

2010 No. 406

INCOME TAX

The Car and Van Fuel Benefit Order 2010

Made - - - - 22nd February 2010

Laid before the House of Commons 23rd February 2010

Coming into force - - 1st April 2010

The Treasury make the following Order in exercise of the powers conferred by section 170(5) and (6) of the Income Tax (Earnings and Pensions) Act 2003(a).

Citation, commencement and effect

1.—(1) This Order may be cited as the Car and Van Fuel Benefit Order 2010.

(2) This Order shall come into force on 1st April 2010 and has effect for the tax year 2010-11 and subsequent tax years.

Amendment to section 150 of the Income Tax (Earnings and Pensions) Act 2003

2. In section 150(1) of the Income Tax (Earnings and Pensions) Act 2003 (car fuel: calculating the cash equivalent)(b) for “£16,900” substitute “£18,000”.

Amendment to section 161(b) of the Income Tax (Earnings and Pensions) Act 2003

3. In section 161(b) of the Income Tax (Earnings and Pensions) Act 2003 (van fuel: the cash equivalent)(c) for “£500” substitute “£550”.

22nd February 2010

Dave Watts
Frank Roy
Two of the Lords Commissioners of Her Majesty's Treasury

(a) 2003 c. 1; section 170(5) was amended by paragraph 7(4) of Schedule 14 to the Finance Act 2004 (c. 12).
(b) Section 150(1) was amended by S.I. 2008/511.
(c) Section 161 was substituted by paragraph 5 of Schedule 14 to the Finance Act 2004.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends section 150(1) and section 161(b) of the Income Tax (Earnings and Pensions) Act 2003 (“the Act”).

Where an employee receives fuel for a car by reason of the employee’s employment, and that person is chargeable to tax in respect of the car under section 120 of the Act, the cash equivalent of the benefit of the fuel is to be treated as earnings from the employment under section 149 of the Act and is subject to tax and national insurance contributions.

With effect from the tax year 2008-09, the cash equivalent of the benefit of the fuel is calculated by applying the “appropriate percentage” (normally calculated by reference to the CO₂ emissions of a car) to the figure of £16,900 in section 150(1) of the Act.

Article 2 of the Order increases the figure in section 150(1) of the Act to £18,000 with effect from the tax year 2010-11.

Where an employee receives fuel for a van by reason of the employee’s employment, and that person is chargeable to tax in respect of the van under section 154 of the Act, the cash equivalent of the benefit of the fuel is to be treated as earnings from the employment under section 160 of the Act and subject to tax and national insurance contributions.

With effect from the tax year 2007-08, the cash equivalent of the benefit of the fuel is set at £500 in section 161(b) of the Act.

Article 3 of this Order increases the figure in section 161(b) of the Act to £550 with effect from the tax year 2010-11.

A full and final Impact Assessment has not been produced for this instrument as a negligible impact on the private or voluntary sectors is foreseen.

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