2\)\(c\)](#))

### 128 Accessory: published price of the car manufacturer etc.

- (1) In this Chapter the “published price of the manufacturer, importer or distributor of the car” in relation to an accessory means the price published by the car’s manufacturer, importer or distributor (as the case may be) as the inclusive price appropriate for an equivalent accessory if sold with a car of the same kind—
- in the United Kingdom,

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- (b) singly,
  - (c) in a retail sale,
  - (d) in the open market, and
  - (e) on the day immediately before the date of the car’s first registration.
- (2) The “inclusive price” means the price inclusive of—
- (a) any charge for delivery by the manufacturer, importer or distributor to the seller’s place of business,
  - (b) any relevant taxes other than car tax (see section 171(1)), and
  - (c) any charge for fitting the accessory.

**Modifications etc. (not altering text)**

**C2** Ss. 127-130 applied (with modifications) by 1994 c. 22, s. 1GF(3)(4) (as inserted (18.11.2015) by Finance (No. 2) Act 2015 (c. 33), s. 46(2)(c))

**129 Accessory: published price of the accessory manufacturer etc.**

- (1) In this Chapter the “published price of the manufacturer, importer or distributor of the accessory” in relation to an accessory means the price published by or on behalf of the manufacturer, importer or distributor of the accessory (as the case may be) as the inclusive price appropriate for such an accessory if sold—
- (a) in the United Kingdom,
  - (b) singly,
  - (c) in a retail sale,
  - (d) in the open market, and
  - (e) at the time immediately before the accessory concerned is first made available for use with the car.
- (2) The “inclusive price” means the price inclusive of—
- (a) any charge for delivery by the manufacturer, importer or distributor to the seller’s place of business,
  - (b) any relevant taxes other than car tax (see section 171(1)), and
  - (c) in the case of an accessory permanently attached to the car, the price which the seller would charge for attaching it.
- (3) In the case of an initial extra accessory, the time referred to in subsection (1)(e) may be a time before the car is first made available to the employee.

**Modifications etc. (not altering text)**

**C2** Ss. 127-130 applied (with modifications) by 1994 c. 22, s. 1GF(3)(4) (as inserted (18.11.2015) by Finance (No. 2) Act 2015 (c. 33), s. 46(2)(c))

**130 The notional price of an accessory**

- (1) In this Chapter the “notional price” of an accessory means the inclusive price which it might reasonably have been expected to fetch if sold—
- (a) in the United Kingdom,

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

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- (b) singly,
  - (c) in a retail sale,
  - (d) in the open market, and
  - (e) at the time immediately before the accessory concerned is first made available for use with the car.
- (2) The “inclusive price” means the price inclusive of—
- (a) any charge for delivery by the manufacturer, importer or distributor to the seller’s place of business,
  - (b) any relevant taxes other than car tax (see section 171(1)), and
  - (c) in the case of an accessory permanently attached to the car, the price which the seller would charge for attaching it.
- (3) In the case of an initial extra accessory, the time referred to in subsection (1)(e) may be a time before the car is first made available to the employee.

**Modifications etc. (not altering text)**

**C2** Ss. 127-130 applied (with modifications) by 1994 c. 22, s. 1GF(3)(4) (as inserted (18.11.2015) by Finance (No. 2) Act 2015 (c. 33), s. 46(2)(c))

### 131 Replacement accessories

- (1) This section applies [<sup>F4</sup>for the purposes of sections 121(1) and 121B(1)] where—
- (a) a later accessory is available with the car in the tax year in question,
  - (b) that accessory (“the new accessory”) replaced another qualifying accessory (“the old accessory”) in that year or an earlier tax year, and
  - (c) the new accessory is of the same kind as the old accessory.

[<sup>F5</sup>(1A) In the application of this section for the purposes of section 121B(1)—

- (a) references to the cash equivalent of the benefit of the car for the tax year are to be read as references to the modified cash equivalent of the benefit of the car for the tax year, and
  - (b) references to step 2 of section 121(1) are to be read as references to step 2 of section 121B(1).]
- (2) If the new accessory is not superior to the old accessory, the cash equivalent of the benefit of the car for the tax year is to be calculated under step 2 of section 121(1) as if—
- (a) the replacement has not been made, and
  - (b) the new accessory is a continuation of the old accessory.
- (3) If the new accessory is superior to the old accessory and the conditions in subsection (4) are met, the cash equivalent of the benefit of the car for the tax year is to be calculated under step 2 of section 121(1)—
- (a) as if the old accessory was not available with the car in that tax year, or
  - (b) where the price of the old accessory would (apart from this section) be added to the price of the car under step 2 of section 121(1) as an initial extra accessory, as if it was not available with the car at the time when the car was first made available to the employee.

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- (4) The conditions mentioned in subsection (3) are that—
- (a) the old accessory was a non-standard accessory, and
  - (b) both the old and the new accessory would (apart from this section) be taken into account under step 2 of section 121(1) in calculating the cash equivalent of the benefit of the car for the year.
- (5) For the purposes of this section a new accessory is superior to an old accessory if the price of the new accessory exceeds whichever is the greater of—
- (a) the price of the old accessory, and
  - (b) the price of an accessory equivalent to the old accessory at the time immediately before the new accessory is first made available for use with the car.
- (6) In this section references to the price of an accessory are to—
- (a) its list price, if it has one, or
  - (b) its notional price, if it has no list price.

**Textual Amendments**

- F4** Words in s. 131(1) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by Finance Act 2017 (c. 10), **Sch. 2 para. 25(2)**
- F5** S. 131(1A) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by Finance Act 2017 (c. 10), **Sch. 2 para. 25(3)**

**Changes to legislation:**

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