



Finance Act 2016

2016 CHAPTER 24

PART 1 U.K.

INCOME TAX

Employment income: taxable benefits

- 7 Taxable benefits: application of Chapters 5 to 7 of ITEPA 2003 U.K.**
- (1) Part 3 of ITEPA 2003 (employment income: earnings and benefits etc treated as earnings) is amended as follows.
- (2) In section 97 (living accommodation to which Chapter 5 applies), after subsection (1) insert—
- “(1A) Where this Chapter applies to any living accommodation—
- (a) the living accommodation is a benefit for the purposes of this Chapter (and accordingly it is immaterial whether the terms on which it is provided to any of those persons constitute a fair bargain), and
 - (b) sections 102 to 108 provide for the cash equivalent of the benefit of the living accommodation to be treated as earnings.”
- (3) In section 109 (priority of Chapter 5 over Chapter 1), after subsection (3) insert—
- “(4) In a case where the cash equivalent of the benefit of the living accommodation is nil—
- (a) subsections (2) and (3) do not apply, and
 - (b) the full amount mentioned in subsection (1)(b) constitutes earnings from the employment for the year under Chapter 1.”
- (4) In section 114 (cars, vans and related benefits to which Chapter 6 applies), after subsection (1) insert—
- “(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

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on which it is made available to the employee or member constitute a fair bargain).”

(5) For section 117 substitute—

“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
- (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.”

(6) In section 120 (benefit of car treated as earnings)—

- (a) in subsection (2) after “case” insert “ (including a case where the cash equivalent of the benefit of the car is nil) ”, and
- (b) after subsection (2) insert—

“(3) Any reference in this Act to a case where the cash equivalent of the benefit of a car is treated as the employee's earnings for a year by virtue of this section includes a case where the cash equivalent is nil.”

(7) In section 154 (benefit of van treated as earnings)—

- (a) the existing text becomes subsection (1) of that section, and
- (b) after that subsection insert—

“(2) In such a case (including a case where the cash equivalent of the benefit of the van is nil) the employee is referred to in this Chapter as being chargeable to tax in respect of the van for that year.

(3) Any reference in this Act to a case where the cash equivalent of the benefit of a van is treated as the employee's earnings for a year by virtue of this section includes a case where the cash equivalent is nil.”

(8) In section 173 (loans to which Chapter 7 applies), after subsection (1) insert—

“(1A) Where this Chapter applies to a loan—

- (a) the loan is a benefit for the purposes of this Chapter (and accordingly it is immaterial whether the terms of the loan constitute a fair bargain), and

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- (b) sections 175 to 183 provide for the cash equivalent of the benefit of the loan (where it is a taxable cheap loan) to be treated as earnings in certain circumstances.”
- (9) The amendments made by this section have effect for the tax year 2016-17 and subsequent tax years.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 19 para. 12(5)(b) inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(c\)](#)
- Sch. 19 para. 12(5)(a) word inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(b\)](#)
- Sch. 19 para. 51(8)(b) words inserted by [2017 c. 32 Sch. 14 para. 48\(2\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(a\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(b\)](#)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by [2017 c. 32 Sch. 14 para. 49\(2\)\(a\)](#)
- Sch. 19 para. 58(1) words substituted by [2017 c. 32 Sch. 14 para. 48\(5\)](#)
- Sch. 20 para. 1(4)(e) inserted by [2021 c. 26 Sch. 27 para. 47\(2\)](#)
- Sch. 20 para. 3(3)(d) and word inserted by [2021 c. 26 Sch. 27 para. 47\(3\)\(b\)](#)
- Sch. 20 para. 5(5) inserted by [2021 c. 26 Sch. 27 para. 47\(5\)](#)
- Sch. 22 para. 2(4B) inserted by [2021 c. 26 Sch. 27 para. 48\(2\)\(c\)](#)
- Sch. 22 para. 3(4A) inserted by [2021 c. 26 Sch. 27 para. 48\(3\)](#)