

## 1 Employee car ownership schemes

- (1) Chapter 6 of Part 3 of ITEPA 2003 (taxable benefits: cars, vans and related benefits) is amended in accordance with subsections (2) to (4).
- (2) In section 114(1)(a) (cars, vans and related benefits) –
  - (a) omit “(without any transfer of the property in it)”;
  - (b) after “household” insert “ –
    - (i) without any transfer of the property in it, or
    - (ii) in circumstances falling within section 116A (car or van made available with transfer of ownership),”.
- (3) In section 116(1) (meaning of when car or van is available to employee) –
  - (a) omit “and without any transfer of the property in it”;
  - (b) after “household” insert “ –
    - (a) without any transfer of the property in it, or
    - (b) in circumstances falling within section 116A.”
- (4) After section 116 insert –

### “116A Car or van made available with transfer of ownership

- (1) A car or van is made available to an employee or a member of the employee’s family or household in circumstances falling within this section if the car or van is made available –
  - (a) with a transfer of the property in it to the employee or member, and
  - (b) pursuant to qualifying arrangements.
- (2) For the purposes of this section, arrangements are “qualifying arrangements” if any of the following applies in relation to them –
  - (a) they include restrictions on the private use of the car or van by the employee or member;
  - (b) they provide for a person other than the employee or member to be the registered keeper of the car or van;
  - (c) they provide for the employee or member, after a certain period of time or in certain circumstances, to transfer the property in the car or van to another person for an amount set out or determined in accordance with the arrangements;
  - (d) they are of a description specified in regulations made by the Treasury.
- (3) For the purposes of this Chapter, a car or van made available as mentioned in subsection (1) is to be treated as being made available by the employer to the employee or member until the arrangements cease to have effect (but see sections 132A, 143 and 156 for provision about the days on which a car or van is unavailable).
- (4) In this section –

“arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable;

“registered keeper” means the person in whose name a vehicle is registered under the Vehicle Excise and Registration Act 1994.”

- (5) The amendments made by this section have effect for the tax year 2026-27 and subsequent tax years.
- (6) But in relation to the tax year 2026-27 the amendments do not have effect in relation to a car or van in respect of the period before 6 October 2026.