



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

[^{F1}PART 7A

EMPLOYMENT INCOME PROVIDED THROUGH THIRD PARTIES

CHAPTER 1

APPLICATION ETC

Exclusions

[^{F1}554O Exclusions: employee car ownership schemes

- (1) This section applies if—
- (a) there is an arrangement (“the car ownership arrangement”) which—
 - (i) provides for A to purchase a new car from another person (“P”) using a loan (“the car loan”) to be made to A by [^{F2}a licensed lender][^{F2}an authorised lender] ,
 - (ii) specifies the date (“the repayment date”) by which the car loan must be fully repaid which must be no later than four years after the date on which the car loan is made, and
 - (iii) permits A, in order to obtain funds to repay the car loan, to sell the car back to P on a specified date at a specified price based on an estimate (made at the time the car ownership arrangement is made) of the likely outstanding amount of the car loan on the specified date, and
 - (b) as provided for by the car ownership arrangement, A purchases the car using the car loan.
- (2) Chapter 2 does not apply by reason of a relevant step taken for the sole purpose of—

Status: Point in time view as at 26/07/2013. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 554O. (See end of Document for details)

- (a) the purchase of the car or its sale-back as provided for by the car ownership arrangement, or
 - (b) the making of the car loan as so provided,
- so long as the car ownership arrangement is not a tax avoidance arrangement and there is no other connection (direct or indirect) between the relevant step and a tax avoidance arrangement.
- (3) Subsection (4) applies if—
- (a) apart from subsection (2), Chapter 2 would apply by reason of the making of the car loan, and
 - (b) by the end of the repayment date, the car loan has not been fully repaid.
- (4) This Part has effect as if a relevant step within section 554C(1)(a) were taken at the end of the repayment date—
- (a) the subject of which is a sum of money of an amount equal to the outstanding amount of the car loan as at the end of the repayment date,
 - (b) in relation to which the relevant person (within the meaning of section 554C(1)) is A, and
 - (c) by reason of which Chapter 2 is to apply.
- (5) In this section—
- “car” has the meaning given by section 235(2), and
 - [^{F3}“licensed lender” means a person—
 - (a) who is a licensee under the Consumer Credit Act 1974 acting within the terms of the person's licence, and
 - (b) who is not acting as a trustee.]
 - [^{F3}“authorised lender” means a person who—
 - (a) has permission under Part 4A of the Financial Services and Markets Act 2000 to enter into, or to exercise or have the right to exercise rights and duties under, a contract of the kind mentioned in paragraph 23 of Schedule 2 to that Act, and
 - (b) is not acting as a trustee.]
- [The definition of “authorised lender” must be read with—
- ^{F4}(6) (a) section 22 of the 2000 Act,
- (b) any relevant order under that section, and
 - (c) Schedule 2 to that Act.]]

Textual Amendments

- F1** Pt. 7A inserted (with effect in accordance with Sch. 2 paras. 52-59 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 2 para. 1](#)
- F2** Words in s. 554O(1)(a)(i) substituted (26.7.2013 for specified purposes) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No.2\) Order 2013 \(S.I. 2013/1881\)](#), art. 1(2)(6), [Sch. para. 9\(a\)](#)
- F3** Words in s. 554O(5) substituted (26.7.2013 for specified purposes) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No.2\) Order 2013 \(S.I. 2013/1881\)](#), art. 1(2)(6), [Sch. para. 9\(b\)](#)

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- F4** S. 554O(6) inserted (26.7.2013 for specified purposes) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No.2\) Order 2013 \(S.I. 2013/1881\)](#), art. 1(2)(6), [Sch. para. 9\(c\)](#)

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