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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order amends sections 150(1), 155(1B) and 161(b) of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (“the Act”).

Where an employee receives fuel for a car or van as a result of their employment and they are chargeable to tax in respect of that vehicle under section 120 or 154 of the Act, the cash equivalent of the benefit of that fuel is treated as earnings under sections 149 and 160 of the Act.

The cash equivalent of the benefit of fuel for a car is normally calculated by applying the “appropriate percentage” (normally calculated by reference to the CO<sub>2</sub> emissions of the car) to the figure in section 150(1) of the Act. Article 2 of this Order increases the figure to £23,400 for the tax year 2018-19 and subsequent tax years. The cash equivalent of the benefit of fuel for a van is set out in section 161(b) of the Act. Article 4 of this Order increases this figure to £633 for the tax year 2018-19 and subsequent tax years.

Where a van is made available to an employee for private use that is more than insignificant and not limited to ordinary commuting, section 154 of the Act treats the cash equivalent of the benefit of the van as earnings. For vans that cannot in any circumstances emit CO<sub>2</sub> by being driven, the cash equivalent for the tax years 2015-16 to 2021-22 is calculated by applying the “appropriate percentage” (calculated by reference to the tax year) to the figure in section 155(1B)(a) of the Act. For other vans, the cash equivalent is set out in section 155(1B)(b) of the Act. Article 3 of this Order increases these figures to £3,350 for the tax year 2018-19 and subsequent tax years.

A Tax Information and Impact Note covering this instrument will be published on the government website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins> .