
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2017, Paragraph 37. (See end of Document for details)

SCHEDULES

SCHEDULE 2

OPTIONAL REMUNERATION ARRANGEMENTS

Benefits in kind: amount treated as earnings

37 After section 154 insert—

“154A Benefit of van treated as earnings: optional remuneration arrangements

- (1) Where this Chapter applies to a van in relation to a particular tax year and the conditions in subsection (2) are met—
- (a) the relevant amount is to be treated as earnings from the employment for that tax year, and
 - (b) section 154(1) does not apply.

In such a case (including a case where the relevant amount is nil) the employee is referred to in this Chapter as being chargeable to tax in respect of the van in the tax year.

- (2) The conditions are that—
- (a) the van is made available to the employee or member of the employee's household pursuant to optional remuneration arrangements, and
 - (b) the amount foregone with respect to the benefit of the van (see section 69B) is greater than the modified cash equivalent of the benefit of the van.

- (3) To find the relevant amount for the purposes of this section take the following steps—

Step 1 Take the amount foregone with respect to the benefit of the van for the tax year.

Step 2 Make any deduction under section 158A in respect of payments by the employee for the private use of the van.

The result is the “relevant amount”.

- (4) In subsection (2) the reference to the “modified cash equivalent” is to the amount which would be the cash equivalent of the benefit of the van (after any reductions under section 156 or 157) if this Chapter had effect the following modifications—
- (a) omit paragraph (c) of section 155(8);
 - (b) omit section 158;
 - (c) in section 159(2)(b), for “155, 157 and 158” substitute “ 155 and 157 ”.

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- (5) For the purposes of subsection (2) assume that the modified cash equivalent of the benefit of the van is zero if the condition in subsection (6) is met.
- (6) The condition is that the benefit of the van would be exempt from income tax but for section 228A (exclusion of certain exemptions).
- (7) Where it is necessary for the purposes of subsection (2)(b) and step 1 of subsection (3) to apportion an amount of earnings to the benefit of the van 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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