

2012 No. 915

INCOME TAX

The Car Fuel Benefit Order 2012

Made - - - - 22nd March 2012

Laid before the House of Commons 23rd March 2012

Coming into force - - 2nd April 2012

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 Fuel Benefit Order 2012.

(2) This Order comes into force on 2nd April 2012 and has effect for the tax year 2012-13 and subsequent tax years.

Amendment of 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 “£18,800” substitute “£20,200”.

22nd March 2012

Michael Fabricant
Angela Watkinson
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) The amount specified in section 150(1) was last substituted by S.I. 2011/895.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends section 150(1) 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 2011-12, 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 £18,800 in section 150(1) of the Act.

Article 2 of this Order increases the figure in section 150(1) of the Act to £20,200 for the tax year 2012-13 and subsequent tax years.

In line with government commitments, a Tax Information and Impact Note covering this instrument will be published on the HMRC website at <http://www.hmrc.gov.uk/thelibrary/tiins.htm>.

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