



# 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*

#### **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 [<sup>F1</sup>interim sum calculated under] step 3 of section 121(1).
- (2) For the [<sup>F2</sup>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.

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**Changes to legislation:** *There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 147. (See end of Document for details)*

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- (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.

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**Textual Amendments**

- F1** 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](#)
- F2** 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](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 147.