

2022 No. 1288

INCOME TAX

The Van Benefit and Car and Van Fuel Benefit Order 2022

Made - - - - *5th December 2022*

Laid before the House of Commons *7th December 2022*

Coming into force - - *6th April 2023*

The Treasury make the following Order in exercise of the powers conferred by section 170(1A)(c), (2), (5) and (6) of the Income Tax (Earnings and Pensions) Act 2003(a):

Citation, commencement and application

1.—(1) This Order may be cited as the Van Benefit and Car and Fuel Benefit Order 2022.

(2) This Order comes into force on 6th April 2023 and applies to the tax year 2023-24 and subsequent tax years.

Amendment to section 150 of the Income Tax (Earnings and Pensions) Act 2003

2. In section 150(1) of the Income Tax (Earnings and Pensions) Act 2003 (car fuel: calculating the cash equivalent)(b) for “£25,300” substitute “£27,800”.

3. In section 155(1B)(b) of the Income Tax (Earnings and Pensions) Act 2003 (cash equivalent of the benefit of a van)(c) for “£3,600” substitute “£3,960”.

Amendment to section 161 of the Income Tax (Earnings and Pensions) Act 2003

4. In section 161(b) of the Income Tax (Earnings and Pensions) Act 2003 (van fuel: the cash equivalent)(d) for “£688” substitute “£757”.

Steve Double
Andrew Stephenson

5th December 2022

Two of the Lords Commissioners of His Majesty’s Treasury

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- (a) 2003 c. 1; section 170(1A) was inserted by paragraph 7(2) of Schedule 14 to the Finance Act 2004 (c. 12) with effect for the tax year 2005-06 and subsequent tax years. This section was then substituted by section 10(6) of the Finance Act 2015 (c. 11) with effect for the tax year 2015-16 and subsequent tax years. Section 170(2) was amended by paragraph 7(3) of Schedule 14 to the Finance Act 2004 with effect for the tax year 2005-06 and subsequent tax years. Section 170(5) was amended by paragraph 7(4) of Schedule 14 to the Finance Act 2004 with effect for the tax year 2005-06 and subsequent years.
- (b) The figure specified in section 150(1) was last substituted by S.I. 2021/1422.
- (c) Section 155 was substituted by paragraph 5 of Schedule 14 to the Finance Act 2004 with effect for the tax year 2005-06 and subsequent tax years. Section 155(1B) was substituted by section 10(2) of the Finance Act 2015 with effect for the tax year 2015-16 and subsequent tax years. The figure specified in section 155(1B)(b) was last substituted by S.I. 2021/1422.
- (d) Section 161 was substituted by paragraph 5 of Schedule 14 to the Finance Act 2004 with effect for the tax year 2005-06 and subsequent tax years. The figure specified in section 161(b) was last substituted by S.I. 2021/1422.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends sections 150(1), 155(1B)(b), 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 the vehicle under sections 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 the fuel for a car is normally calculated by applying the “appropriate percentage” (usually calculated by reference to the CO₂ emissions of the car) to the figure in section 150(1) of the Act. Article 2 of this Order increases this figure to £27,800 for the tax year 2023-24 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 £757 for the tax year 2023-24 and subsequent tax years.

Where a van is made available by reason of the employment 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 CO₂ by being driven, the cash equivalent of the benefit for the tax year 2021-22 or a subsequent tax year is nil. For other vans, the cash equivalent of the benefit is set out in section 155(1B)(b) of the Act. Article 3 of this Order increases the figure to £3,960 for the tax year 2023-24 and subsequent tax years.

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

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