



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

General

114 Cars, vans and related benefits

- (1) This Chapter applies to a car or a van in relation to a particular tax year if in that year the car or van—
- (a) is made available (without any transfer of the property in it) to an employee or a member of the employee's family or household,
 - (b) is so made available by reason of the employment (see section 117), and
 - (c) is available for the employee's or member's private use (see section 118).

[^{F1}(1A) Where this Chapter applies to a car or van, the car or van is a benefit for the purposes of this Chapter (and accordingly it is immaterial whether the terms on which it is made available to the employee or member constitute a fair bargain).]

- (2) Where this Chapter applies to a car or van—
- (a) sections 120 to 148 provide for [^{F2}an amount in respect of] the benefit of the car to be treated as earnings,
 - (b) sections 149 to 153 provide for [^{F3}an amount in respect of] the benefit of any fuel provided for the car to be treated as earnings, ^{F4}...

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- (c) sections 154 to [F5159] provide for [F6an amount in respect of] the benefit of the van to be treated as earnings[F7]; and
- (d) sections 160 to 164 provide for [F8an amount in respect of] the benefit of any fuel provided for the van to be treated as earnings in certain circumstances.]

F9(3)

[F10(3A) This Chapter does not apply to a van in relation to a tax year if the private use of the van during the tax year by the employee or member of the employee’s family or household is insignificant.]

- (4) The following provisions of this Chapter provide for further exceptions—
 - section 167 (pooled cars);
 - section 168 (pooled vans);
 - section 169 (car available to more than one member of family or household employed by same employer).
 - [F11section 169A (van available to more than one member of family or household employed by same employer).]

Textual Amendments

- F1 S. 114(1A) inserted (with effect in accordance with s. 7(9) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 7\(4\)](#)
- F2 Words in s. 114(2)(a) substituted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 19\(a\)](#)
- F3 Words in s. 114(2)(b) substituted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 19\(b\)](#)
- F4 Word in s. 114(2)(b) repealed (22.7.2004) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 2\(9\)](#)
- F5 Word in s. 114(2)(c) substituted (with effect in accordance with s. 80(2) of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 14 para. 2\(2\)](#)
- F6 Words in s. 114(2)(c) substituted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 19\(c\)](#)
- F7 S. 114(2)(d) and preceding word inserted (with effect in accordance with s. 80(2) of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 14 para. 2\(2\)](#)
- F8 Words in s. 114(2)(d) substituted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 19\(d\)](#)
- F9 S. 114(3) omitted (with effect in accordance with s. 23(2) of the amending Act) by virtue of [Finance Act 2014 \(c. 26\), s. 23\(1\)](#)
- F10 S. 114(3A) inserted (with effect in accordance with s. 80(2) of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 14 para. 2\(3\)](#)
- F11 Words in s. 114(4) inserted (with effect in accordance with s. 80(2) of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 14 para. 2\(4\)](#)

115 Meaning of “car” and “van”

- (1) In this Chapter—
 - “car” means a mechanically propelled road vehicle which is not—
 - (a) a goods vehicle,
 - (b) a motor cycle,
 - (c) an invalid carriage, or

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(d) a vehicle of a type not commonly used as a private vehicle and unsuitable to be so used;

“van” means a mechanically propelled road vehicle which—

(a) is a goods vehicle, and

(b) has a design weight not exceeding 3,500 kilograms,

and which is not a motor cycle.

(2) For the purposes of subsection (1)—

“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;

“goods vehicle” means a vehicle of a construction primarily suited for the conveyance of goods or burden of any description;

“invalid carriage” has the meaning given by section 185(1) of the Road Traffic Act 1988 (c. 52);

“motor cycle” has the meaning given by section 185(1) of the Road Traffic Act 1988.

116 Meaning of when car or van is available to employee

(1) For the purposes of this Chapter a car or van 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 or a member of the employee’s family or household.

(2) References in this Chapter to—

(a) the time when a car ^[F12]or van] is first made available to an employee are to the earliest time when the car ^[F12]or van] is made available as mentioned in subsection (1), and

(b) the last day in a year on which a car ^[F12]or van] is available to an employee are to the last day in the year on which the car ^[F12]or van] is made available as mentioned in subsection (1).

(3) This section does not apply to section ^[F13]124A or] 138 (automatic car ^[F12]or van] for a disabled employee).

Textual Amendments

F12 Words in s. 116(2) inserted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), [Sch. 14 para. 3](#)

F13 Words in s. 116(3) inserted (with effect in accordance with s. 54(6) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [s. 54\(2\)](#)

^[F14]117 Meaning of car or van made available by reason of employment

(1) For the purposes of this Chapter a car or van made available by an employer to an employee or member of an employee's family or household is to be regarded as made available by reason of the employment unless subsection (2) or (3) excludes the application of this subsection.

(2) Subsection (1) does not apply where—

(a) the employer is an individual, and

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- (b) the car or van in question is made available in the normal course of the employer's domestic, family or personal relationships.
- (3) Subsection (1) does not apply where—
- (a) the employer carries on a vehicle hire business under which cars or vans of the same kind are made available to members of the public for hire,
 - (b) the car or van in question is hired to the employee or member in the normal course of that business, and
 - (c) in hiring that car or van the employee or member is acting as an ordinary member of the public.]

Textual Amendments

F14 S. 117 substituted (with effect in accordance with s. 7(9) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 7\(5\)](#)

118 Availability for private use

- (1) For the purposes of this Chapter a car or van made available in a tax year to an employee or a member of the employee's family or household is to be treated as available for the employee's or member's private use unless in that year—
- (a) the terms on which it is made available prohibit such use, and
 - (b) it is not so used.
- (2) In this Chapter “private use”, in relation to a car or van made available to an employee or a member of the employee's family or household, means any use other than for the employee's business travel (see section 171(1)).

119 Where alternative to benefit of ^{F15}low emission] car ^{F16}or van] offered

- ^{F17}(1) This section applies where in a tax year—
- (a) a car is made available as mentioned in section 114(1),
 - (b) the car's CO₂ emissions figure (see sections 133 to 138) does not exceed 75 grams per kilometre, and
 - (c) an alternative to the benefit of the car is offered.]
- (2) The mere fact that the alternative is offered does not result in an amount in respect of the benefit constituting earnings by virtue of Chapter 1 of this Part (earnings).

Textual Amendments

- F15** Words in s. 119 heading inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 20\(3\)](#)
- F16** Words in s. 119 inserted (22.7.2004) by [Finance Act 2004 \(c. 12\), Sch. 14 para. 4](#)
- F17** S. 119(1) substituted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\), Sch. 2 para. 20\(2\)](#)

Changes to legislation:

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