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# Income and Corporation Taxes Act 1988

## 1988 CHAPTER 1

### PART V

#### PROVISIONS RELATING TO THE SCHEDULE E CHARGE

#### CHAPTER II

[<sup>F1</sup>EMPLOYEES EARNING £8,500 OR MORE AND DIRECTORS]

*General supplementary provisions*

#### **166 Notice of nil liability under this Chapter.**

- <sup>M1</sup>(1) If a person furnishes to the inspector a statement of the cases and circumstances in which payments of a particular character are made, or benefits or facilities of a particular kind are provided, for any employees (whether his own or those of anyone else), and the inspector is satisfied that no additional tax is payable under this Chapter by reference to the payments, benefits or facilities mentioned in the statement, the inspector shall notify the person accordingly; and then nothing in this Chapter applies to those payments, or to the provision of those benefits or facilities, or otherwise for imposing any additional charge to income tax.
- (2) The inspector may, if in his opinion there is reason to do so, by notice served on the person to whom notification under subsection (1) above was given, revoke the notification, either as from the date of its making or from such later date as may be specified in the notice under this subsection; and then all such income tax becomes chargeable, and all such returns are to be made by that person and by the employees in question as would have been chargeable or would have had to be made in the first instance if the notification under subsection (1) had never been given or, as the case may be, it had ceased to have effect on the specified date.
- (3) In relation to a notification given before 6th April 1988, the reference in subsection (2) above to income tax includes a reference to income tax chargeable under the

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corresponding enactments in force before that date, and accordingly, where the notification is revoked for any period before that date, that subsection has effect in relation to years of assessment before the year 1988-89.

- (4) The validity of any notification given under section 199 of the 1970 Act which was continued in force by paragraph 14 of Schedule 9 to the Finance Act 1976 shall not be affected by the repeal of that paragraph by this Act but shall continue in force as if made under subsection (1) above in relation to tax liability under sections 153 to 156; and subsection (2) above shall apply accordingly.

#### Marginal Citations

**M1** Source—1976 s.70, Sch.9 14(2)-(4)

### [<sup>F1</sup>167 Employment to which this Chapter applies.

- (1) This Chapter applies—
- (a) to employment as a director of a company (but subject to subsection (5) below), and
  - (b) to employment with emoluments at the rate of £8,500 a year or more.
- (2) For this purpose emoluments are to be calculated—
- (a) on the basis that they include all such amounts as come, or would but for section 157(3) come, into charge under this Chapter or section 141, 142, 143 or 145, and
  - (b) without any deduction under section 198, 201 or 332(3).

[ Where, by virtue of paragraph 15 of Schedule 7, the amount, or the total of the <sup>F2</sup>(2A) amounts, treated under section 160 as emoluments of a person exceeds what it would have been apart from that paragraph, then, for the purposes of subsection (2)(a) above there shall, instead of that excess, be brought into account an amount equal to the difference between—

- (a) the amount by which his total income for the purposes of excess liability exceeds the basic rate limit; and
- (b) what the amount referred to in paragraph (a) above would have been, apart from paragraph 15 of Schedule 7;

and in this subsection “excess liability” means the excess of liability to income tax over what it would be if all income tax [<sup>F3</sup>not chargeable at the lower rate][<sup>F4</sup>by virtue of section 1(2)(aa) were charged at the basic rate, or (so far as applicable in accordance with section 207A) the lower rate,] to the exclusion of any higher rate.

- (3) Where a person is employed in two or more employments by the same employer and either—
- (a) the total of the emoluments of those employments (applying this section) is at the rate of £8,500 a year or more, or
  - (b) this Chapter applies (apart from this subsection) to one or more of those employments,
- this Chapter shall apply to all the employments.
- (4) All employees of a partnership or body over which an individual or another partnership or body has control are to be treated for the purposes of this section (but not for any

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other purpose) as if the employment were an employment by the individual or by that other partnership or body as the case may be.

- (5) This Chapter shall not apply to a person's employment by reason only of its being employment as a director of a company (without prejudice to its application by virtue of subsection (1)(b) or (3) above) if he has no material interest in the company and either—
- (a) his employment is as a full-time working director; or
  - (b) the company is non-profit-making (meaning that neither does it carry on a trade nor do its functions consist wholly or mainly in the holding of investments or other property) or is established for charitable purposes only.]

### Textual Amendments

- F1** S. 167 substituted by [Finance Act 1989 \(c. 26\), s. 53\(1\)](#). *Previously*  
“Meaning of “director's or higher-paid employment”. **167.**—(1) In this Chapter “director's or higher-paid employment” means—(a) subject to subsection (5) below, employment as a director of a company; or (b) employment with emoluments at the rate of £8,500 a year or more. (2) For this purpose emoluments are to be calculated—(a) on the basis that they include all such amounts as come or would but for section 157(3) come into charge under this Chapter or section 141, 142, 143 or, in the case of those in director's or higher-paid employment, 145; and (b) without any deduction under section 198, 201 or 332(3). (3) Where a person is employed in two or more employments by the same employer and either—(a) the total of the emoluments of those employments (applying this section) is at the rate of £8,500 a year or more; or (b) one or more of those employments is (apart from this subsection) director's or higher-paid, all the employments are to be treated as director's or higher-paid. (4) All employees of a partnership or body over which an individual or another partnership or body has control are to be treated for the purposes of this section (but not for any other purpose) as if the employment were an employment by the individual or by that other partnership or body as the case may be. (5) A person's employment is not director's or higher-paid by reason only of its being employment as a director of a company (without prejudice to its being so under subsection (1)(b) or (3) above) if he has no material interest in the company and either—(a) his employment is as a full-time working director; or (b) the company is non-profit-making (meaning that neither does it carry on a trade nor do its functions consist wholly or mainly in the holding of investments or other property) or is established for charitable purposes only.”
- F2** S. 167(2A) inserted by [Finance Act 1991 \(c. 31, SIF 63:1\), s. 27\(6\), Sch. 6 para. 2](#) (for year 1991-92 and subsequent years of assessment)
- F3** Words in s. 167(2A) inserted (16.7.1992 with application for the year 1992-93 and subsequent years of assessment) by [Finance \(No. 2\) Act 1992 \(c. 48\), s. 19\(3\)\(7\)](#).
- F4** Words in s. 167(2A) substituted (27.7.1993 with effect for the year 1993-94 and subsequent years of assessment) by [1993 c. 34, s. 79, Sch. 6 paras. 1, 25\(1\)](#)

### 168 Other interpretative provisions.

- <sup>M2</sup>(1) The following provisions of this section apply for the interpretation of expressions used in this Chapter.
- (2) Subject to section 165(6)(b), “employment” means an office or employment the emoluments of which fall to be assessed under Schedule E; and related expressions shall be construed accordingly.
- (3) For the purposes of this Chapter—
- (a) all sums paid to an employee by his employer in respect of expenses, and

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- (b) all such provision as is mentioned in this Chapter which is made for an employee, or for members of his family or household, by his employer, are deemed to be paid to or made for him or them by reason of his employment, except any such payment or provision made by the employer, being an individual, as can be shown to have been made in the normal course of his domestic, family or personal relationships.
- (4) References to members of a person's family or household are to his spouse, his sons and daughters and their spouses, his parents and his servants, dependents and guests.
- (5) As respects cars, the following definitions apply—
- (a) "car" means any mechanically propelled road vehicle except—
    - (i) a vehicle of a construction primarily suited for the conveyance of goods or burden of any description,
    - (ii) a vehicle of a type not commonly used as a private vehicle and unsuitable to be so used,
    - (iii) a motor cycle as defined in section 190(4) of the <sup>M3</sup>Road Traffic Act 1972, and
    - (iv) an invalid carriage as defined in section 190(5) of that Act;
  - (b) the age of a car at any time is the interval between the date of its first registration and that time;
  - (c) "business travel" means travelling which a person is necessarily obliged to do in the performance of the duties of his employment;
  - [<sup>F5</sup>(d) the date of a car's first registration is the date on which it was first registered under the <sup>M4</sup>Vehicles (Excise) Act 1971 or under corresponding legislation of any country or territory;]
  - [<sup>F6</sup>(e) the price of a car as regards a year shall be determined in accordance with the provisions contained in or made under sections 168A to 168G; and]
  - (f) "private use", in relation to a car made available to any person, or to others being members of his family or household, means any use otherwise than for his business travel.
- [<sup>F7</sup>(5A) As respects vans, the following definitions apply—
- (a) "van" means a mechanically propelled road vehicle which is—
    - (i) of a construction primarily suited for the conveyance of goods or burden of any description, and
    - (ii) of a design weight not exceeding 3,500 kilograms,
 and which is not a motor cycle as defined in section 185(1) of the <sup>M5</sup>Road Traffic Act 1988;
  - (b) the age of a van at any time is the interval between the date of its first registration and that time;
  - (c) "business travel" means travelling which a person is necessarily obliged to do in the performance of the duties of his employment;
  - (d) the date of a van's first registration is the date on which it was first registered under the <sup>M6</sup>Vehicles (Excise) Act 1971 or under corresponding legislation of any country or territory;
  - (e) "design weight" means the weight which a vehicle is designed or adapted not to exceed when in normal use and travelling on a road laden; and

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- (f) “private use”, in relation to a van made available to any person, or to others being members of his family or household, means any use otherwise than for his business travel.]
- (6) For the purposes of this Chapter—
- (a) a car made available in any year to an employee, or to others being members of his family or household, by reason of his employment is deemed to be available in that year for his or their private use unless the terms on which the car is made available prohibit such use and no such use is made of the car in that year;
  - (b) a car made available to an employee, or to others being members of his family or household, by his employer is deemed to be made available to him or them by reason of his employment (unless the employer is an individual and it can be shown that the car was made so available in the normal course of his domestic, family or personal relationships).
  - [<sup>F8</sup>(c) a van made available in any year to an employee, or to others being members of his family or household, by reason of his employment is deemed to be available in that year for his or their private use unless the terms on which the van is made available prohibit such use and no such use is made of the van in that year;
  - (d) a van made available to an employee, or to others being members of his family or household, by his employer is deemed to be made available to him or them by reason of his employment (unless the employer is an individual and it can be shown that the van was made so available in the normal course of his domestic, family or personal relationships).]
- (7) For the purposes of section 156, the market value of an asset at any time is the price which it might reasonably have been expected to fetch on a sale in the open market at that time.
- (8) Subject to subsection (9) below, “director” means—
- (a) in relation to a company whose affairs are managed by a board of directors or similar body, a member of that board or similar body;
  - (b) in relation to a company whose affairs are managed by a single director or similar person, that director or person; and
  - (c) in relation to a company whose affairs are managed by the members themselves, a member of the company,
- and includes any person in accordance with whose directions or instructions the directors of the company (as defined above) are accustomed to act.
- (9) A person is not under subsection (8) above to be deemed to be a person in accordance with whose directions or instructions the directors of the company are accustomed to act by reason only that the directors act on advice given by him in a professional capacity.
- (10) “Full-time working director” means a director who is required to devote substantially the whole of his time to the service of the company in a managerial or technical capacity.
- (11) A person shall be treated as having a material interest [<sup>F9</sup>in a company if he, either on his own or with one or more associates, or if any associate of his with or without such other associates,—

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- (a) is the beneficial owner of, or able, directly or through the medium of other companies, or by any other indirect means to control, more than 5 per cent. of the ordinary share capital of the company, or
- (b) in the case of a close company, possesses, or is entitled to acquire, such rights as would, in the event of the winding-up of the company or in any other circumstances, give an entitlement to receive more than 5 per cent. of the assets which would then be available for distribution among the participators.]

In this subsection “associate” has the same meaning as in section 417(3), except that for this purpose “relative” in that subsection has the meaning given by section 160(6) [<sup>F10</sup>and “participator” has the meaning given by section 417(1)].

- (12) “Control”, in relation to a body corporate or partnership, has the meaning given to it by section 840; and the definition of “control” in that section applies (with the necessary modifications) in relation to an unincorporated association as it applies in relation to a body corporate.
- (13) “Year” means year of assessment (except where the expression is used with reference to the age of a car).

#### Textual Amendments

- F5** S. 168(5)(d) substituted (27.7.1993 with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, s. 72, Sch. 3 paras. 3(1), 7
- F6** S. 168(5)(e) substituted (with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, s. 72, Sch. 3 paras. 3(2), 7
- F7** S. 168(5A) inserted (27.7.1993 with effect for the year 1993-94 and subsequent years of assessment) by 1993 c. 34, s. 73, Sch. 4 paras. 6(1), 8
- F8** S. 168(6)(c)(d) added (27.7.1993 with effect for the year 1993-94 and subsequent years of assessment) by 1993 c. 34, s. 73, Sch. 4 paras. 6(2), 8
- F9** 1989 s.107and Sch.12 para 8in relation to accounting periods beginning after 31March 1989.Previously  
 “in a company—(a) if he, either on his own or with any one or more of his associates, or if any associate of his with or without such other associates, is the beneficial owner of, or able, directly or through the medium of other companies or by any other indirect means, to control, more than 5 per cent. of the ordinary share capital of the company; or (b) if, in the case of a close company, on an amount equal to the whole distributable income of the company falling to be apportioned under Part XI for the purpose of computing total income, more than 5 per cent. of that amount could be apportioned to him together with his associates (if any), or to any associate of his, or any such associates taken together.”
- F10** 1989 s.107and Sch.12 para 8for accounting periods beginning after 31March 1989.

#### Modifications etc. (not altering text)

- C1** Definition applied for purposes of 1988(F) s.131—penalties; and 1989 s.134—non-payment of tax by non-residents.

#### Marginal Citations

- M2** Source—1976 s.72(1)-(12); 1980 s.51(3)
- M3** 1972 c. 20.
- M4** 1971 c. 10.
- M5** 1988 c. 52.
- M6** 1971 c. 10.

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**168A Price of a car as regards a year.**

- (1) Subject to the provisions contained in or made under sections 168B to 168G, for the purposes of this Chapter the price of a car as regards a year is—
  - (a) its list price, if it has one, or
  - (b) its notional price, if it has no list price;and in this section any reference to the relevant car is to the particular car whose price as regards a year is being determined.
- (2) The relevant car has a list price if a price was published by the car's manufacturer, importer or distributor (as the case may be) as the inclusive price appropriate for a car of that kind if sold in the United Kingdom singly in a retail sale in the open market on the relevant day.
- (3) In a case where—
  - (a) subsection (2) above applies, and
  - (b) at the time when the relevant car was first made available to the employee the only qualifying accessories available with it were standard accessories,the list price of the car is the price published as mentioned in subsection (2) above.
- (4) In a case where—
  - (a) subsection (2) above applies,
  - (b) at the time when the relevant car was first made available to the employee a qualifying accessory which was an optional accessory was available with it, and
  - (c) in relation to each such accessory then available with the car a price was published by the car's manufacturer, importer or distributor (as the case may be) as the inclusive price appropriate for an equivalent accessory if sold with a car of the same kind as the relevant car in the United Kingdom singly in a retail sale in the open market on the relevant day,the list price of the car is the price found under subsection (5) below.
- (5) The price referred to in subsection (4) above is the total of—
  - (a) the price published as mentioned in subsection (2) above, and
  - (b) the price, or the sum of the prices, published as mentioned in subsection (4) above in relation to the optional accessory or (as the case may be) the optional accessories.
- (6) In a case where—
  - (a) subsection (2) above applies, and
  - (b) at the time when the relevant car was first made available to the employee a qualifying accessory falling within subsection (7) below was available with the car,the list price of the car is the price which would have been its list price under subsection (3) or (4) above (as the case may be) if no such accessory had been available with it at that time.
- (7) An accessory falls within this subsection if—
  - (a) it is an optional accessory, and
  - (b) no price was published by the relevant car's manufacturer, importer or distributor (as the case may be) as the inclusive price appropriate for an equivalent accessory if sold with a car of the same kind as the relevant car in

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the United Kingdom singly in a retail sale in the open market on the relevant day.

- (8) The notional price of a car is the price which might reasonably have been expected to be its list price if its manufacturer, importer or distributor (as the case may be) had published a price as the inclusive price appropriate for an equivalent car if sold in the United Kingdom singly in a retail sale in the open market on the relevant day; and “equivalent car” here means a car—
- (a) of the same kind as the relevant car, and
  - (b) with accessories equivalent to the qualifying accessories available with the relevant car at the time when it was first made available to the employee.
- (9) For the purposes of this section—
- (a) the inclusive price is the price inclusive of any charge for delivery by the manufacturer, importer or distributor to the seller’s place of business and of any relevant tax and, in the case of an accessory, of any charge for fitting it,
  - (b) the relevant day is the day immediately before the date of the relevant car’s first registration,
  - (c) a standard accessory is an accessory equivalent to an accessory which, in arriving at the price published as mentioned in subsection (2) above, is assumed to be available with cars of the same kind as the relevant car, and
  - (d) an optional accessory is an accessory other than a standard accessory;
- and “relevant tax” here means any customs or excise duty, any tax chargeable as if it were a duty of customs, any value added tax and any car tax.
- (10) For the purposes of this section a qualifying accessory is an accessory which—
- (a) is made available for use with the car without any transfer of the property in it,
  - (b) is made available by reason of the employee’s employment,
  - (c) is attached to the car (whether or not permanently), and
  - (d) is not an accessory necessarily provided for use in the performance of the duties of the employee’s employment.
- (11) For the purposes of this section “accessory” includes any kind of equipment, but does not include a mobile telephone within the meaning given by section 159A(8)(a).
- (12) For the purposes of this section the time when a car is first made available to an employee is the earliest time when the car is made available, by reason of his employment and without any transfer of the property in it, either to him or to others being members of his family or household.]

#### Textual Amendments

**F11** Ss. 168A-168G inserted (with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, s. 72, Sch. 3 paras. 4, 7



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VALID FROM 01/05/1995

**[<sup>F12</sup>168AA Equipment to enable disabled person to use car.**

- (1) Equipment falls within this section if it is designed solely for use by a chronically sick or disabled person.
- (2) Equipment also falls within this section if—
  - (a) at the time when the car is first made available to the employee, the employee holds a disabled person’s badge, and
  - (b) the equipment is made available for use with the car because the equipment enables him to use the car in spite of the disability entitling him to hold the badge.
- (3) In subsection (2) above “disabled person’s badge” means a badge—
  - (a) which is issued to a disabled person under section 21 of the Chronically Sick and Disabled Persons Act 1970 or section 14 of the <sup>M7</sup>M8 Chronically Sick and Disabled Persons (Northern Ireland) Act 1978 (or which has effect as if so issued), and
  - (b) which is not required to be returned to the issuing authority under or by virtue of the section in question.
- (4) Subsection (12) of section 168A applies for the purposes of this section as it applies for the purposes of that.]

**Textual Amendments**

**F12** S. 168AA inserted (with effect in accordance with s. 44(3) of the amending Act) by [Finance Act 1995 \(c. 4\), s. 44\(2\)](#)

**Marginal Citations**

**M7** 1978 c. 53.

**M8** 1970 c. 44.

VALID FROM 31/07/1998

**[<sup>F13</sup>168AB Equipment etc. to enable car to run on road fuel gas.**

- (1) Equipment by means of which the car is capable of running on road fuel gas shall not be regarded as an accessory for the purposes of section 168A.
- (2) Where the car is manufactured in such way as to be capable of running on road fuel gas, the price of the car as regards each relevant year shall be treated as the price given by section 168A, reduced by so much of that price as it is reasonable to attribute to the car’s being manufactured in that way rather than in such a way as to be capable of running only on petrol.

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- (3) In this section “road fuel gas” means any substance which is gaseous at a temperature of 15°C and under a pressure of 1013.25 millibars, and which is for use as fuel in road vehicles.]

#### Textual Amendments

- F13** S. 168AB inserted (with effect in accordance with s. 60(6) of the amending Act) by Finance Act 1998 (c. 36), s. 60(3)

#### <sup>F14</sup>168B Price of a car: accessories not included in list price.

- (1) This section applies where a car has a list price and in any year there are available with the car qualifying accessories which—
  - (a) fall within section 168A(7), and
  - (b) were available with the car at the time when it was first made available to the employee.
- (2) As regards that year the price of the car shall be treated as the price found under section 168A, increased by the price of the accessories.
- (3) For the purposes of this section the price of an accessory is—
  - (a) its list price, if it has one, or
  - (b) its notional price, if it has no list price.
- (4) The list price of an accessory is the price published by or on behalf of its manufacturer, importer or distributor (as the case may be) as the inclusive price appropriate for such an accessory if sold in the United Kingdom singly in a retail sale in the open market at the relevant time; and the relevant time is the time immediately before the accessory concerned is first made available for use with the car (which may be before the car is first made available to the employee).
- (5) The notional price of an accessory is the inclusive price which it might reasonably have been expected to fetch if sold in the United Kingdom singly in a retail sale in the open market immediately before it is first made available for use with the car (which may be before the car is first made available to the employee).
- (6) Where the accessory is permanently attached to the car the sale assumed by subsection (4) or (5) above is one under which the seller is to attach it.
- (7) For the purposes of this section the inclusive price is the price inclusive of—
  - (a) any charge for delivery by the manufacturer, importer or distributor to the seller’s place of business, and
  - (b) any customs or excise duty, any tax chargeable as if it were a duty of customs and any value added tax.
- (8) Subsections (10) to (12) of section 168A apply for the purposes of this section as they apply for the purposes of that.

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#### Textual Amendments

**F14** Ss. 168A-168G inserted (with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, s. 72, Sch. 3 paras. 4, 7

#### **<sup>F15</sup>168C Price of a car: accessories available after car first made available.**

- (1) This section applies where in any year there are available with a car qualifying accessories which—
  - (a) were not available with the car at the time when it was first made available to the employee, and
  - (b) were not made available with the car before 1st August 1993,but any accessory whose price is less than £100 shall be ignored for the purposes of this section.
- (2) As regards that year the price of the car shall be treated as the price found under sections 168A and 168B, increased by the price of the accessories.
- (3) Subsections (10) to (12) of section 168A apply for the purposes of this section as they apply for the purposes of that.
- (4) Subsections (3) to (6) of section 168B apply for the purposes of this section as they apply for the purposes of that, but ignoring for the purposes of this section the words “(which may be before the car is first made available to the employee)”.
- (5) The Treasury may by order substitute for the sum for the time being specified in subsection (1) above a sum of a greater amount; and any such substitution shall have effect as regards such years as are specified in the order.

#### Textual Amendments

**F15** Ss. 168A-168G inserted (with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, s. 72, Sch. 3 paras. 4, 7

#### **<sup>F16</sup>168D Price of a car: capital contributions.**

- (1) This section applies where the employee contributes a capital sum to expenditure on the provision of—
  - (a) the car, or
  - (b) any qualifying accessories which are taken into account under sections 168A to 168C in determining the price of the car as regards a year.
- (2) As regards each relevant year the price of the car shall be treated as the price found under sections 168A to 168C, reduced by the appropriate amount; and relevant years are the year in which the capital sum is contributed and all subsequent years in which section 157 applies in the case of the car and the employee.
- (3) As regards a relevant year the appropriate amount is whichever is the smaller of—
  - (a) the amount found under subsection (4) below as regards the year, and
  - (b) £5,000.

*Status: Point in time view as at 27/07/1993. This version of this cross heading contains provisions that are not valid for this point in time.*

*Changes to legislation: Income and Corporation Taxes Act 1988, Cross Heading: General supplementary provisions is up to date with all changes known to be in force on or before 07 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (4) As regards a relevant year the amount referred to in subsection (3) above is the amount of the capital sum, or the total amount of all the capital sums, which the employee has contributed (whether in the year in question or earlier) to expenditure on the provision of—
- (a) the car, or
  - (b) any qualifying accessories which are taken into account under sections 168A to 168C in determining the price of the car as regards the year in question.
- (5) Subsections (10) and (11) of section 168A apply for the purposes of this section as they apply for the purposes of that.
- (6) The Treasury may by order substitute for the sum for the time being specified in subsection (3)(b) above a sum of a greater amount; and any such substitution shall have effect as regards such years as are specified in the order.

#### Textual Amendments

**F16** Ss. 168A-168G inserted (with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, s. 72, Sch. 3 paras. 4, 7

#### <sup>F17</sup>168E Price of a car: replacement accessories.

- (1) The Treasury may make regulations under this section as regards any case where—
- (a) a qualifying accessory is available with a car in any year, and
  - (b) the accessory (the replacing accessory) replaces another accessory (the replaced accessory).
- (2) Regulations under this section may provide that as regards the year—
- (a) the price of the car shall be found as if the replacement had not been made and the replacing accessory were a continuation of the replaced accessory, or
  - (b) sections 168A to 168D shall apply to the car with such modifications to take account of the fact that the replacement has been made as are prescribed by the regulations.
- (3) The regulations may—
- (a) provide as mentioned in subsection (2)(a) above as regards some cases and as mentioned in subsection (2)(b) above as regards others;
  - (b) provide under subsection (2)(b) above that sections 168A to 168D shall apply with different modifications in different cases.

#### Textual Amendments

**F17** Ss. 168A-168G inserted (with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, s. 72, Sch. 3 paras. 4, 7

#### <sup>F18</sup>168F Price of a car: classic cars.

- (1) This section applies where—

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- (a) the price of a car as regards a year, found under the provisions contained in or made under sections 168A to 168E, is less than the market value of the car for the year,
  - (b) the age of the car at the end of the year is 15 years or more, and
  - (c) the market value of the car for the year is £15,000 or more.
- (2) In such a case—
- (a) the price of the car as regards the year is not the amount found under the provisions contained in or made under sections 168A to 168E;
  - (b) the price of the car as regards the year is the market value of the car for the year;
- but paragraph (b) above is subject to subsection (5) below.
- (3) The market value of a car for a year is the price which the car might reasonably have been expected to fetch on a sale in the open market on the material day, on the assumption that any qualifying accessories available with the car on the material day are included in the sale.
- (4) For the purposes of subsection (3) above the material day is—
- (a) the last day of the year concerned, or
  - (b) if earlier, the last day in the year on which the car is available to the employee.
- (5) Where the employee contributes a capital sum to expenditure on the provision of—
- (a) the car, or
  - (b) any qualifying accessories which are taken into account under subsection (3) above in determining the price of the car as regards a year,
- as regards each relevant year the price of the car shall be treated as the market value of the car for the year, reduced by the appropriate amount.
- (6) For the purposes of subsection (5) above relevant years are the year in which the capital sum is contributed and all subsequent years in which section 157 applies in the case of the car and the employee.
- (7) For the purposes of subsection (5) above the appropriate amount, in relation to a relevant year, is whichever is the smaller of—
- (a) the amount found under subsection (8) below as regards the year, and
  - (b) £5,000.
- (8) As regards a particular year the amount referred to in subsection (7) above is the amount of the capital sum, or the total amounts of all the capital sums, which the employee has contributed (whether in the year or earlier) to expenditure—
- (a) on the provision of the car, or
  - (b) on the provision of any qualifying accessories which are taken into account in determining the price of the car as regards the year.
- (9) Subsections (10) and (11) of section 168A apply for the purposes of this section as they apply for the purposes of that.
- (10) For the purposes of this section the last day in a year on which a car is available to an employee is the last day in the year on which the car is made available, by reason of his employment and without any transfer of the property in it, either to him or to others being members of his family or household.

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(11) The Treasury may by order—

- (a) substitute for the sum for the time being specified in subsection (1)(c) above a sum of a greater amount;
- (b) substitute for the sum for the time being specified in subsection (7)(b) above a sum of a greater amount;

and any such substitution shall have effect as regards such years as are specified in the order.

#### Textual Amendments

**F18** Ss. 168A-168G inserted (with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, s. 72, Sch. 3 paras. 4, 7

#### <sup>F19</sup>168G Price of a car: cap for expensive car.

- (1) Where the price of a car as regards a year (as found under the provisions contained in or made under sections 168A to 168F) exceeds £80,000, the price of the car as regards the year is £80,000 and not the price as so found.
- (2) The Treasury may by order substitute for the sum for the time being specified in subsection (1) above a sum of a greater amount; and any such substitution shall have effect as regards such years as are specified in the order.

#### Textual Amendments

**F19** Ss. 168A-168G inserted (with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, s. 72, Sch. 3 paras. 4, 7

**Status:**

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**Changes to legislation:**

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