



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 4

EMPLOYMENT INCOME: EXEMPTIONS

CHAPTER 2

EXEMPTIONS: MILEAGE ALLOWANCES AND PASSENGER PAYMENTS

Mileage allowances

229 Mileage allowance payments

- (1) No liability to income tax arises in respect of approved mileage allowance payments for a vehicle to which this Chapter applies (see section 235).
- (2) Mileage allowance payments are amounts, other than passenger payments (see section 233), paid to an employee for expenses related to the employee's use of such a vehicle for business travel (see section 236(1)).
- (3) Mileage allowance payments are approved if, or to the extent that, for a tax year, the total amount of all such payments made to the employee for the kind of vehicle in question does not exceed the approved amount for such payments applicable to that kind of vehicle (see section 230).
- (4) Subsection (1) does not apply if—
 - (a) the employee is a passenger in the vehicle, or
 - (b) the vehicle is a company vehicle (see section 236(2)).

Status: Point in time view as at 27/10/2008.

Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Mileage allowances is up to date with all changes known to be in force on or before 15 August 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)

230 The approved amount for mileage allowance payments

- (1) The approved amount for mileage allowance payments that is applicable to a kind of vehicle is—

$$M \times R$$

where—

M is the number of miles of business travel by the employee (other than as a passenger) using that kind of vehicle in the tax year in question;

R is the rate applicable to that kind of vehicle.

- (2) The rates applicable are as follows—

TABLE

<i>Kind of vehicle</i>	<i>Rate per mile</i>
Car or van	40p for the first 10,000 miles 25p after that
Motor cycle	24p
Cycle	20p

- (3) The reference in subsection (2) to “the first 10,000 miles” is to the total number of miles of business travel in relation to the employment, or any associated employment, by car or van in the tax year in question.
- (4) One employment is associated with another if—
- (a) the employer is the same;
 - (b) the employers are partnerships or bodies and an individual or another partnership or body has control over both of them; or
 - (c) the employers are associated companies within the meaning of section 416 of ICTA.
- (5) In subsection (4)(b)—
- (a) “control”, in relation to a body corporate or partnership, has the meaning given by [F1section 995 of ITA 2007] (in accordance with section 719 of this Act), and
 - (b) the definition of “control” in that section of that Act applies (with the necessary modifications) in relation to an unincorporated association as it applies in relation to a body corporate.
- (6) The Treasury may by regulations amend subsection (2) so as to alter the rates or rate bands.

Textual Amendments

- F1** Words in s. 230(5)(a) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 433](#) (with [Sch. 2](#))

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231 Mileage allowance relief

- (1) An employee is entitled to mileage allowance relief for a tax year—
 - (a) if the employee uses a vehicle to which this Chapter applies for business travel, and
 - (b) the total amount of all mileage allowance payments, if any, made to the employee for the kind of vehicle in question for the tax year is less than the approved amount for such payments applicable to that kind of vehicle.
- (2) The amount of mileage allowance relief to which an employee is entitled for a tax year is the difference between—
 - (a) the total amount of all mileage allowance payments, if any, made to the employee for the kind of vehicle in question, and
 - (b) the approved amount for such payments applicable to that kind of vehicle.
- (3) Subsection (1) does not apply if—
 - (a) the employee is a passenger in the vehicle, or
 - (b) the vehicle is a company vehicle.

232 Giving effect to mileage allowance relief

- (1) A deduction is allowed for mileage allowance relief to which an employee is entitled for a tax year.
- (2) If any of the employee's earnings—
 - (a) are taxable earnings in the tax year in which the employee receives them, and
 - (b) are not also taxable earnings in that year that fall within subsection (3),the relief is allowed as a deduction from those earnings in calculating net taxable earnings in the year.
- (3) If any of the employee's earnings are taxable earnings in the tax year in which the employee remits them to the United Kingdom, there may be deducted from those earnings the amount of any mileage allowance relief—
 - (a) for that tax year, and
 - (b) for any earlier tax year in which the employee was resident in the United Kingdom,which, on the assumptions mentioned in subsection (4), would have been deductible under subsection (2).
- (4) The assumptions are—
 - (a) that subsection (2)(b) does not apply, and
 - (b) where applicable, that the earnings constitute taxable earnings in the tax year in which the employee receives them.
- (5) Subsection (3) applies only to the extent that the mileage allowance relief cannot be deducted under subsection (2).
- (6) A deduction shall not be made twice, whether under subsection (2) or (3), in respect of the same mileage allowance relief.
- (7) In this section “taxable earnings” or “net taxable earnings” means taxable earnings or net taxable earnings from the employment for the purposes of Part 2.

Status:

Point in time view as at 27/10/2008.

Changes to legislation:

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