



Finance Act 2019

2019 CHAPTER 1

PART 1

DIRECT TAXES

Employment and social security income

7 Optional remuneration arrangements: arrangements for cars and vans

- (1) ITEPA 2003 is amended as follows.
- (2) In section 120A (optional remuneration arrangements: benefit of a car)—
 - (a) in subsection (3)(b), for the words from “the amount” to “year is” substitute “the total foregone amount in connection with the car for the tax year is”, and
 - (b) after subsection (3) insert—
 - “(4) In this section, and in section 121A, the total foregone amount in connection with the car for a tax year is the total of—
 - (a) the amount foregone (see section 69B) with respect to the benefit of the car for that year, and
 - (b) the amount foregone (see section 69B) with respect to each other benefit that—
 - (i) is connected with the car,
 - (ii) is provided in that year for the employee, or a member of the employee's household, pursuant to optional remuneration arrangements, and
 - (iii) is neither the provision of a driver nor the provision of fuel.”
- (3) In section 121A (optional remuneration arrangements: method of calculating relevant amount)—
 - (a) in subsection (1), for step 1 substitute— “ *Step 1* Take the total foregone amount in connection with the car for the tax year (see section 120A(4)). ”, and

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2019, Section 7. (See end of Document for details)

- (b) in subsection (2)—
- (i) for ““amount foregone” under” substitute ““total foregone amount” for the purposes of”, and
 - (ii) for “the benefit of the car” substitute “ a benefit mentioned in section 120A(4)(a) or (b) ”.
- (4) In section 132A (capital contributions by employee: optional remuneration arrangements)—
- (a) for subsection (3) substitute—
 - “(3) The amount of the deduction allowed in any tax year is found by—
 - (a) first multiplying the capped amount by the appropriate percentage, and
 - (b) then multiplying the result by the availability factor.”, and
 - (b) after subsection (4) insert—
 - “(4A) For the purposes of subsection (3), “the availability factor” is given by the formula—

$$\frac{Y - U}{Y}$$

where—

Y is the number of days in the tax year, and

U is the number of days in the tax year on which the car is unavailable.

- (4B) For the purposes of subsection (4A), the car is unavailable on any day if the day—
 - (a) falls before the first day on which the car is available to the employee,
 - (b) falls after the last day on which the car is available to the employee, or
 - (c) falls within a period of 30 days or more throughout which the car is not available to the employee.”
- (5) In section 154A (optional remuneration arrangements: benefit of a van)—
- (a) in subsection (2)(b), for the words from “the amount” to “section 69B)” substitute “ the total foregone amount in connection with the van ”,
 - (b) in subsection (3), for step 1 substitute— “ *Step 1* Take the total foregone amount in connection with the van for the tax year. ”,
 - (c) in subsection (7), for “the benefit of the van” substitute “ a benefit mentioned in subsection (8)(a) or (b) ”, and
 - (d) after subsection (7) insert—
 - “(8) In this section the total foregone amount in connection with the van for a tax year is the total of—
 - (a) the amount foregone (see section 69B) with respect to the benefit of the van for that year, and

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- (b) the amount foregone (see section 69B) with respect to each other benefit that—
 - (i) is connected with the van,
 - (ii) is provided in that year for the employee, or a member of the employee's household, pursuant to optional remuneration arrangements, and
 - (iii) is neither the provision of a driver nor the provision of fuel.”
- (6) In section 239 (exemptions for payments and benefits relating to taxable cars, vans and exempt HGVs), in subsection (3)—
 - (a) after “by virtue of” insert “ section 120A (optional remuneration arrangements: benefit of a car), ”, and
 - (b) before “or section 160” insert “ , section 154A (optional remuneration arrangements: benefit of a van) ”.
- (7) The amendments made by this section have effect for the tax year 2019-20 and subsequent tax years.

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