



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 3 U.K.

EMPLOYMENT INCOME: EARNINGS AND BENEFITS ETC. TREATED AS EARNINGS

CHAPTER 6 U.K.

TAXABLE BENEFITS: CARS, VANS AND RELATED BENEFITS

^{F1} Van fuel: benefit treated as earnings

Textual Amendments

- F1** Ss. 155-164 substituted for ss. 155-166 (with effect in accordance with s. 80(2) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 14 para. 5](#)

160 Benefit of van fuel treated as earnings U.K.

- (1) If in a tax year—
- fuel is provided for a van by reason of an employee's employment,
 - that person is chargeable to tax in respect of the van by virtue of section 154 [^{F2}or 154A], and
 - the cash equivalent of the van for that year is that under [^{F3}section 155(1B)(b)], 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 161 to 164.

Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Van fuel: benefit treated as earnings is up to date with all changes known to be in force on or before 15 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) View outstanding changes

- (3) Fuel is to be treated as provided for a van, 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 van is discharged,
 - (b) a non-cash voucher or a credit-token is used to obtain fuel for the van,
 - (c) a non-cash voucher or a credit-token is used to obtain money which is spent on fuel for the van, or
 - (d) any sum is paid in respect of expenses incurred in providing fuel for the van.

^{F4}(4)

[^{F5}(5) This section is subject to section 160A.]]

Textual Amendments

- F2** Words in s. 160(1)(b) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 39\(2\)](#)
- F3** Words in s. 160(1)(c) substituted (with effect in accordance with s. 10(8) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [s. 10\(5\)](#)
- F4** S. 160(4) omitted (with effect for the tax year 2010-11 and subsequent tax years in accordance with s. 58(18) of the amending Act) by virtue of [Finance Act 2010 \(c. 13\)](#), [s. 58\(14\)\(b\)](#)
- F5** [S. 160\(5\)](#) inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 39\(3\)](#)

[^{F6}160A Benefit of van fuel treated as earnings: optional remuneration arrangements **U.K.**]

- (1) This section applies if—
- (a) fuel is provided for a van in a tax year by reason of an employee's employment,
 - (b) the benefit of the fuel is provided pursuant to optional remuneration arrangements, and
 - (c) the employee is chargeable to tax in respect of the van in the tax year by virtue of section 154 or 154A.
- (2) If the condition in subsection (3) is met—
- (a) the amount foregone with respect to the benefit of the fuel (see section 69B) is to be treated as earnings from the employment for that year, and
 - (b) section 160(1) does not apply.
- (3) The condition mentioned in subsection (2) is that the amount foregone with respect to the benefit of the fuel is greater than the cash equivalent of the benefit of the fuel.
- (4) For the purposes of subsection (3), assume that the cash equivalent of the benefit of the fuel is zero if the condition mentioned in subsection (5) is met.
- (5) The condition mentioned in subsection (4) is that the benefit of the fuel would be exempt from income tax but for section 228A (exclusion of certain exemptions).
- (6) Where it is necessary for the purposes of subsections (2)(a) and (3) to apportion an amount of earnings to the benefit of the fuel in the tax year, the apportionment is to be made on a just and reasonable basis.

In this subsection “earnings” is to be interpreted in accordance with section 69B(5).]

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Textual Amendments

- F6** S. 160A inserted (with effect in accordance with Sch. 2 para. 62 of the amending Act) by [Finance Act 2017 \(c. 10\)](#), [Sch. 2 para. 40](#)

[^{F1}161 Van fuel: the cash equivalent **U.K.**

The cash equivalent of the benefit of the fuel is—

- (a) where the tax year is the tax year 2005-06 or 2006-07, nil, and
- (b) where the tax year is a later tax year, [^{F7}£757.]

Textual Amendments

- F7** Sum in s. 161(b) substituted (6.4.2023 with application to the tax year 2023-24 and subsequent tax years) by [The Van Benefit and Car and Van Fuel Benefit Order 2022 \(S.I. 2022/1288\)](#), arts. 1(2), 4

[^{F1}162 Van fuel: nil cash equivalent **U.K.**

- (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 ^{F8}...—
 - (a) [^{F9}in the tax year in question,] 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 [^{F10}on or before 6 July following that tax year] .
- (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)).]

Textual Amendments

- F8** Words in s. 162(2) omitted (with effect in accordance with s. 1(14) of the amending Act) by virtue of [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [s. 1\(11\)\(a\)](#)
- F9** Words in s. 162(2)(a) inserted (with effect in accordance with s. 1(14) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [s. 1\(11\)\(b\)](#)
- F10** Words in s. 162(2)(b) inserted (with effect in accordance with s. 1(14) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [s. 1\(11\)\(c\)](#)

[^{F1}163 Van fuel: proportionate reduction of cash equivalent **U.K.**

- (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 van for which the fuel is provided is unavailable (within the meaning of section 156 (reduction for periods when van unavailable)).
- (2) But if section 159 (van temporarily replaced) applies—
 - (a) section 160 applies as if the replacement van were the normal van, and
 - (b) for the purposes of subsection (1) the replacement van is to be treated as unavailable on the days during the period on which it replaces the normal van.

Changes to legislation: *Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Van fuel: benefit treated as earnings is up to date with all changes known to be in force on or before 15 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) View outstanding changes*

- (3) The cash equivalent of the benefit of the fuel is also to be proportionately reduced if ^{F11}—
- (a) [^{F12}for any part of the tax year in question,] the facility for the provision of fuel as mentioned in section 160 (1) is not available,
 - (b) [^{F13}for any part of the tax year in question,] the fuel is made available only for business travel (see section 171(1)), or
 - (c) the employee^{F14}—
 - (i) for any part of the tax year in question, 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^{F15}, and
 - (ii) the employee does make good that expense on or before 6 July following that tax year]
- (4) The fact that any of the conditions specified in subsection (3) 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.
- (5) Where the cash equivalent is to be proportionately reduced under subsection (1) or (3) (or under both those subsections), the reduced amount is given by the formula—

$$CE \times YDY$$

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 the tax year on which either the van is unavailable or one or more of the conditions in subsection (3) is met.]

Textual Amendments

- F11** Words in s. 163(3) omitted (with effect in accordance with s. 1(14) of the amending Act) by virtue of Finance (No. 2) Act 2017 (c. 32), s. 1(12)(a)
- F12** Words in s. 163(3)(a) inserted (with effect in accordance with s. 1(14) of the amending Act) by Finance (No. 2) Act 2017 (c. 32), s. 1(12)(b)
- F13** Words in s. 163(3)(b) inserted (with effect in accordance with s. 1(14) of the amending Act) by Finance (No. 2) Act 2017 (c. 32), s. 1(12)(c)
- F14** S. 163(3)(c)(i) inserted (with effect in accordance with s. 1(14) of the amending Act) by Finance (No. 2) Act 2017 (c. 32), s. 1(12)(d)(i)
- F15** S. 163(3)(c)(ii) substituted for words (with effect in accordance with s. 1(14) of the amending Act) by Finance (No. 2) Act 2017 (c. 32), s. 1(12)(d)(ii)

[^{F1}164 Van fuel: reduction of cash equivalent U.K.]

If a reduction of the cash equivalent of the benefit of the van for which the fuel is provided is made under section 157 (reduction of cash equivalent where van is shared), a corresponding reduction is to be made in relation to the cash equivalent of the benefit of the fuel.]

Changes to legislation:

Income Tax (Earnings and Pensions) Act 2003, Cross Heading: Van fuel: benefit treated as earnings is up to date with all changes known to be in force on or before 15 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.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 452(2)(aa) inserted by [2013 c. 29 Sch. 23 para. 11](#)
- s. 707A inserted by [2024 c. 3 s. 36\(4\)](#)