



INCOME TAX (BENEFITS IN KIND) (CAR AND FUEL) ORDER 2024

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Statutory Document No. 2024/0070

*Income Tax Act 1970*

INCOME TAX (BENEFITS IN KIND) (CAR AND FUEL) ORDER 2024

Approved by Tynwald: 20 Febraury 2024
Coming into Operation: 6 April 2024

The Treasury makes the following Order under sections 2I(4) and 2J(2) of the Income Tax Act 1970.

PART 1 - INTRODUCTION

1 Title

This Order is the Income Tax (Benefits in Kind) (Car and Fuel) Order 2024.

2 Commencement and effect

- (1) If approved by Tynwald this Order comes into operation on 6 April 2024 and shall have effect in respect of the income tax year commencing 6 April 2024 and all subsequent years¹.
- (2) From 6 April 2024 the cash equivalent of a benefit under sections 2I and 2J of the Income Tax Act 1970 must be ascertained in accordance with the provisions of this Order and not in accordance with Schedule 1B to the Income Tax Act 1970.

3 Interpretation

- (1) In this Order —

“**bi-fuel vehicle**” means a vehicle capable of being propelled by —

- (a) petrol and road fuel gas; or
- (b) diesel and road fuel gas;

“**car**” means a mechanically propelled road vehicle which is not —

- (a) a goods vehicle;

¹ Tynwald approval is required by section 2I(6) of the Income Tax Act 1970.

- (b) a motor cycle;
- (c) an invalid carriage; or
- (d) a vehicle of a type not commonly used as a private vehicle and unsuitable to be so used;

“goods vehicle” means a vehicle of a construction primarily suited for the conveyance of goods or burden of any description;

“invalid carriage” has the meaning given by section 65(3) of the Road Traffic Act 1985;

“motor cycle” has the meaning given by section 65(3) of the Road Traffic Act 1985;

“qualifying emissions certificate” means a certificate or other document on the basis of which the vehicle is registered that specifies —

- (a) in the case of a vehicle other than a bi-fuel vehicle —
 - (i) a CO₂ emissions figure in terms of grams per kilometre driven; and
 - (ii) in the case of that CO₂ emissions figure being between 1 and 50 grams per kilometre driven, the maximum number of kilometres the car can be driven in electric mode without recharging the battery; or
- (b) in the case of a bi-fuel vehicle, separate CO₂ emissions figures in terms of grams per kilometre driven for different fuels; and

“road fuel gas” means any substance which is gaseous at a temperature of 15°C and under a pressure of 1013.25 millibars, and which is for use as fuel in road vehicles.

- (2) In this Order, references to the date of first registration in relation to a car are to the date on which the vehicle was first registered in any country or territory.
- (3) In this Order, references to the age of a car at any time are to the interval between the date of first registration of the vehicle and that time.

PART 2 - CARS

4 Method of calculating the cash equivalent of the benefit of a car

- (1) For the purposes of section 2I of the Income Tax Act 1970 (cars available for private use), the cash equivalent of the benefit of a car for an income tax year is calculated as follows —

Step 1

Find the price of the car in accordance with article 5 (price of the car).

Step 2

Add the price of any accessories which fall to be taken into account in accordance with article 6 (accessories).

Step 3

Make any deduction under article 7 (capital contributions by employee) for capital contributions made by the employee to the cost of the car or accessories.

The resulting amount is the interim sum.

Step 4

Find the appropriate percentage for the car for the year in accordance with articles 8 to 11 (appropriate percentage).

Step 5

Multiply the interim sum by the appropriate percentage for the car for the year.

Step 6

Make any deduction for any periods when the car was unavailable in accordance with article 12 (deduction for periods when car unavailable).

The resulting amount is the provisional sum.

Step 7

Make any deduction from the provisional sum in respect of payments by the employee for the private use of the car in accordance with article 13 (deduction for payments for private use).

The result is the cash equivalent of the benefit of the car for the year.

- (2) The method of calculation set out in paragraph (1) is modified in the special cases dealt with in—
 - (a) article 14 (cars that run on road fuel gas), and
 - (b) article 15 (classic cars: 15 years of age or more).
- (3) Where the car is shared, the cash equivalent is calculated under this article in accordance with article 16 (reduction of cash equivalent where car is shared).

5 Price of the car

- (1) The price of a car means —
 - (a) its list price, if it has one; or
 - (b) its notional price, if it has no list price.
- (2) A car's "list price" means the price published by the car's manufacturer, importer or distributor (as the case may be) as the inclusive price appropriate for a car of that kind if sold —

- (a) in the United Kingdom;
 - (b) singly;
 - (c) in a retail sale;
 - (d) in the open market; and
 - (e) on the day immediately before the date of the car's first registration.
- (3) A car's "notional price" means the price which might reasonably have been expected to be its list price if its manufacturer, importer or distributor (as the case may be) had published a price as the inclusive price appropriate for a sale of a car of the same kind sold —
- (a) in the United Kingdom;
 - (b) singly;
 - (c) in a retail sale;
 - (d) in the open market;
 - (e) on the day immediately before the date of the car's first registration; and
 - (f) with accessories equivalent to the accessories available with the car at the time when it was first made available to the employee.
- (4) In this article, "inclusive price" means the price inclusive of —
- (a) any charge for delivery by the manufacturer, importer or distributor to the seller's place of business; and
 - (b) any car tax, any value added tax, any customs or excise duty and any tax chargeable as if it were a customs duty.

6 Accessories

- (1) The price of an accessory (other than an accessory assumed to be available with cars of the same kind as the car in question in arriving at the list price of the car) is to be taken into account under step 2 of article 4(1) (method of calculating the cash equivalent of the benefit of a car).
- (2) References to the price of an accessory are to —
 - (a) its list price, if it has one; or
 - (b) its notional price, if it has no list price.
- (3) The list price of an accessory is the published price of the manufacturer, distributor or importer of the car or accessory at the time immediately before the accessory is first made available for use with the car.
- (4) The notional price of an accessory is the price the accessory would reasonably have been expected to fetch if sold at the time immediately before the accessory is first made available for use with the car.

- (5) The list price and notional price in paragraphs (3) and (4) in relation to an accessory means the inclusive price for the accessory if sold singly in a retail sale in the open market.
- (6) For the purposes of paragraph (5) “inclusive price” means the price inclusive of —
 - (a) any charge for delivery by the manufacturer, importer or distributor to the seller’s place of business;
 - (b) any value added tax, any customs or excise duty and any tax chargeable as if it were a customs duty; and
 - (c) any charge for fitting the accessory.
- (7) Where an accessory is a replacement of a previous accessory the price of the replacement accessory should only be included in step 2 of article 4(1) if it is superior to the previous accessory and in such cases the price of the previous accessory should be disregarded.

7 Capital contributions by employee

- (1) This article applies if the employee contributes a capital sum to expenditure on the provision of —
 - (a) the car; or
 - (b) any accessory which is taken into account in calculating the cash equivalent of the benefit of the car.
- (2) A deduction is to be made from the amount carried forward from step 2 of article 4(1) (method of calculating the cash equivalent of the benefit of a car) —
 - (a) for the income tax year in which the contribution is made; and
 - (b) for all subsequent years in which the employee is chargeable to income tax in respect of the car by virtue of section 2I(1) of the *Income Tax Act 1970*.
- (3) The amount of the deduction allowed in any income tax year is the lesser of —
 - (a) the total of the capital sums contributed by the employee in that year and any earlier years to expenditure on the provision of—
 - (i) the car; or
 - (ii) any accessory which is taken into account in calculating the cash equivalent of the benefit of the car for the income tax year in question; and
 - (b) £5,000.

8 Appropriate percentage

- (1) The “appropriate percentage” for a car for a year depends upon when the car was first registered and if it is a car with or without a CO₂ emissions figure.
- (2) If the car was first registered on or after 1 April 2010, the “appropriate percentage” is determined under articles 9 (car registered on or after 1 April 2010: the appropriate percentage) and 11 (bi-fuel car registered on or after 1 April 2010).
- (3) If the car —
 - (a) was first registered before 1 April 2010 or
 - (b) is not a car with a CO₂ emissions figure,the “appropriate percentage” is determined under article 10 (car registered before 1 April 2010 or a car for which a CO₂ emissions figure is unavailable: the appropriate percentage).

9 Car registered on or after 1 April 2010: the appropriate percentage

- (1) This article applies to a car first registered on or after 1 April 2010.
- (2) The car’s CO₂ emissions figure is the figure specified in the qualifying emissions certificate unless more than one figure is specified, in which case the car’s CO₂ emissions figure is the figure specified as the CO₂ emissions (combined) figure.
- (3) The appropriate percentage for a year for a car registered on or after 1 April 2010 and for which a CO₂ emissions figure is available is determined in accordance with table 1 in the Schedule.
- (4) Paragraph (2) is subject to article 11 (bi-fuel cars registered on or after 1 April 2010).
- (5) If a CO₂ emissions figure under paragraph (2) is not available for a car, the appropriate percentage is determined under article 10.

10 Car registered before 1 April 2010 or a car for which a CO₂ emissions figure is unavailable: the appropriate percentage

- (1) This article applies to —
 - (a) a car first registered before 1 April 2010; or
 - (b) a car for which a CO₂ emissions figure is unavailable.
- (2) The appropriate percentage for a year for a car with a cylinder capacity is determined in accordance with table 2 in the Schedule.
- (3) If paragraph (2) does not apply, the appropriate percentage for a year is —
 - (a) 2% if the car cannot in any circumstances emit CO₂ by being driven; and

- (b) 37% in any other case.

11 Bi-fuel car registered on or after 1 April 2010

- (1) This article applies to a car first registered on or after 1 April 2010 if it is so registered on the basis of a qualifying emissions certificate which specifies separate CO₂ emissions figures in terms of grams per kilometre driven for different fuels.
- (2) The car's CO₂ emissions figure is —
 - (a) the lowest figure specified; or
 - (b) if there is more than one figure specified in relation to each fuel, the lowest CO₂ emissions (combined) figure specified.

12 Deduction for periods when car unavailable

- (1) If, for any part of the relevant year, the car was unavailable, a deduction is to be made from the amount carried forward from step 5 of article 4(1) (method of calculating the cash equivalent of the benefit of a car), of an amount which bears to the amount carried forward from step 5 the same proportion as the number of days in the year on which the car was unavailable bears to 365.
- (2) The car is to be treated as being unavailable on any day if —
 - (a) it was not made available to the employee until after that day, or it had ceased before that day to be available to the employee; or
 - (b) it was incapable of being used at all throughout a period of not less than 30 consecutive days of which that day was one.

13 Deduction for payments for private use

- (1) If in the relevant year the employee was required, as a condition of the car being available for the employee's private use, to pay any amount of money (whether by way of deduction from emoluments or otherwise) for that use, a deduction from the provisional sum calculated under step 6 of article 4(1) (method of calculating the cash equivalent of the benefit of a car) is to be made equal to the amount so paid by the employee in or in respect of the year.
- (2) If the amount paid by the employee in respect of that year is equal to or exceeds the provisional sum, the provisional sum is reduced so that the cash equivalent of the benefit of the car for that year is nil.

14 Cars that run on road fuel gas

For the purposes of article 4, if the car has been manufactured so as to be capable of running on road fuel gas, and is not a car to which article 11 (bi-fuel car registered on or after 1 April 2010) applies, the price of the car found under step

1 of article 4(1) (method of calculating the cash equivalent of the benefit of a car) is to be reduced by so much of that price as it is reasonable to attribute to the car being manufactured in such a way as to be capable of running on road fuel gas rather than in such a way as to be capable of running only on petrol.

15 Classic cars: 15 years of age or more

- (1) This article applies in calculating the cash equivalent of the benefit of a car for an income tax year if —
 - (a) the age of the car at the end of the year is 15 years or more;
 - (b) the market value of the car for the year is £15,000 or more; and
 - (c) that market value exceeds the interim sum calculated under step 3 of article 4(1) (method of calculating the cash equivalent of the benefit of a car).
- (2) For the interim sum calculated under step 3 substitute the market value of the car for the tax year in question less any deductions under paragraph (6).
- (3) The market value of a car for an income tax year is the price which the car might reasonably have been expected to fetch on a sale in the open market on —
 - (a) the last day of that year; or
 - (b) the last day in that year on which the car is available to the employee if that is earlier.
- (4) It is assumed that any accessories available with the car on that day are included in the sale.
- (5) Paragraph (6) applies if the employee contributes a capital sum to expenditure on the provision of —
 - (a) the car; or
 - (b) any accessory which is taken into account in determining the market value of the car.
- (6) A deduction is to be made from the market value of the car —
 - (a) for the income tax year in which the contribution is made; and
 - (b) for all subsequent years in which the employee is chargeable to tax in respect of the car by virtue of section 2I(1) of the *Income Tax Act 1970*.
- (7) The amount of the deduction allowed in any tax year is the lesser of —
 - (a) the total of the capital sums contributed by the employee in that year and any earlier years to expenditure on the provision of —
 - (i) the car; or

- (ii) any accessory which is taken into account in determining the market value of the car for the income tax year in question; and
- (b) £5,000.

16 Reduction of cash equivalent where car is shared

- (1) This article applies for the purposes of article 4 (method of calculating the cash equivalent of the benefit of a car) if in an income tax year a car—
 - (a) is available to more than one employee concurrently;
 - (b) is so made available by the same employer; and
 - (c) is available concurrently for each employee's private use, and two or more of those employees are chargeable to income tax in respect of the car in that year by virtue of section 21(1) of the *Income Tax Act 1970*.
- (2) The amount to be treated as income attributable to the employment in respect of the benefit of the car is to be calculated separately for each of those employees for that income tax year.
- (3) The provisional sum calculated under step 6 in article 4(1) is to be reduced on a just and reasonable basis before making any deduction under step 7.
- (4) In this article the reference to the car being available for each employee's private use includes a reference to the car being available for the private use of a member of the employee's family or household.

17 Additional cars

If in any year a person is taxable in respect of two or more cars which are made available concurrently, the cash equivalent, as determined under step 7 in article 4(1), in respect of each car is to be aggregated with the cash equivalent determined under step 7 in respect of each other car.

PART 3 - CAR FUEL

18 Car fuel: calculating the cash equivalent

- (1) Subject to paragraph (4), for the purposes of section 2J of the *Income Tax Act 1970* (car fuel), the cash equivalent of the benefit of fuel is the appropriate percentage of £27,800.
- (2) The "appropriate percentage" means the appropriate percentage determined in accordance with articles 8 to 11 (appropriate percentage) for the purpose of calculating the cash equivalent of the benefit of the car for which the fuel is provided.

- (3) But the cash equivalent may be —
- (a) nil where either of section 2J(6)(a) or (b) of the Income Tax Act 1970 applies;
 - (b) reduced under article 19 (car fuel: reduction of cash equivalent).
- (4) The cash equivalent of the benefit of fuel which is electrical energy or any energy for a car which cannot in any circumstances emit CO₂ by being driven, is nil.

19 Car fuel: reduction of cash equivalent

If a reduction of the cash equivalent of the benefit of the car for which the fuel is provided is made under article 12 (deduction for periods when car unavailable) or article 16 (reduction of cash equivalent where car is shared), a corresponding reduction is to be made in relation to the cash equivalent of the benefit of the fuel.

20 Car fuel: additional cars

If in any year a person is taxable in respect of fuel provided for two or more cars which are made available concurrently, the cash equivalents calculated under article 18 in respect of the fuel for each of those cars are to be aggregated.

MADE 7TH FEBRUARY 2024

DR A. ALLINSON
Minister for the Treasury

SCHEDULE

APPROPRIATE PERCENTAGES

[Articles 9 and 10]

CARS REGISTERED ON OR AFTER 1 APRIL 2010: THE APPROPRIATE PERCENTAGE

| TABLE 1 | | |
|--|----------------------------------|---------------------------|
| CO ₂ emissions figure (grams per km) | Electric range figure (miles) | Appropriate percentage |
| 0 | — | 2% |
| 1 to 50 | 130 and above | 2% |
| 1 to 50 | 70 to 129 | 5% |
| 1 to 50 | 40 to 69 | 8% |
| 1 to 50 | 30 to 39 | 12% |
| 1 to 50 | less than 30 | 14% |
| 51 to 54 | — | 15% |
| 55 to 59 | — | 16% |
| 60 to 64 | — | 17% |
| 65 to 69 | — | 18% |
| 70 to 74 | — | 19% |
| 75 to 79 | — | 20% |
| 80 to 84 | — | 21% |
| 85 to 89 | — | 22% |
| 90 to 94 | — | 23% |
| 95 to 99 | — | 24% |
| 100 to 104 | — | 25% |
| 105 to 109 | — | 26% |
| 110 to 114 | — | 27% |

| | | |
|---------------|---|-----|
| 115 to 119 | — | 28% |
| 120 to 124 | — | 29% |
| 125 to 129 | — | 30% |
| 130 to 134 | — | 31% |
| 135 to 139 | — | 32% |
| 140 to 144 | — | 33% |
| 145 to 149 | — | 34% |
| 150 to 154 | — | 35% |
| 155 to 159 | — | 36% |
| 160 to 164 | — | 37% |
| 165 to 169 | — | 37% |
| 170 and above | — | 37% |

For the purposes of table 1 —

- (a) if a CO₂ emissions figure is not a whole number, round it down to the nearest whole number;
- (b) if an electric range figure is not a whole number, round it up to the nearest whole number;
- (c) an “electric range figure” is the number of miles which is the equivalent of the number of kilometres specified in a qualifying emissions certificate as being the maximum distance for which the car can be driven in electric mode without recharging the battery;
- (d) in a case where a car is first registered before 1 April 2018 any WLTP (worldwide harmonised light vehicles test procedure) value specified in the qualifying emissions certificate should be ignored;
- (e) in a case where a car is first registered on or after 1 April 2018 any values specified in the qualifying emissions certificate that are not WLTP (worldwide harmonised light vehicles test procedure) values should be ignored.

CARS REGISTERED BEFORE 1 APRIL 2010 OR CARS FOR WHICH A CO₂ EMISSIONS FIGURE IS UNAVAILABLE: THE APPROPRIATE PERCENTAGE

| TABLE 2 | |
|--|-------------------------------|
| Cylinder capacity of car in cubic centimetres | Appropriate percentage |
| 1,400 or less | 24% |
| More than 1,400 but not more than 2,000 | 35% |
| More than 2,000 | 37% |

For the purposes of table 2, where a car derives its motive power wholly from an internal combustion engine worked by a cylinder or cylinders, its cylinder capacity is the cylinder capacity of its engine calculated as for the purposes of the Licensing and Registration of Vehicles Act 1985.

*EXPLANATORY NOTE**(This note is not part of the Order)*

This Order is made under sections 2I and 2J of the Income Tax Act 1970. It provides for the calculation of the cash equivalent of a car or fuel provided by an employer to an employee for private use.

Broadly, the cash equivalent of a car is calculated by multiplying:

- the price of the car (article 5), plus
- the price of accessories (article 6), by
- the appropriate percentage (article 9 and 10 and Schedule).

The following are also taken into account:

- capital contributions by the employee to the cost of the car or accessories (article 7);
- periods when the car is unavailable (article 12);
- payments by the employee for private use of the car (article 13);
- if the car is a classic car (article 15);
- periods when the car is shared (article 16); and
- cases where two or more cars are available concurrently.

Part 3 of the Order provides for the calculation of the cash equivalent in respect of car fuel (article 18).

The cash equivalent can be reduced if the car is unavailable for part of the year (article 19) or if the car is shared (article 20).