



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART V

PROVISIONS RELATING TO THE SCHEDULE E CHARGE

CHAPTER II

[^{F1}EMPLOYEES EARNING £8,500 OR MORE AND DIRECTORS]

Benefits in kind

154 General charging provision.

^{M1}(1) Subject to section 163, where in any year a person is employed in [^{F1}employment to which this Chapter applies] and—

- (a) by reason of his employment there is provided for him, or for others being members of his family or household, any benefit to which this section applies; and
- (b) the cost of providing the benefit is not (apart from this section) chargeable to tax as his income,

there is to be treated as emoluments of the employment, and accordingly chargeable to income tax under Schedule E, an amount equal to whatever is the cash equivalent of the benefit.

(2) The benefits to which this section applies are accommodation (other than living accommodation), entertainment, domestic or other services, and other benefits and facilities of whatsoever nature (whether or not similar to any of those mentioned above in this subsection), excluding however—

- (a) any benefit consisting of the right to receive, or the prospect of receiving, any sums which would be chargeable to tax under section 149; and
- (b) any benefit chargeable under section 157, 158, [^{F2}159AA], . . . ,160 or 162;

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and subject to the exceptions provided for by [F3sections 155 [F4, 155AA][F5, 155A and 156A]].

- (3) For the purposes of this section and sections 155 and 156, the persons providing a benefit are those at whose cost the provision is made.

Textual Amendments

- F1** 1989 s.53(2)(b). *Previously* “director's or higher-paid employment”.
- F2** Words in s. 154(2)(b) inserted (with effect for the year 1993-94 and subsequent years of assessment) by 1993 c. 34, s. 73, Sch. 4 paras.2, 8
- F3** 1990 s.21(2) *for the year 1990-91 and subsequent years. Previously* “section 155”.
- F4** Words in s. 154(2) inserted (with effect in accordance with s. 44(6) of the amending Act) by Finance Act 1999 (c. 16), s. 44(3)(b)
- F5** Words in s. 154(2) substituted (with application in accordance with s. 45(3) of the amending Act) by Finance Act 1999 (c. 16), s. 45(2)

Modifications etc. (not altering text)

- C1** S. 154 excluded (N.I.) (in operation 30.12.1991 with effect from 1.9.1991) by S.R. 1991/508, regs. 1(2), 13(1)(b)(3), 15(2), Sch. 8 para. 5(6) (with Sch. 10)
 S. 154 excluded (N.I.) (1.9.1992) by S.R. 1992/363, regs. 13(1)(b)(3), 15(2), Sch. 8 Pt. II para. 5(6).

Marginal Citations

- M1** Source—1976 s.61; 1977 Sch.8 5; 1981 s.30(3)

155 Exceptions from the general charge.

- (1) ^{M2}Where the benefit of a car [F6or van] is taxable under section 157 [F7or 159AA], section 154 does not apply to any benefit in connection with the car [F6or van] other than a benefit in connection with the provision of a driver for the car [F6or van].

[F8(1A) Section 154 does not apply to a benefit consisting in the provision for the employee of a car parking space at or near his place of work.]

[F9(1B) Section 154 does not apply in the case of a benefit provided for the employee himself where—

- (a) the provision of the benefit is incidental to the employee's being away from his usual place of abode during a qualifying absence from home;
- (b) the authorised maximum is not exceeded in relation to that qualifying absence; and
- (c) the cost of the benefit would not be deductible as mentioned in section 156(8) if incurred by the employee out of his emoluments.

(1C) Subsections (3) to (5) of section 200A shall apply as they apply for the purposes of that section for construing the references in subsection (1B) above to a qualifying absence from home and for determining, for the purposes of that subsection, whether the authorised maximum is exceeded.]

- (2) ^{M3}Section 154 does not apply where the benefit consists in provision for the employee, in premises occupied by the employer or others providing it, of accommodation,

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supplies or services used by the employee solely in performing the duties of his employment.

- (3) ^{M4}Where living accommodation is provided by reason of a person's employment—
- (a) alterations and additions to the premises concerned which are of a structural nature, and
 - (b) repairs to the premises of a kind which, if the premises were let under a lease to which section 11 of the ^{M5}Landlord and Tenant Act 1985 (repairing obligations) applies, would be the obligation of the lessor under the covenants implied by subsection (1) of that section,
- are not benefits to which section 154 applies.
- (4) ^{M6}Section 154 does not apply to a benefit consisting in the provision by the employee's employer for the employee himself, or for the spouse, children or dependants of the employee, of any pension, annuity, lump sum, gratuity or other like benefit to be given on the employee's death or retirement.
- (5) ^{M7}Section 154 does not apply to a benefit consisting in the provision by the employee's employer of meals in any canteen in which meals are provided for the staff generally.
- (6) ^{M8}Section 154 does not apply where the benefit consists—
- (a) in providing the employee with medical treatment outside the United Kingdom (including providing for him to be an in-patient) in a case where the need for the treatment arises while the employee is outside the United Kingdom for the purpose of performing the duties of his employment; or
 - (b) in providing insurance for the employee against the cost of such treatment in such a case;

and for the purpose of this subsection, medical treatment includes all forms of treatment for, and all procedures for diagnosing, any physical or mental ailment, infirmity or defect.

- [^{F10}(7) Section 154 does not apply to a benefit consisting in the provision of entertainment (including hospitality of any kind) for the employee, or for members of his family or household, if—
- (a) the person providing the benefit is neither his employer nor a person connected with his employer;
 - (b) neither his employer nor a person connected with his employer has directly or indirectly procured its provision; and
 - (c) it is not provided either in recognition of particular services which have been performed by the employee in the course of his employment or in anticipation of particular services which are to be so performed by him;

and section 839 shall apply for determining whether persons are connected for the purposes of this subsection.]

Textual Amendments

- F6** Words in s. 155(1) 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. 3(a), 8
- F7** Words in s. 155(1) 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. 3(b), 8
- F8** 1988(F) s.46(3) for 1988-89 and subsequent years.

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F9 S. 155(1B)(1C) inserted (with effect in accordance with s. 93(5) of the amending Act) by **Finance Act 1995 (c. 4), s. 93(3)**

F10 1988(F) s.49(1) for 1988-89 and subsequent years. For 1987-88 see 1988(F) s.49.

Modifications etc. (not altering text)

C2 S. 155(1A) extended (with effect in accordance with s. 49(4) of the extending Act) by **Finance Act 1999 (c. 16), s. 49(1)(2)**

Marginal Citations

M2 Source—1976 s.62(1); 1980 s.48(1)

M3 Source—1976 s.62(3)

M4 Source—1976 s.62(4); 1977 Sch.8 6

M5 1985 c. 70.

M6 Source—1976 s.62(6)

M7 Source—1976 s.62(7)

M8 Source—1976 s.62(8); 1981 s.72(1)

VALID FROM 28/07/2000

[^{F11}155ZA] Accommodation, supplies or services used in performing duties of employment.

- (1) Section 154 does not apply to a benefit consisting in the provision of accommodation, supplies or services used by the employee in performing the duties of his employment if the following conditions are met.
- (2) Where the benefit is provided on premises occupied by the employer or other person providing it, the only condition is that any use of it for private purposes by the employee or members of his family or household is not significant.
- (3) Where the benefit is provided otherwise than on premises occupied by the employer or other person providing it, the conditions are—
 - (a) that the sole purpose of providing the benefit is to enable the employee to perform the duties of his employment,
 - (b) that any use of it for private purposes is not significant, and
 - (c) that it is not an excluded benefit.
- (4) The Treasury may make provision by regulations as to what is an excluded benefit for the purposes of subsection (3)(c) above.

The regulations may provide that a benefit is an excluded benefit only if such conditions as may be prescribed are met as to the terms on which, and persons to whom, it is provided.

- (5) Subject to any such regulations, the provision of any of the following is an excluded benefit (whatever the terms and whoever it is provided to)—
 - (a) a motor vehicle, boat or aircraft;
 - (b) a benefit that involves—
 - (i) the extension, conversion or alteration of any living accommodation, or

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(ii) the construction, extension, conversion or alteration of a building or other structure on land adjacent to and enjoyed with such accommodation.

(6) For the purposes of this section—

- (a) use “for private purposes” means any use that is not use in performing the duties of the employee’s employment; and
- (b) use that is at the same time use in performing the duties of an employee’s employment and use for private purposes counts as use for private purposes.]

Textual Amendments

F11 S. 155ZA inserted (with effect in accordance with s. 57(2) of the amending Act) by Finance Act 2000 (c. 17), s. 57(1), Sch. 10 para. 2(1)

VALID FROM 28/07/2000

[^{F12}155ZBower to provide for exemption of minor benefits.

- (1) The Treasury may make provision by regulations for exempting from section 154 such minor benefits as may be specified in the regulations.
- (2) Any exemption conferred by regulations under this section is conditional on the benefit being made available to the employer’s employees generally on similar terms.]

Textual Amendments

F12 S. 155ZB inserted (with effect in accordance with s. 57(2) of the amending Act) by Finance Act 2000 (c. 17), s. 57(1), Sch. 10 para. 3(1)

[^{F13}155AMobile telephones.

- (1) Section 154 does not apply where the benefit consists in a mobile telephone being made available (without any transfer of the property in it) to the employee or to a member of his family or household.
- (2) In this section “mobile telephone” means wireless telegraphy apparatus designed or adapted for the purpose of transmitting and receiving spoken messages so as to provide a telephone which—
 - (a) is connected to a public telecommunication system (within the meaning of the ^{M9}Telecommunications Act 1984); and
 - (b) is not physically connected to a land-line;but does not include any cordless telephone or any telepoint telephone.
- (3) The mobile telephones to which the exemption provided by this section applies include any mobile telephone provided in connection with a car, van or heavier commercial vehicle, notwithstanding that the vehicle is made available as mentioned in section 157, section 159AA or, as the case may be, section 159AC.

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- (4) In this section “cordless telephone” means wireless telegraphy apparatus which (whether or not provided in connection with a car, van or heavier commercial vehicle)
- (a) is designed or adapted for the purpose of transmitting and receiving spoken messages so as to provide a wireless extension to a telephone, and
 - (b) is used only as such an extension to a telephone that is physically connected to a land-line.
- (5) In this section “telepoint telephone” means wireless telegraphy apparatus which (whether or not provided in connection with a car, van or heavier commercial vehicle) is used for the purpose of a short-range radio communications service utilising frequencies between 864 and 868 megahertz (inclusive).
- (6) In this section “heavier commercial vehicle” has the same meaning as in section 159AC.]

Textual Amendments

F13 S. 155AA inserted (with effect in accordance with s. 44(6) of the amending Act) by [Finance Act 1999 \(c. 16\), s. 44\(1\)](#)

Marginal Citations

M9 1984 c.12.

[^{F14}155ACare for children.

- (1) Where a benefit consists in the provision for the employee of care for a child, section 154 does not apply to the benefit to the extent that it is provided in qualifying circumstances.
- (2) For the purposes of subsection (1) above the benefit is provided in qualifying circumstances if—
 - (a) the child falls within subsection (3) below,
 - (b) the care is provided on premises which are not domestic premises,
 - (c) the condition set out in subsection (4) below or the condition set out in subsection (5) below (or each of them) is fulfilled, and
 - (d) in a case where the registration requirement applies, it is met.
- (3) The child falls within this subsection if—
 - (a) he is a child for whom the employee has parental responsibility,
 - (b) he is resident with the employee, or
 - (c) he is a child of the employee and maintained at his expense.
- (4) The condition is that the care is provided on premises which are made available by the employer alone.
- (5) The condition is that—
 - (a) the care is provided under arrangements made by persons who include the employer,
 - (b) the care is provided on premises which are made available by one or more of those persons, and

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- (c) under the arrangements the employer is wholly or partly responsible for financing and managing the provision of the care.
- (6) The registration requirement applies where—
- (a) the premises on which the care is provided are required to be registered under section 1 of the ^{M10}Nurseries and Child-Minders Regulation Act 1948 or section 11 of the ^{M11}Children and Young Persons Act (Northern Ireland) 1968, or
- (b) any person providing the care is required to be registered under section 71 of the ^{M12}Children Act 1989 with respect to the premises on which it is provided; and the requirement is met if the premises are so registered or (as the case may be) the person is so registered.
- (7) In subsection (3)(c) above the reference to a child of the employee includes a reference to a stepchild of his.
- (8) In this section—
- “care” means any form of care or supervised activity, whether or not provided on a regular basis, but excluding supervised activity provided primarily for educational purposes;
- “child” means a person under the age of eighteen;
- “domestic premises” means any premises wholly or mainly used as a private dwelling;
- “parental responsibility” has the meaning given in section 3(1) of the Children Act 1989.]

Textual Amendments

F14 S. 155A inserted (1990-91 and subsequent years of assessment) by [Finance Act 1990 \(c. 29\), s. 21\(1\)](#) (3)

Marginal Citations

M10 1948 c.53.

M11 1968 c.34 (N.I.)

M12 1989 c.41.

156 Cash equivalent of benefits charged under section 154.

- (1) ^{M13}The cash equivalent of any benefit chargeable to tax under section 154 is an amount equal to the cost of the benefit, less so much (if any) of it as is made good by the employee to those providing the benefit.
- (2) Subject to the following subsections, the cost of a benefit is the amount of any expense incurred in or in connection with its provision, and (here and in those subsections) includes a proper proportion of any expense relating partly to the benefit and partly to other matters.
- (3) Where the benefit consists in the transfer of an asset by any person, and since that person acquired or produced the asset it has been used or has depreciated, the cost of the benefit is deemed to be the market value of the asset at the time of transfer.

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- (4) ^{M14}Where the asset referred to in subsection (3) above is not a car and before the transfer a person (whether or not the transferee) has been chargeable to tax in respect of the asset in accordance with subsection (5) below, the amount which under subsection (3) above is deemed to be the cost of the benefit shall (if apart from this subsection it would be less) be deemed to be—
- (a) the market value of the asset at the time when it was first applied (by those providing the benefit in question) for the provision of any benefit for a person, or for members of his family or household, by reason of his employment, less
 - (b) the aggregate of the amounts taken into account as the cost of the benefit in charging tax in accordance with subsection (5) below in the year or years up to and including that in which the transfer takes place.
- (5) ^{M15}Where the benefit consists in an asset being placed at the employee's disposal, or at the disposal of others being members of his family or household, for his or their use (without any transfer of the property in the asset), or of its being used wholly or partly for his or their purposes, then the cost of the benefit in any year is deemed to be—
- (a) the annual value of the use of the asset ascertained under subsection (6) below; plus
 - (b) the total of any expense incurred in or in connection with the provision of the benefit excluding—
 - (i) the expense of acquiring or producing it incurred by the person to whom the asset belongs; and
 - (ii) any rent or hire charge payable for the asset by those providing the benefit.
- (6) ^{M16}Subject to subsection (7) below, the annual value of the use of the asset, for the purposes of subsection (5) above—
- (a) in the case of land, is its annual value determined in accordance with section 837; and
 - (b) in any other case is 20 per cent. of its market value at the time when it was first applied (by those providing the benefit in question) in the provision of any benefit for a person, or for members of his family or household, by reason of his employment.
- (7) ^{M17}Where there is payable, by those providing the benefit, any sum by way of rent or hire-charge for the asset, the annual amount of which is equal to, or greater than, the annual value of the use of the asset as ascertained under subsection (6) above, that amount shall be substituted for the annual value in subsection (5)(a) above.
- (8) ^{M18}From the cash equivalent there are deductible in each case under section 198, 201, [F15201AA] or 332(3) such amounts (if any) as would have been so deductible if the cost of the benefit had been incurred by the employee out of his emoluments.
- (9) ^{M19}In the case of assets first applied before 6th April 1980 by those providing the benefit in question in the provision of any benefit for a person, or for members of his family or household, by reason of his employment—
- (a) subsection (4) above shall not have effect; and
 - (b) in subsection (6)(b) above for the words “20 per cent.” there shall be substituted the words “10 per cent.”.

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Textual Amendments

F15 Words in s. 156(8) inserted (with effect in accordance with s. 91(3) of the amending Act) by Finance Act 1995 (c. 4), s. 91(2)

Marginal Citations

- M13** Source—1976 s.63(1)-(3)
M14 Source—1976 s.63(3A); 1980 s.49(2)
M15 Source—1976 s.63(4); 1980 s.51(1)(a)
M16 Source—1976 s.63(5)(a), (c); 1980 s.49(3)
M17 Source—1976 s.63(6); 1980 s.51(1)(b)
M18 Source—1976 s.63(8)
M19 Source—1980 s.49(4)

[^{F16}156A] Limited exemption for computer equipment.

- (1) This section applies to a benefit consisting in the provision of computer equipment if, in the case of a person (“the employee”) who is in employment to which this Chapter applies—
- that equipment is provided by being made available to the employee or to a member of his family or household;
 - it is so made available without any transfer of property in the equipment to the employee or to a member of his family or household; and
 - it is so made available in a case in which the arrangements for providing employees of the employer with the benefit of computer equipment comply with subsection (2) below.
- (2) The arrangements for providing the employees of the employer with the benefit of computer equipment comply with this subsection unless—
- the only arrangements for making computer equipment available to such employees, or to members of their families or households, are arrangements that are confined to cases where the employee in question is a director of a company; or
 - the arrangements (taking them all together) for making computer equipment available to employees of the employer, or to members of their families or households, are such that it is made available on terms that are more favourable in some or all of the cases where the employee in question is a director of a company than in one or more cases where he is not.
- (3) Section 154 applies for any year of assessment to—
- the benefits to which this section applies that are provided in that year and consist in the making available to the employee of any equipment, and
 - the benefits to which this section applies that are provided in that year and consist in the making available to members of his family or household of any equipment,
- to the extent only that the amount which (disregarding this section) would be taken to be the aggregate cash equivalent of the benefits falling within paragraphs (a) and (b) above exceeds £500.

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- (4) For the purposes of this section “computer equipment” includes printers, scanners, modems, discs and other peripheral devices designed to be used by being connected to or inserted in a computer.
- (5) In this section references to making computer equipment available—
 - (a) include references to the provision, together with any computer equipment made available, of a right to use computer software; but
 - (b) do not include references to the provision of a benefit consisting in access to, or the use of, any public telecommunication system (within the meaning of the ^{M20}Telecommunications Act 1984).]

Textual Amendments

F16 S. 156A inserted (with application in accordance with s. 45(3) of the amending Act) by Finance Act 1999 (c. 16), s. 45(1)

Marginal Citations

M20 1984 c.12.

157 Cars available for private use.

- (1) ^{M21}Where in any year in the case of a person employed in [^{F17}employment to which this Chapter applies], a car is made available (without any transfer of the property in it) either to himself or to others being members of his family or household, and—
 - (a) it is so made available by reason of his employment and it is in that year available for his or their private use; and
 - (b) the benefit of the car is not (apart from this section) chargeable to tax as the employee’s income,
 there is to be treated as emoluments of the employment, and accordingly chargeable to income tax under Schedule E, an amount equal to whatever is the cash equivalent of that benefit in that year.
- [^{F18}(2) The cash equivalent of the benefit in the year concerned shall be ascertained in accordance with Schedule 6.]
- (3) ^{M22}Where in any year the benefit of a car is chargeable to tax under this section as the employee’s income he shall not be taxable—
 - (a) under Schedule E in respect of the discharge of any liability of his in connection with the car;
 - (b) under section 141 or 142 in respect of any non-cash voucher or credit-token to the extent that it is used by him—
 - (i) for obtaining money which is spent on goods or services in connection with the car; or
 - (ii) for obtaining such goods or services;
 - (c) under section 153 in respect of any payment made to him in respect of expenses incurred by him in connection with the car.

^{F19}(4)

^{F19}(5)

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Textual Amendments

- F17** 1989 s.53(2)(b). *Previously*
“director’s or higher paid employment”.
- F18** S. 157(2) substituted (with effect for the year 1995-95 and subsequent years of assessment) by 1993 c. 34, s. 72, Sch. 3 paras. 2(1), 7
- F19** S. 157(4)(5) repealed (with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, ss. 72, 213, Sch. 3 paras. 2(2), 7, **Sch. 23 Pt.III**

Modifications etc. (not altering text)

- C3** See—1988 ss.197A, 197B to F—*car parking and mileage profit*. 1988 s.327—*disabled persons’ vehicle maintenance grant*.
- C4** S. 157 applied (E.W.S.)(25.7.1991 for tax year beginning 6.4.1991 and subsequent years) by Social Security Act 1975 (c. 14, SIF 113:1), s. 4A(4)-(6) (as inserted by Social Security (Contributions) Act 1991 (c. 42, SIF 113:1), ss. 1(5), 6(5))
- C5** S. 157 applied (N.I.)(16.10.1991 for tax year beginning 6.4.1991 and subsequent years) by Social Security (Northern Ireland) Act 1975 (c. 15, SIF 113:1), s. 4A(4)-(6) (as inserted by S.I. 1991/2294 (N.I. 22), arts. 1(4), 3(5))
S. 157 applied (E.W.S.) (1.7.1992) by Social Security Contributions and Benefits Act 1992 (c. 4), ss. 10(4), 177(4) (with s. 108(5)).

Marginal Citations

- M21** Source—1976 s.64(1)
- M22** Source—1976 s.64(2A); 1981 s.68(3); 1982 s.46(2)

[^{F20}157A Cars available for private use: cash alternative, etc.

Where, in any year in the case of a person employed in employment to which this Chapter applies—

- (a) a car is made available as mentioned in section 157, and
- (b) an alternative to the benefit of the car is offered,

the mere fact that the alternative is offered shall not make the benefit chargeable to tax under section 19(1).]

Textual Amendments

- F20** S. 157A inserted (with effect in accordance with s. 43(4) of the amending Act) by Finance Act 1995 (c. 4), s. 43(1)

158 Car fuel.

- (1) ^{M23}Where in any year in the case of a person employed in [^{F21}employment to which this Chapter applies] fuel is provided by reason of his employment for a car [^{F22}the benefit of which is chargeable to tax under section 157 as his income,] an amount equal to whatever is the cash equivalent of that benefit in that year shall be treated as emoluments of the employment and, accordingly, shall be chargeable to income tax under Schedule E.

- [^{F23}(2) Subject to the provisions of this section, the cash equivalent of that benefit shall be ascertained from—

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- (a) Table A below where the car has an internal combustion engine with one or more reciprocating pistons and is not a diesel car;
- (b) Table AB below where the car has an internal combustion engine with one or more reciprocating pistons and is a diesel car;
- (c) Table B below where the car does not have an internal combustion engine with one or more reciprocating pistons.

[^{F24} TABLES A, AB, B

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Cash equivalent</i>
1,400 or less.....	£1,210
More than 1,400 but not more than 2,000	£1,540
More than 2,000.....	£2,270

<i>Cylinder capacity of car in cubic centimetres</i>	<i>Cash equivalent</i>
2,000 or less.....	£1,540
More than 2,000.....	£2,270

<i>Description of car</i>	<i>Cash equivalent</i>
Any car.....	£2,270]

- (2A) For the purposes of subsection (2) above a diesel car is a car which uses heavy oil as fuel; and “heavy oil” here means heavy oil as defined by section 1(4) of the Hydrocarbon Oil Duties Act 1979.
- (2B) For the purposes of Tables A and AB in subsection (2) above a car’s cylinder capacity is the capacity of its engine calculated as for the purposes of [^{F25}the Vehicle Excise and Registration Act 1994.]
- (3) ^{M24}Without prejudice to the generality of subsection (1) above, fuel is provided for a car if—
 - (a) any liability in respect of the provision of fuel for the car is discharged;
 - (b) a non-cash voucher or a credit-token is used to obtain fuel for the car or money which is spent on such fuel;
 - (c) any sum is paid in respect of expenses incurred in providing fuel for the car.
 In this subsection “non-cash voucher” and “credit-token” have the meanings given by section 141(7) and 142(4) respectively.
- (4) The Treasury may by order taking effect from the beginning of any year beginning after it is made substitute a different Table for [^{F26}any] of the Tables in subsection (2) above.
- (5) Where [^{F27}paragraph 6] of Schedule 6 applies to reduce the cash equivalent of the benefit of the car for which the fuel is provided, the same reduction shall be made to the cash equivalent of the benefit of the fuel ascertained under subsection (2) above.

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- (6) ^{F28} . . . If in the relevant year—
- (a) the employee is required to make good to the person providing the fuel the whole of the expense incurred by him in or in connection with the provision of fuel for his private use and he does so; or
 - (b) the fuel is made available only for business travel;
- the cash equivalent is nil.
- (7) ^{F29}

Textual Amendments

- F21** 1989 s.53(2)(b). Previously "director's or higher-paid employment".
- F22** Words in s. 158(1) substituted (with effect in accordance with s. 43(4) of the amending Act) by Finance Act 1995 (c. 4), s. 43(2)
- F23** S. 158(2)(2A)(2B) substituted for s. 158(2) (with effect for the year 1992-93 and subsequent years of assessment) by Finance (No. 2) Act 1992 (c. 48), s. 53(2)(4).
- F24** S. 158(2): Tables A, AB, B substituted (6.4.1999) by The Income Tax (Cash Equivalents of Car Fuel Benefits) Order 1999 (S.I. 1999/684), arts. 1, 2
- F25** Words in s. 158(2B) substituted (1.9.1994) by Vehicle Excise and Registration Act 1994 (c. 22), ss. 63, 66(1), Sch. 3 para. 22 (with s. 57(4))
- F26** Word in s. 158(4) substituted (with effect for the year 1992-93 and subsequent years of assessment) by Finance (No. 2) Act 1992 (c. 48), s. 53(3)(4).
- F27** Words in s. 158(5) substituted (with effect for the year 1994-95 and subsequent years of assessment) by 1993 c. 34, s. 72, Sch. 3 paras. 6(2), 7
- F28** Words in s. 158(6) repealed (with effect in accordance with Sch. 27 Pt. 3(10) Note of the repealing Act) by Finance Act 1998 (c. 36), s. 165, Sch. 27 Pt. 3(10)
- F29** S. 158(7) repealed (with effect in accordance with Sch. 27 Pt. 3(10) Note of the repealing Act) by Finance Act 1998 (c. 36), s. 165, Sch. 27 Pt. 3(10)

Modifications etc. (not altering text)

- C6** See—1988 ss.197A, 197B—*car parking and mileage profit*. 1988 s.327—*disabled persons' vehicle maintenance grant*.
- C7** S. 158 applied (E.W.S.) (25.7.1991 for tax year beginning 6.4.1991 and subsequent years) by Social Security Act 1975 (c. 14, SIF 113:1), s. 4A(4)-(6) (as inserted by Social Security Act 1991 (c. 42, SIF 113:1), ss. 1(5), 6(5))
- C8** applied (N.I.) (16.10.1991 for tax year beginning 6.4.1991 and subsequent years) by Social Security (Northern Ireland) Act 1975 (c. 15, SIF 113:1), s. 4A(4)-(6) (as inserted by S.I. 1991/2294 (N.I. 22), arts. 1(4), 3(5))
S. 158 applied (E.W.S.) (1.7.1992) by Social Security Contributions and Benefits Act 1992 (c. 4), ss. 10(4), 177(4) (with s. 108(5)).

Marginal Citations

- M23** Source—1976 s.64A(1); 1981 s.69(1); 1982 s.46(4)
- M24** Source—1976 s.64A(3)-(6); 1981 s.69(1)

159 Pooled cars.

- ^{M25}(1) This section applies to any car [^{F30}which] has for any year been included in a car pool for the use of the employees of one or more employers.
- (2) A car is to be treated as having been so included for a year if—

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- (a) in that year it was made available to, and actually used by, more than one of those employees and, in the case of each of them, it was made available to him by reason of his employment but it was not in that year ordinarily used by one of them to the exclusion of the others; and
 - (b) in the case of each of them any private use of the car made by him in that year was merely incidental to his other use of it in the year; and
 - (c) it was in that year not normally kept overnight on or in the vicinity of any residential premises where any of the employees was residing, except while being kept overnight on premises occupied by the person making the car available to them.
- (3) Where this section applies to a car, then for the year in question the car is to be treated under sections 154 and 157 as not having been available for the private use of any of the employees.
- (4) ^{F31}
- (5) ^{F31}
- (6) ^{F31}

Textual Amendments

F30 Word in s. 159(1) substituted (with effect in accordance with s. 134(2) of the amending Act) by Finance Act 1996 (c. 8), ss. 134(1), Sch. 20 para. 8(a)

F31 S. 159(4)-(6) repealed (with effect in accordance with s. 134(2) of the repealing Act) by Finance Act 1996 (c. 8), ss. 134(1), 205, Sch. 20 para. 8(b), Sch. 41 Pt. 5(10), Note

Modifications etc. (not altering text)

C9 See—1988 ss.197A, 197B—*car parking and mileage profit. 1988 s.327—disabled persons' vehicle maintenance grant.*

Marginal Citations

M25 Source—1976 s.65

^{F32} 159A Vans available for private use.

- (1) Where in any year, in the case of a person employed in employment to which this Chapter applies, a van is made available (without any transfer of the property in it) either to himself or to others being members of his family or household, and—
 - (a) it is so made available by reason of his employment and it is in that year available for his or their private use, and
 - (b) the benefit of the van is not (apart from this section) chargeable to tax as the employee's income,
 there is to be treated as emoluments of the employment, and accordingly chargeable to income tax under Schedule E, an amount equal to whatever is the cash equivalent of that benefit in that year.
- (2) The cash equivalent of the benefit in the year concerned shall be ascertained in accordance with Schedule 6A.
- (3) Where in any year the benefit of a van is chargeable to tax under this section as the employee's income, he shall not be taxable—

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- (a) under Schedule E in respect of the discharge of any liability of his in connection with the van;
- (b) under section 141 or 142 in respect of any non-cash voucher or credit-token to the extent that it is used by him—
 - (i) for obtaining money which is spent on goods or services in connection with the van, or
 - (ii) for obtaining such goods or services;
- (c) under section 153 in respect of any payment made to him in respect of expenses incurred by him in connection with the van.]

Textual Amendments

F32 Ss. 159AA, 159AB inserted after s. 159 (27.7.1993 with effect for the year 1993-94 and subsequent years of assessment) by 1993 c. 34, s. 73, Sch. 4 paras. 4, 8

^{F33}159A Booled vans.

Section 159 shall apply in relation to vans as it applies in relation to cars, and for the purposes of the application of that section to vans—

- (a) any reference in that section to a car shall be construed as a reference to a van,
- (b) the reference in subsection (1) of that section to a car pool shall be construed as a reference to a van pool, and
- (c) the reference in subsection (3) of that section to section 157 shall be construed as a reference to section 159AA.

Textual Amendments

F33 Ss. 159AA, 159AB inserted after s. 159 (27.7.1993 with effect for the year 1993-94 and subsequent years of assessment) by 1993 c. 34, s. 73, Sch. 4 paras. 4, 8

[^{F34}159A Heavier commercial vehicles available for private use.

- (1) This section applies where in any year—
 - (a) a heavier commercial vehicle is made available to an employee in circumstances such that, had that vehicle been a van, the benefit so provided would have been chargeable to tax under section 159AA, and
 - (b) the employee's use of the vehicle is not wholly or mainly private use.
- (2) Section 154 shall not apply to—
 - (a) the benefit so provided, or
 - (b) any benefit in connection with the vehicle other than a benefit in connection with the provision of a driver for the vehicle.
- (3) The employee shall not be taxable—
 - (a) under Schedule E in respect of the discharge of any liability of his in connection with the vehicle;
 - (b) under section 141 or 142 in respect of any non-cash voucher or credit-token to the extent that it is used by him—

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- (i) for obtaining money which is spent on goods or services in connection with the vehicle, or
 - (ii) for obtaining such goods or services;
 - (c) under section 153 in respect of any payment made to him in respect of expenses incurred by him in connection with the vehicle.
- (4) In this section “heavier commercial vehicle” means a mechanically propelled road vehicle which is—
- (a) of a construction primarily suited for the conveyance of goods or burden of any description, and
 - (b) of a design weight exceeding 3,500 kilograms;
- and “design weight” here means the weight which the vehicle is designed or adapted not to exceed when in normal use and travelling on a road laden.
- (5) In this section—
- (a) “private use”, in relation to a vehicle made available to an employee, means any use other than for his business travel, and
 - (b) “business travel” means travelling which the employee is necessarily obliged to do in the performance of the duties of his employment.]

Textual Amendments

- F34** S. 159AC inserted (27.7.1993 with effect for the year 1993-94 and subsequent years of assessment) by 1993 c. 34, s. 74(1)(3)

[^{F35}159A.....]

^{F36}.....]

Textual Amendments

- F35** S. 159A inserted (1991-92 and subsequent years of assessment) by Finance Act 1991 (c. 31), s. 30(2)(3)
- F36** S. 159A repealed (with effect in accordance with s. 44(6) of the repealing Act) by Finance Act 1999 (c. 16), ss. 44(2), 139, Sch. 20 Pt. 3(9), Note

160 Beneficial loan arrangements.

- (1) ^{M26}Where in the case of a person employed in [^{F37}employment to which this Chapter applies] there is outstanding for the whole or part of a year a loan (whether to the employee himself or a relative of his) of which the benefit is obtained by reason of his employment and—
- (a) no interest is paid on the loan for that year; or
 - (b) the amount of interest paid on it for the year is less than interest at the official rate,
- [^{F38}an amount equal to whatever is the cash equivalent of the benefit of the loan for that year shall, subject to the provisions of this Chapter, be treated as emoluments of the employment, and accordingly chargeable to tax under Schedule E; and where that

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amount is so treated, the employee is to be treated as having paid interest on the loan in that year of the same amount.

(1A) Interest treated as paid by virtue of subsection (1) above—

- (a) shall be treated as paid for all the purposes of the Tax Acts (other than this Chapter, including Schedule 7), but shall not be treated for any purpose as income of the person making the loan or be treated as relevant loan interest to which section 369 applies, and
- (b) shall be treated as accruing during, and paid by the employee at the end of, the year or, if different, the period in the year during which he is employed in employment to which this Chapter applies and the loan is outstanding.

[^{F39}(1B) Where, in relation to any year—

- (a) there are loans between the same lender and borrower which are aggregable with each other,
- (b) the lender elects, by notice given to the inspector, for aggregation to apply in the case of that borrower, and
- (c) that notice is given before the end of the period of 92 days after the end of that year,

all the loans between that lender and that borrower which are aggregable with each other shall be treated for the purposes of subsections (1) and (1A) above and Part II of Schedule 7 as a single loan.

(1BA) For the purposes of subsection (1B) above loans are aggregable with each other for any year where—

- (a) in the case of each of the loans, there is a time in that year, while the loan is outstanding as to any amount, when the lender is a close company and the borrower a director of that company;
- (b) the benefit of each of the loans is obtained by reason of the borrower's employment;
- (c) in the case of each of the loans, there is no time in that year when a rate of interest is applied to the loan which is equal to or more than whatever is the official rate at that time;
- (d) the loans are loans made in the same currency; and
- (e) none of the loans is a qualifying loan.]

(1C) In this section and section 161 “qualifying loan” means any loan made to any person where, assuming interest is being paid on the loan (whether or not it is in fact being paid), the whole or any part of the interest—

- (a) is eligible for relief under section 353 or would be so eligible but for subsection (2) of that section ^{F40}. . . , or
- (b) is deductible in computing the amount of the [^{F41}profits] to be charged under Case I or II of Schedule D in respect of a trade, profession or vocation carried on by him.]

(2) ^{M27}Where in the case of a person employed in [^{F37}employment to which this chapter applies]—

- (a) there is in any year released or written off the whole or part of a loan (whether to the employee himself or a relative of his, and whether or not such a loan as is mentioned in subsection (1) above), and
- (b) the benefit of that loan was obtained by reason of his employment,

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then there is to be treated as emoluments of the employment, and accordingly chargeable to income tax under Schedule E, an amount equal to that which is released or written off.

[^{F42}(3) Where—

- (a) there was outstanding, at any time when a person was in employment to which this Chapter applies, the whole or part of a loan to him (or a relative of his) the benefit of which was obtained by reason of his employment, and
- (b) that employment has terminated or ceased to be employment to which this Chapter applies,

subsection (2) above applies as if the employment had not terminated or, as the case may be, had not ceased to be employment to which this Chapter applies.]

[^{F43}(3A) Where subsection (3) above applies, a loan which—

- (a) is applied directly or indirectly to the replacement of any such loan as is mentioned in paragraph (a) of that subsection, and
- (b) would, if the employment referred to in that subsection had not terminated or, as the case may be, ceased to be employment to which this Chapter applies, have been a loan the benefit of which was obtained by reason of that employment,

shall, unless it is a loan the benefit of which was obtained by reason of other employment, be treated as a loan the benefit of which was obtained by reason of that employment.]

- (4) ^{M28}Part I of Schedule 7 has effect as to what is meant by the benefit of a loan obtained by reason of a person's employment; the cash equivalent of the benefit is to be ascertained in accordance with Part II of that Schedule; ^{F44} . . .

[^{F45}(4A) Where an assessment for any year in respect of a loan has been made or determined on the footing that the whole or part of the interest payable on the loan for that year was not in fact paid, but it is subsequently paid, then, on a claim in that behalf, the cash equivalent for that year shall be recalculated so as to take that payment into account and the assessment shall be adjusted accordingly.]

- (5) ^{M29}In this section, sections 161 and 162 and Schedule 7—

- (a) "loan" includes any form of credit;
- (b) ^{F46}
- (c) references to making a loan include arranging, guaranteeing or in any way facilitating a loan (related expressions being construed accordingly); and
- (d) references to the official rate of interest are to the [^{F47}rate applicable under section 178 of the Finance Act 1989.]

[^{F48}and, without prejudice to the generality of section 178 of the Finance Act 1989, regulations under that section may make different provision in relation to a loan outstanding for the whole or part of a year if—

- (i) it was made in the currency of a country or territory outside the United Kingdom,
- (ii) the benefit of the loan is obtained by reason of the employment of a person who normally lives in that country or territory, and
- (iii) that person has lived in that country or territory at some time in the period of six years ending with that year]

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- (6) For the purposes of this section and section 161, a person is a relative of another person if he or she is—
- (a) the spouse of that other; or
 - (b) a parent or remoter forebear, child or remoter issue, or brother or sister of that other or of the spouse of that other; or
 - (c) the spouse of a person falling within paragraph (b) above.
- (7) Subject to section 161, this section applies to loans whether made before or after this Act is passed.

Textual Amendments

- F37** 1989 s.53(2)(b).*Previously*
“director's or higher-paid employment”.
- F38** Words in s. 160(1), s. 160(1A)–(1C) substituted for words in s. 160(1) (with effect in accordance with s. 88(6) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), [s. 88\(1\)](#)
- F39** [S. 160\(1B\)\(1BA\)](#) substituted for s. 160(1B) (with effect in accordance with [s. 107\(4\)](#) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [s. 107\(1\)](#)
- F40** Words in s. 160(1C)(a) repealed (with effect in accordance with Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), [s. 139\(1\)](#), [Sch. 20 Pt. 3\(7\)](#)
- F41** Words in s. 160(1C)(b) substituted (31.7.1998) by [Finance Act 1998 \(c. 36\)](#), [s. 46\(3\)\(a\)](#), [Sch. 7 para. 1](#)
- F42** 1989 s.53(2)(c).*Previously*
“(3) Where there was outstanding at any time when a person was in director's or higher-paid employment the whole or part of a loan to him (or to a relative of his) the benefit of which was obtained by reason of his employment, and that director's or higher-paid employment has terminated, whether on the employee ceasing to be employed or ceasing to be employed in director's or higher-paid employment, subsection (2) above applies as if it had not terminated.”.
- F43** [S. 160\(3A\)](#) inserted (with effect in accordance with [s. 44\(5\)](#) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [s. 45\(3\)](#)
- F44** Words in s. 160(4) repealed (with effect in accordance with s. 88(6) of the repealing Act) by [Finance Act 1994 \(c. 9\)](#), [Sch. 26 Pt. 5\(5\)](#)
- F45** [S. 160\(4A\)](#) inserted by [Finance Act 1991 \(c. 31, SIF 63:1\)](#), [s. 27\(6\)](#), [Sch. 6 para. 1\(2\)](#)(for year 1991-92 and subsequent years of assessment)
- F46** [S. 160\(5\)\(b\)](#) repealed (with effect in accordance with s. 45(5) of the repealing Act) by [Finance Act 1995 \(c. 4\)](#), [s. 45\(2\)](#), [Sch. 29 Pt. 8\(3\)](#), Note
- F47** 1989 s.179(1)and (4)and S.I. 1989 No.1298 (*not reproduced*)on and after 18August 1989.*Previously* “rate prescribed from time to time by the Treasury by order”.*And see* S.I. 1989 No.1297 (*in Part III Vol.5*)for regulations made, and interest rates set, under 1989 s.178.*See also* Table O Vol.1for rates of interest.
- F48** Words in s. 160(5) added (with effect in accordance with [s. 88\(6\)](#) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), [s. 88\(2\)](#)

Marginal Citations

- M26** Source—1976 s.66(1)
- M27** Source—1976 s.66(3)
- M28** Source—1976 s.66(8); 1982 s.26(9)(a)
- M29** Source—1976 s.66(9)–(11)

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161 Exceptions from section 160.

[^{F49}(1) The cash equivalent of the benefit of any such loan as is referred to in section 160(1) is not to be treated as emoluments of the employment if—

- (a) at no time in the year does the amount outstanding on the loan (or, if two or more such loans as are referred to in section 160(1) are outstanding in the year, the aggregate of the amounts outstanding on them) exceed £5000, or
- (b) where paragraph (a) above does not apply, the loan is not a qualifying loan and at no time in the year does the amount outstanding on the loan (or, if two or more such loans as are referred to in section 160(1) and are not qualifying loans are outstanding in the year, the aggregate of the amounts outstanding on them) exceed £5000.

(1A) Section 160(1) does not in any year apply to a loan made at any time in that or an earlier year by a person in the ordinary course of a business carried on by him which includes the lending of money if—

- (a) comparable loans were available, at the time the loan in question was made, to all those who might be expected to avail themselves of the services which he provides in the course of that business,
- (b) of the total number of the loan in question and comparable loans made by him at or about the time the loan in question was made, a substantial proportion were made to members of the public at large with whom he was dealing at arm's length, and
- (c) the loan in question, and comparable loans in general made by him at or about that time to members of the public at large with whom he was dealing at arm's length, are held on the same terms and, if those terms differ from the terms applicable immediately after the loan was first made, they were imposed in the ordinary course of his business.

(1B) For the purposes of subsection (1A) above, a loan is comparable to the loan in question if it is made for the same or similar purposes, and on the same terms and conditions, as that loan.]

(2) ^{M30}Where the amount of interest paid on a loan for the year in which it is made is not less than interest at the official rate applying for that year for the purposes of section 160 and the loan is made—

- (a) for a fixed and unvariable period; and
- (b) at a fixed and unvariable rate of interest,

subsection (1) of that section shall not apply to the loan in any subsequent year by reason only of an increase in the official rate since the year in which the loan was made.

(3) Where a loan was made at any time before 6th April 1978—

- (a) for a fixed and unvariable period; and
- (b) at a fixed and unvariable rate of interest,

section 160(1) shall not apply to the loan if ^{F50}. . . the rate of interest is not less than such rate as could have been expected to apply to a loan on the same terms (other than as to the rate of interest) made at that time between persons not connected with each other (within the meaning of section 839) dealing at arm's length.

(4) ^{M31}If the employee ^{F51}. . . derived no benefit from a loan made to a relative of his, section 160(1) and (2) above shall not apply to that loan.

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- (5) Section 160(2) does not apply where the amount released or written off is chargeable to income tax as income of the employee apart from that section, except—
- (a) where it is chargeable only by virtue of section 148; or
 - (b) to the extent that the amount exceeds the sums previously falling to be treated as the employee's income under section 677.
- (6) ^{M32}On the employee's death—
- (a) a loan within subsection (1) of section 160 ceases to be outstanding for the purposes of the operation of that subsection; and
 - (b) no charge arises under subsection (2) of that section by reference to any release or writing-off which takes effect on or after the death.
- (7) ^{M33}Section 160(2) does not apply to benefits received in pursuance of arrangements made at any time with a view to protecting the holder of shares acquired before 6th April 1976 from a fall in their market value.

Textual Amendments

- F49** S. 161(1)(1A)(1B) substituted for s. 161(1) (with effect in accordance with s. 88(6) of the amending Act) by Finance Act 1994 (c. 9), s. 88(3)(5)
- F50** Words in s. 161(3) repealed (with effect in accordance with s. 134(2) of the repealing Act) by Finance Act 1996 (c. 8), ss. 134(1), 205, Sch. 20 para. 9(a), Sch. 41 Pt. 5(10), Note
- F51** Words in s. 161(4) repealed (with effect in accordance with s. 134(2) of the repealing Act) by Finance Act 1996 (c. 8), ss. 134(1), 205, Sch. 20 para. 9(b), Sch. 41 Pt. 5(10), Note

Marginal Citations

- M30** Source—1980 s.50(2), (3)
- M31** Source—1976 s.66(4), (5)
- M32** Source—1976 s.66(7)
- M33** Source—1976 s.66(11)(b)

VALID FROM 28/07/2000

^{F52}161A Treatment of qualifying loans.

- (1) In this Chapter a “qualifying loan” means a loan made to a person where, assuming interest is paid on the loan (whether or not it is in fact paid), the whole or part of the interest paid on it for the year—
- (a) is eligible for relief under section 353 or would be so eligible but for subsection (2) of that section, or
 - (b) is deductible in computing the amount of the profits to be charged—
 - (i) under Case I or II of Schedule D in respect of a trade, profession or vocation carried on by him, or
 - (ii) under Schedule A in respect of a Schedule A business carried on by him.
- (2) Section 160(1) does not apply to a loan in any year in which, on the assumption mentioned in subsection (1) above, the whole of the interest paid on it is eligible for relief or deductible as mentioned in that subsection.]

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Textual Amendments

F52 S. 161A inserted (with effect in accordance with s. 57(2) of the amending Act) by [Finance Act 2000](#) (c. 17), s. 57(1), [Sch. 10 para. 4\(1\)](#)

VALID FROM 28/07/2000

[^{F53}161B Beneficial loans: loans on ordinary commercial terms.

- (1) Section 160(1) does not apply to a loan on ordinary commercial terms.
- (2) Schedule 7A to this Act has effect as to what is meant by a loan on ordinary commercial terms.]

Textual Amendments

F53 S. 161B inserted (with effect in accordance with s. 57(2) of the amending Act) by [Finance Act 2000](#) (c. 17), s. 57(1), [Sch. 10 para. 5\(1\)](#)

162 Employee shareholdings.

- (1) ^{M34}Where [^{F54}after 6th April 1976—]
 - (a) a person employed or about to be employed in [^{F55}employment to which this Chapter applies] (“the employee”), or a person connected with him, acquires shares in a company (whether the employing company or not); and
 - (b) the shares are acquired at an under-value in pursuance of a right or opportunity available by reason of his employment,
 section 160(1) and Schedule 7 apply as if the employee had the benefit of an interest-free loan obtained by reason of his employment (“the notional loan”).
- (2) The provisions of this section have effect subject to sections 185 and 186; and in this section—
 - (a) ^{M35}references to shares being acquired at an under-value are references to shares being acquired either without payment for them at the time or being acquired for an amount then paid which is less than the market value of fully paid up shares of that class (in either case with or without obligation to make payment or further payment at some later time); and
 - (b) ^{M36}any reference, in relation to any shares, to the under-value on acquisition is a reference to the market value of fully paid up shares of that class less any payment then made for the shares.
- (3) ^{M37}The amount initially outstanding of the notional loan is so much of the under-value on acquisition as is not chargeable to tax as an emolument of the employee; and—
 - (a) the loan remains outstanding until terminated under subsection (4) below; and
 - (b) payments or further payments made for the shares after the initial acquisition go to reduce the amount outstanding of the notional loan.
- (4) ^{M38}The notional loan terminates on the occurrence of any of the following events—

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- (a) the whole amount of it outstanding is made good by means of payments or further payments made for the shares; or
 - (b) the case being one in which the shares were not at the time of acquisition fully paid up, any outstanding or contingent obligation to pay for them is released, transferred or adjusted so as no longer to bind the employee or any person connected with him; or
 - (c) the shares are so disposed of by surrender or otherwise that neither he nor any such person any longer has a beneficial interest in the shares; or
 - (d) the employee dies.
- (5) If the notional loan terminates as mentioned in subsection (4)(b) or (c) above, there is then for the year in which the event in question occurs the same charge to income tax on the employee, under section 160(2) [^{F56}(and where appropriate section 160(3))], as if an amount equal to the then outstanding amount of the notional loan had been released or written off from a loan within that section.
- (6) Where after 6th April 1976 shares are acquired, whether or not at an under-value but otherwise as mentioned in subsection (1) above, and—
- (a) the shares are subsequently disposed of by surrender or otherwise so that neither the employee nor any person connected with him any longer has a beneficial interest in them; and
 - (b) the disposal is for a consideration which exceeds the then market value of the shares,
- then for the year in which the disposal is effected the amount of the excess is treated as emoluments of the employee's employment and accordingly chargeable to income tax under Schedule E.
- [^{F57}(7) If at the time of the event giving rise to a charge by virtue of subsection (6) above the employment in question has terminated, that subsection shall apply as if it had not].
- (8) No charge arises under subsection (6) above by reference to any disposal effected after the death of the employee, whether by his personal representatives or otherwise.
- (9) This section applies in relation to acquisition and disposal of an interest in shares less than full beneficial ownership (including an interest in the proceeds of sale of part of the shares but not including a share option) as it applies in relation to the acquisition and disposal of shares, subject to the following modifications—
- (a) for references to the shares acquired there shall be substituted references to the interest in shares acquired;
 - (b) for the reference to the market value of the shares acquired there shall be substituted a reference to the proportion corresponding to the size of the interest of the market value of the shares in which the interest subsists;
 - (c) for the reference to shares of the same class as those acquired there shall be substituted a reference to shares of the same class as those in which the interest subsists; and
 - (d) for the reference to the market value of fully paid up shares of that class there shall be substituted a reference to the proportion of that value corresponding to the size of the interest.
- (10) In this section—
- (a) "shares" includes stock and also includes securities as defined in section 254(1);

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- (b) “acquisition” in relation to shares includes receipt by way of allotment or assignment or otherwise howsoever;
 - (c) any reference to payment for shares includes giving any consideration in money or money’s worth or making any subscription, whether in pursuance of a legal liability or not;
 - (d) “market value” has the same meaning as, for the purposes of the [F581992] Act, it has by virtue of section [F58272] of that Act;
- and section 839 applies for the purposes of this section.
- (11) ^{M39}This section, in respect of any shares or any interest in shares, operates only to include an amount in emoluments so far as any amount corresponding to it, and representing the same benefit, does not otherwise fall to be so included under the Tax Acts.

Textual Amendments

- F54** 1988(F) s.146 and Sch.13 para.3 (*deemed always to have had effect*).
- F55** 1989 s.53(2)(b). *Previously*
“director’s or higher-paid employment”.
- F56** 1989 s.53(2)(d).
- F57** 1989 s.53(2)(e). *Previously*
“(7) If at the time of the event giving rise to a charge in relation to any shares by virtue of subsection (5) or (6) above the employee has ceased to be in the director’s or higher-paid employment by virtue of which he is the employee for the purposes of this section in relation to those shares, those subsections shall apply as if he had not so ceased.”.
- F58** Words in s. 162(10)(d) substituted (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, **Sch. 10 para. 14(11)** (with ss. 60, 101(1), 171, 201(3)).

Modifications etc. (not altering text)

- C10** S. 162 applied (with effect as mentioned in s. 289(1)(2) of the affecting Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), **ss.120**, 289 (with ss. 60, 101(1), 171, 201(3)).
- C11** S. 162(1) excluded in part (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), s. 62, **Sch. 14 para. 54(1)** (with Sch. 14 para. 54(2), 55)
- C12** S. 162(5) modified (24.2.2003) by [Proceeds of Crime Act 2002 \(c. 29\)](#), ss. 448, 458(1), **Sch. 10 para. 32**; S.I. 2003/120, **art. 2** Sch. (with arts. 3-5, as amended by S.I. 2003/333, art. 14)

Marginal Citations

- M34** Source—1976 s.67(1), (3)
- M35** Source—1976 s.67(2)
- M36** Source—1976 s.67(4)
- M37** Source—1976 s.67(4)
- M38** Source—1976 s.67(5)-(11); 1979(C) Sch.7
- M39** Source—1976 s.67(12)

163 Expenses connected with living accommodation.

- ^{M40}(1) This section applies where, in the case of a person employed in [F59] employment to which this Chapter applies], living accommodation is provided by reason of the employment and, accordingly, a charge to tax would arise in his case under section 145 but for the case being one of those specified in subsection (4) of that section.

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(2) Where, by reason of expenditure incurred in one or more of the following, that is to say,—

- (a) heating, lighting or cleaning the premises concerned;
- (b) repairs to the premises, their maintenance or decoration;
- (c) the provision in the premises of furniture or other appurtenances or effects which are normal for domestic occupation;

or by reason of such expenditure being reimbursed to the employee, an amount falls to be included in the emoluments of his employment, that amount shall not exceed the limit specified in subsection (3) below.

(3) That limit is—

- (a) 10 per cent. of the net amount of the emoluments of the employment or, if the accommodation is provided for a period of less than a year, so much of that percentage of the net amount as is attributable to the period; less
- (b) where the expenditure is incurred by a person other than the employee, so much as is properly attributable to the expenditure of any sum made good by the employee to that other.

(4) The net amount of the emoluments of a person's employment for the purposes of subsection (3) above is the amount of those emoluments (leaving out of account the expenditure in question) after—

- (a) any capital allowance; and
- (b) any deductions allowable under section 198, 199, 201, 332(3), 592(7), 594 or 619(1)(a);

and, for the purposes of this subsection, in the case of employment by a company there shall be taken into account, as emoluments of the employment, the emoluments of any employment by an associated company.

(5) For the purposes of subsection (4) above, a company is an associated company of another if one of them has control of the other or both are under the control of the same person.

Textual Amendments

F59 1989 s.53(2)(b). *Previously*
“director's or higher-paid employment”.

Marginal Citations

M40 Source—1976 s.63A; 1977 s.34

164 Director's tax paid by employer.

(1) ^{M41} Subject to the provisions of this Chapter, where in any year a person (“the recipient”) is employed as a director of a company and—

- (a) a payment of, or on account of, income assessable to income tax under Schedule E as emoluments of that employment is made to him in circumstances in which the person making the payment is required, by regulations made under section 203, to deduct an amount of income tax on making the payment; and

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- (b) the whole of that amount is not so deducted but is, or any part of it is, accounted for to the Board by someone other than the recipient;
- the amount so accounted for to the Board, less so much (if any) as is made good by the recipient to that other person or so deducted, shall be treated as emoluments of the employment and accordingly chargeable to income tax under Schedule E.
- (2) A person shall not be treated, for the purposes of subsection (1) above, as employed as a director of a company if he has no material interest in the company and either paragraph (a) or paragraph (b) of section 167(5) is satisfied.
- (3) Where an amount treated as emoluments of a person's employment, by subsection (1) above, is accounted for to the Board at a time when the employment has come to an end, those emoluments shall be treated, for the purposes of the Income Tax Acts, as having arisen in the year in which the employment ended; but that subsection shall not apply in relation to any amount accounted for to the Board after the death of the director in question.

Marginal Citations

M41 Source—1976 s.66A; 1983 s.22

165 Scholarships.

- (1)^{M42} Nothing in section 331 shall be construed as conferring on any person other than the person holding the scholarship in question any exemption from the charge to tax under section 154.
- (2)^{M43} For the purposes of this Chapter, any scholarship provided for a member of a person's family or household shall, without prejudice to any other provision of this Chapter, be taken to have been provided by reason of that person's employment if it is provided under arrangements entered into by, or by any person connected with, his employer (whether or not those arrangements require the employer or connected person to contribute directly or indirectly to the cost of providing the scholarship).
- (3)^{M44} Section 154 does not apply to a benefit consisting in a payment in respect of a scholarship—
- (a) provided from a trust fund or under a scheme; and
 - (b) held by a person receiving full-time instruction at a university, college, school or other educational establishment; and
 - (c) which would not be regarded, for the purposes of this Chapter, as provided by reason of a person's employment were subsection (2) above and section 168(3) to be disregarded;
- if, in the year in which the payment is made, not more than 25 per cent. of the total amount of the payments made from that fund, or under that scheme, in respect of scholarships held as mentioned in paragraph (b) above is attributable to relevant scholarships.
- (4)^{M45} This section does not have effect in relation to any payment if—
- (a) it is made in respect of a scholarship awarded before 15th March 1983, and
 - (b) the first payment in respect of the scholarship was made before 6th April 1984; and

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- (c) in relation to payments made after 5th April 1989, the person holding the scholarship is receiving full-time instruction at the university, college, school or other educational establishment at which he was receiving such instruction on—
- (i) 15th March 1983, in a case where the first payment in respect of the scholarship was made before that date; or
 - (ii) the date on which the first such payment was made, in any other case.
- (5) ^{M46}For the purposes of subsection (4)(c) above, a payment made before 6th April 1989 in respect of any period beginning on or after that date shall be treated as made at the beginning of that period.
- (6) ^{M47}In this section—
- (a) “scholarship” includes an exhibition, bursary or other similar educational endowment;
 - (b) “relevant scholarship” means a scholarship which is provided by reason of a person’s employment (whether or not that employment is ^{F60}employment to which this Chapter applies); and for the purposes of this definition “employment” includes an office or employment whose emoluments do not fall to be assessed under Schedule E but would fall to be so assessed if the employee were resident, and ordinarily resident, and all the duties of the employment were performed wholly, in the United Kingdom;
- and section 839 applies for the purposes of this section.

Textual Amendments

F60 1989 s.53(2)(b).*Previously*
“director's or higher-paid employment”.

Marginal Citations

M42 Source—1976 s.62A(1); 1983 s.20(1)
M43 Source—1976 s.62A(2); 1983 s.20(1)
M44 Source—1976 s.62A(3); 1983 s.20(1); 1984 s.31(1)
M45 Source—1983 s.20(2), (3); 1984 s.31(3)
M46 Source—1983 s.20(3A); 1984 s.31(3)
M47 Source—1976 s.62A(4); 1983 s.20(1); 1984 s.31(2)

Status:

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