STATUTORY INSTRUMENTS

2018 No. 1176

INCOME TAX

The Van Benefit and Car and Van Fuel Benefit Order 2018

Made - - - -	*13th November 2018*
Laid before the House of Commons	*14th November 2018*
Coming into force - -	*31st December 2018*

The Treasury, 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**), make the following Order:

Citation, commencement and application

1.—(1) This Order may be cited as the Van Benefit and Car and Van Fuel Benefit Order 2018.

(2) This Order comes into force on 31st December 2018 and applies to the tax year 2019-20 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 "£23,400" substitute "£24,100".

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 "£3,350" substitute "£3,430".

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 "£633" substitute "£655".

Paul Maynard
Craig Whittaker
13th November 2018 — Two of the Lords Commissioners of Her Majesty's Treasury

(**a**) 2003 c. 1; section 170(1A) was substituted by section 10(1) and (6) of the Finance Act 2015 (c. 11) and section 170(2) and (5) was amended by paragraphs 1 and 7(1), (3) and (4) of Schedule 14 to the Finance Act 2004 (c. 12).
(**b**) The amount specified in section 150(1) was last substituted by S.I. 2017/1176.
(**c**) Section 155(1B) was substituted by section 10(1) and (2) of the Finance Act 2015 and amended by section 11 of the Finance Act 2016 (c. 24). The amount specified in section 155(1B)(a) and (b) was last substituted by S.I. 2017/1176.
(**d**) Section 161 was substituted by paragraphs 1 and 5 of Schedule 14 to the Finance Act 2004. The amount specified in section 161(b) was last substituted by S.I. 2017/1176.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends sections 150(1), 155(1B) 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 that vehicle under section 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 fuel for a car is normally calculated by applying the "appropriate percentage" (normally calculated by reference to the CO_2 emissions of the car) to the figure in section 150(1) of the Act. Article 2 of this Order increases the figure to £24,100 for the tax year 2019-20 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 £655 for the tax year 2019-20 and subsequent tax years.

Where a van is made available 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_2 by being driven, the cash equivalent for the tax years 2015-16 to 2021-22 is calculated by applying the "appropriate percentage" (calculated by reference to the tax year) to the figure in section 155(1B)(a) of the Act. For other vans, the cash equivalent is set out in section 155(1B)(b) of the Act. Article 3 of this Order increases these figures to £3,430 for the tax year 2019-20 and subsequent tax years.

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

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