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STATUTORY INSTRUMENTS

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**1994 No. 777**

**INCOME TAX**

**The Income Tax (Car Benefits)  
(Replacement Accessories) Regulations 1994**

<i>Made</i>	- - - -	<i>15th March 1994</i>
<i>Laid before the House of Commons</i>	- - - -	<i>16th March 1994</i>
<i>Coming into force</i>	- -	<i>6th April 1994</i>

The Treasury, in exercise of the powers conferred on them by section 168E of the Income and Corporation Taxes Act 1988(1), hereby make the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Income Tax (Car Benefits) (Replacement Accessories) Regulations 1994 and shall come into force on 6th April 1994.

**Interpretation**

2.—(1) In these Regulations unless the context otherwise requires—

“accessory” shall be construed in accordance with subsection (11) of section 168A;

“list price” shall be construed in accordance with subsection (2) of section 168A;

“optional accessory” has the meaning given by subsection (9)(d) of section 168A;

“qualifying accessory” has the meaning given by subsection (10) of section 168A;

“the Taxes Act” means the Income and Corporation Taxes Act 1988(2).

(2) References, however expressed, in these Regulations to sections 168A, 168B, 168C and 168D are references to sections 168A, 168B, 168C and 168D of the Taxes Act.

**Cases where replacing accessory not superior to replaced accessory**

3.—(1) This regulation applies in any case where—

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(1) 1988 c. 1; sections 168A to 168G were inserted, with effect for the year 1994-95 and subsequent years of assessment, by paragraphs 4 and 7 of Schedule 3 to the Finance Act 1993 (c. 34).  
(2) 1988 c. 1.

- (a) a qualifying accessory to which section 168C applies is available with a car which is made available to an employee in any year (“the relevant year”),
- (b) the accessory (“the replacing accessory”) replaces (whether in the relevant year or earlier) another qualifying accessory (“the replaced accessory”), and
- (c) the replacing accessory—
  - (i) is of the same kind as the replaced accessory, and
  - (ii) is not superior to the replaced accessory.

(2) Where this regulation applies, the price of the car as regards the relevant year shall be found under the provisions contained in sections 168A to 168D as if the replacement had not been made and the replacing accessory was a continuation of the replaced accessory.

#### **Cases where replacing accessory superior to replaced accessory**

4.—(1) This regulation applies in any case where—

- (a) a qualifying accessory to which section 168C applies is available with a car which is made available to an employee in any year (“the relevant year”),
- (b) the accessory (“the replacing accessory”) replaces (whether in the relevant year or earlier) another qualifying accessory (“the replaced accessory”) which—
  - (i) was an optional accessory, and
  - (ii) was not a qualifying accessory available with a car with no list price at the time when the car was first made available to the employee,
- (c) the replacing accessory—
  - (i) is of the same kind as the replaced accessory, and
  - (ii) is superior to the replaced accessory, and
- (d) both the replacing accessory and the replaced accessory would, but for paragraph (2) below, be taken into account under the provisions contained in sections 168A to 168C in determining the price of the car as regards the relevant year.

(2) Where this regulation applies, sections 168A to 168D shall apply in determining the price of the car for the relevant year—

- (a) as if the replaced accessory was not available with the car in that year, and
- (b) where the price of the replaced accessory was included in the list price of the car under subsections (4) and (5) of section 168A, as if the replaced accessory had not been available with the car at the time when the car was first made available to the employee.

#### **Meaning of superior replacing accessory**

5.—(1) For the purposes of regulations 3(1)(c)(ii) and 4(1)(c)(ii), a replacing accessory is superior to a replaced accessory if the price of the replacing accessory exceeds either—

- (a) the price of the replaced accessory, or
- (b) the price of an accessory which is equivalent to the replaced accessory at the time immediately before the replacing accessory is first made available for use with the car,

whichever is the greater.

(2) References in paragraph (1) above to the price of an accessory are references to the price of an accessory determined in accordance with section 168A or, as the case may be, section 168B or 168C.

15th March 1994

*Irvine Patnick*  
*Tim Wood*  
Two of the Lords Commissioners of Her  
Majesty's Treasury

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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## EXPLANATORY NOTE

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

For the year 1994-95 and subsequent years of assessment, tax on the benefit of a car made available to an employee is to be based on the price of the car in any year. The price of a car in a year is essentially the price of the car including certain accessories (sections 168A to 168E of the Income and Corporation Taxes Act 1988 (“the 1988 Act”), inserted by paragraph 4 of Schedule 3 to the Finance Act 1993). Section 168E of the 1988 Act enables the Treasury to make regulations dealing with cases where one accessory is replaced by another accessory, and provides that the regulations may make different provisions for different cases. The present Regulations accordingly make provision for certain cases involving replacement accessories.

Regulation 1 provides for citation and commencement, and regulation 2 contains definitions.

Regulation 3 provides that, where a replacing accessory which is available with a car in any year is not superior to a replaced accessory, the price of the car in that year shall be found as if the replacement had not been made and the replacing accessory were a continuation of the replaced accessory.

Regulation 4 makes provision for the case where a replacing accessory which is available with a car in any year is superior to a replaced accessory, and provides that in such a case the price of the car in that year shall be found as if only the replacing accessory, and not the replaced accessory, were available with the car in that year.

Regulation 5 defines for the purposes of regulations 3 and 4 the circumstances in which a replacing accessory is superior to a replaced accessory.