Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 3

EMPLOYMENT INCOME: EARNINGS AND BENEFITS ETC. TREATED AS EARNINGS

CHAPTER 6

TAXABLE BENEFITS: CARS, VANS AND RELATED BENEFITS

Cars: special cases

147 Classic cars: 15 years of age or more

(1) This section applies in calculating the cash equivalent of the benefit of a car for a tax year if—

(a) the age of the car at the end of the year is 15 years or more,

(b) the market value of the car for the year is £15,000 or more, and

(c) that market value exceeds the **[**[F1]interim sum calculated under**]** step 3 of section 121(1).

(2) For the **[**[F2]interim sum calculated under**]** step 3 substitute the market value of the car for the tax year in question less any deductions under subsection (6).

(3) The market value of a car for a tax year is the price which the car might reasonably have been expected to fetch on a sale in the open market on—

(a) the last day of that year, or

(b) the last day in that year on which the car is available to the employee if that is earlier.

(4) It is assumed that any qualifying accessories available with the car on that day are included in the sale.

(5) Subsection (6) applies if the employee contributes a capital sum to expenditure on the provision of—

(a) the car, or

(b) any qualifying accessory which is taken into account in determining the market value of the car.

(6) A deduction is to be made from the market value of the car—

(a) for the tax year in which the contribution is made, and

(b) for all subsequent years in which the employee is chargeable to tax in respect of the car by virtue of section 120.

(7) The amount of the deduction allowed in any tax year is the lesser of—

(a) the total of the capital sums contributed by the employee in that year and any earlier years to expenditure on the provision of—

(i) the car, or

(ii) any qualifying accessory which is taken into account in determining the market value of the car for the tax year in question, and

(b) £5,000.

Textual Amendments

F1 Words in s. 147(1) substituted (with effect in accordance with Sch. 28 para. 10(2) of the amending Act) by Finance Act 2009 (c. 10), **Sch. 28 para. 4**

F2 Words in s. 147(2) substituted (with effect in accordance with Sch. 28 para. 10(2) of the amending Act) by Finance Act 2009 (c. 10), **Sch. 28 para. 4**

Status:
Point in time view as at 06/04/2022.

Changes to legislation:
Income Tax (Earnings and Pensions) Act 2003, Section 147 is up to date with all changes known to be in force on or before 04 September 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.