

1 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
 - (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.”,
 - (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
 - (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.