

**2011 No. 895**

**INCOME TAX**

**The Car Fuel Benefit Order 2011**

*Made* - - - - *23rd March 2011*

*Laid before the House of Commons* *23rd March 2011*

*Coming into force* - - *1st April 2011*

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 2011.

(2) This Order comes into force on 1st April 2011 and has effect for the tax year 2011-12 and subsequent tax years.

**Amendment to 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 “£18,000” substitute “£18,800”.

*Michael Fabricant*  
*James Duddridge*

23rd March 2011

Two of the Lords Commissioners of Her Majesty’s Treasury

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(a) 2003 c. 1; section 170(5) was amended by paragraph 7(4) of Schedule 14 to the Finance Act 2004 (c. 12).  
(b) Section 150(1) was last amended by S.I. 2010/406.

## 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 2010-11, the cash equivalent of the benefit of the fuel is calculated by applying the “appropriate percentage” (normally calculated by reference to the CO<sub>2</sub> emissions of a car) to the figure of £18,000 in section 150(1) of the Act.

Article 2 of the Order increases the figure in section 150(1) of the Act to £18,800 with effect from the tax year 2011-12.

In line with government commitments, a Tax Information and Impact Note has not been prepared for this instrument as it gives effect to previously announced policy and relates to routine changes to rates to a predetermined indexation formula.

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