
Status: Point in time view as at 31/12/2013.

Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Car fuel: benefit treated as earnings is up to date with all changes known to be in force on or before 09 June 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)



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

Car fuel: benefit treated as earnings

149 Benefit of car fuel treated as earnings

- (1) If in a tax year—
 - (a) fuel is provided for a car by reason of an employee's employment, and
 - (b) that person is chargeable to tax in respect of the car by virtue of section 120, the cash equivalent of the benefit of the fuel is to be treated as earnings from the employment for that year.
- (2) The cash equivalent of the benefit of the fuel is calculated in accordance with sections 150 to 153.
- (3) Fuel is to be treated as provided for a car, in addition to any other way in which it may be provided, 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,
 - (c) a non-cash voucher or a credit-token is used to obtain money which is spent on fuel for the car, or
 - (d) any sum is paid in respect of expenses incurred in providing fuel for the car.

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- (4) References in this section to fuel do not include any facility or means for supplying electrical energy [^{F1}or any energy for a car which cannot in any circumstances emit CO₂ by being driven].

Textual Amendments

- F1** Words in s. 149(4) substituted (with effect for the tax year 2010-11 and subsequent tax years in accordance with s. 58(18) of the amending Act) by [Finance Act 2010 \(c. 13\), s. 58\(11\)](#)

150 Car fuel: calculating the cash equivalent

- (1) The cash equivalent of the benefit of the fuel is the appropriate percentage of [^{F2}£21,700.]
- (2) The “appropriate percentage” means the appropriate percentage determined in accordance with sections 133 to 142 for the purpose of calculating the cash equivalent of the benefit of the car for which the fuel is provided.
- (3) But the cash equivalent may be—
- (a) nil where either of the conditions in section 151 is met;
 - (b) proportionately reduced under section 152;
 - (c) reduced under section 153.

Textual Amendments

- F2** Sum in s. 150(1) substituted (with effect in accordance with art. 1(2) of the amending S.I.) by [The Van Benefit and Car and Van Fuel Benefit Order 2013 \(S.I. 2013/3033\), arts. 1\(2\), 2](#)

151 Car fuel: nil cash equivalent

- (1) The cash equivalent of the benefit of the fuel is nil if condition A or B is met.
- (2) Condition A is met if in the tax year in question—
- (a) the employee is required to make good to the person providing the fuel the whole of the expense incurred by that person in connection with the provision of the fuel for the employee’s private use, and
 - (b) the employee does make good that expense.
- (3) Condition B is met if in the tax year in question the fuel is made available only for business travel (see section 171(1)).

152 Car fuel: proportionate reduction of cash equivalent

- (1) The cash equivalent of the benefit of the fuel is to be proportionately reduced if for any part of the tax year in question the car for which the fuel is provided is unavailable (within the meaning of section 143 (deduction for periods when car unavailable)).
- (2) The cash equivalent of the benefit of the fuel is also to be proportionately reduced if for any part of the tax year in question—
- (a) the facility for the provision of fuel as mentioned in section 149(1) is not available,

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- (b) the fuel is made available only for business travel (see section 171(1)), or
 - (c) the employee is required to make good to the person providing the fuel the whole of the expense incurred by that person in connection with the provision of the fuel for the employee's private use and the employee does make good that expense.
- (3) The fact that any of the conditions specified in subsection (2) is met for part of a tax year is to be disregarded if there is a time later in that year when none of those conditions is met.
- (4) Where the cash equivalent is to be proportionately reduced under subsection (1) or (2) (or under both those subsections), the reduced amount is given by the formula—

$$CE \times \frac{Y-D}{Y}$$

where—

CE is the amount of the cash equivalent before any reduction,

Y is the number of days in the tax year in question, and

D is the total number of days in that year on which either the car is unavailable or one or more of the conditions in subsection (2) is met.

153 Car fuel: reduction of cash equivalent

If a reduction of the cash equivalent of the benefit of the car for which the fuel is provided is made under section 148 (reduction of cash equivalent where car is shared), a corresponding reduction is to be made in relation to the cash equivalent of the benefit of the fuel.

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