

**2021 No. 248**

**INCOME TAX**

**The Van Benefit and Car and Van Fuel Benefit Order 2021**

<i>Made</i>	- - - -	<i>4th March 2021</i>
<i>Laid before the House of Commons</i>		<i>9th March 2021</i>
<i>Coming into force</i>	- -	<i>6th April 2021</i>

The Treasury make the following Order in exercise of the powers conferred by section 170(1A)(b) and (c), (2), (5) and (6) of the Income Tax (Earnings and Pensions) Act 2003(a):

**Citation, commencement and application**

**1.**—(1) This Order may be cited as the Van Benefit and Car and Van Fuel Benefit Order 2021.

(2) This Order comes into force on 6th April 2021 and applies to the tax year 2021-22 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 “£24,500” substitute “£24,600”.

**Amendment to section 155 of the Income Tax (Earnings and Pensions) Act 2003**

**3.** In section 155(1B)(a) and (b) of the Income Tax (Earnings and Pensions) Act 2003 (cash equivalent of the benefit of a van)(c) for “£3,490” substitute “£3,500”.

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

**4.** In section 161(b) of the Income Tax (Earnings and Pensions) Act 2003 (van fuel: the cash equivalent)(d) for “£666” substitute “£669”.

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- (a) 2003 c. 1; section 170(1A) was inserted by paragraph 7(2) of Schedule 14 to the Finance Act 2004 (c. 12) with effect for the tax year 2005-06 and subsequent tax years, then substituted by section 10(1) and (6) of the Finance Act 2015 (c. 11) with effect for the tax year 2015-16 and subsequent tax years. Section 170(2) was amended by paragraph 7(3) of, and section 170(5) was amended by paragraph 7(4) of, Schedule 14 to the Finance Act 2004 with effect for the tax year 2005-06 and subsequent tax years.
- (b) The figure specified in section 150(1) was last substituted by S.I. 2020/199.
- (c) Section 155 was substituted by paragraph 5 of Schedule 14 to the Finance Act 2004 with effect for the tax year 2005-06 and subsequent tax years. Section 155(1B) was substituted by section 10(2) of the Finance Act 2015 with effect for the tax year 2015-16 and subsequent tax years, and amended by section 11(2) of the Finance Act 2016 (c. 24) with effect for the tax year 2016-17 and subsequent tax years. The figure specified in section 155(1B)(a) and (b) was last substituted by S.I. 2020/199.
- (d) Section 161 was substituted by paragraph 5 of Schedule 14 to the Finance Act 2004 with effect for the tax year 2005-06 and subsequent tax years. The figure specified in section 161(b) was last substituted by S.I. 2020/199.

4th March 2021

David Rutley  
Maggie Throup  
Two of the Lord Commissioners of Her Majesty's Treasury

## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order amends sections 150(1), 155(1B)(a) and (b), and 161(b) of the Income Tax (Earnings and Pensions) Act 2003 (c.1) (“the Act”).

Where an employee receives fuel for a car or van as a result of their employment and they are chargeable to tax in respect of the vehicle under sections 120 or 154 of the Act, the cash equivalent of the benefit of that fuel is treated as earnings under sections 149 and 160 of the Act.

The cash equivalent of the benefit of the fuel for a car is normally calculated by applying the “appropriate percentage” (usually calculated by reference to the CO<sub>2</sub> emissions of the car) to the figure in section 150(1) of the Act. Article 2 of this Order increases this figure to £24,600 for the tax year 2021-22 and subsequent tax years. The cash equivalent of the benefit of fuel for a van is set out in section 161(b) of the Act. Article 4 of this Order increases this figure to £669 for the tax year 2021-22 and subsequent years.

Where a van is made available by reason of the employment to an employee for private use that is more than insignificant and not limited to ordinary commuting, section 154 of the Act treats the cash equivalent of the benefit of the van as earnings. For vans that cannot in any circumstances emit CO<sub>2</sub> by being driven, the cash equivalent of the benefit for the tax year 2015-16 to 2021-22 is calculated by applying the “appropriate percentage” (calculated by reference to the tax year and to section 155(1C) of the Act) to the figure in section 155(1B)(a) of the Act. For other vans, the cash equivalent of the benefit is set out in section 155(1B)(b) of the Act. Article 3 of this Order increases the figure in section 155(1B)(a) and (b) of the Act to £3,500 for the tax year 2021-22 and subsequent tax years.

A Tax Information and Impact Note covering this instrument will be published on the website at [www.gov.uk/government/collections/tax-information-and-impact-notes-tiins](http://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins).

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