



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: benefit treated as earnings

[^{F1}121A Optional remuneration arrangements: method of calculating relevant amount

- (1) To find the relevant amount for the purposes of section 120A, take the following steps—

[^{F2}Step 1 Take the total foregone amount in connection with the car for the tax year (see section 120A(4)).]

Step 2 Make any deduction under section 132A in respect of capital contributions made by the employee to the cost of the car or accessories.

The resulting amount is the provisional sum.

Step 3 Make any deduction from the provisional sum under section 144 in respect of payments by the employee for the private use of the car.

The result is the “relevant amount” for the purposes of section 120A.

- (2) Where it is necessary, for the purpose of determining the [^{F3}“total foregone amount” for the purposes of] step 1 of subsection (1), to apportion an amount of earnings to [^{F4}a benefit mentioned in section 120A(4)(a) or (b)] for the tax year, the apportionment is to be made on a just and reasonable basis.

Changes to legislation: *There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 121A. (See end of Document for details)*

In this subsection “earnings” is to be interpreted in accordance with section 69B(5).]

Textual Amendments

- F1** Ss. 121A, 121B inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 23](#)
- F2** Words in s. 121A(1) substituted (with effect in accordance with s. 7(7) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [s. 7\(3\)\(a\)](#)
- F3** Words in s. 121A(2) substituted (with effect in accordance with s. 7(7) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [s. 7\(3\)\(b\)\(i\)](#)
- F4** Words in s. 121A(2) substituted (with effect in accordance with s. 7(7) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [s. 7\(3\)\(b\)\(ii\)](#)

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 121A.