

Assets provided for private use

i Contacts

Please phone:

- the number printed on page TR 1 of your tax return
- the SA Helpline on **0845 9000 444**
- the SA Orderline on **0845 9000 404** for helpsheets

or go to

www.hmrc.gov.uk

This helpsheet tells you how to work out the figure to enter in box 15 on the *Employment* page of your tax return if, by reason of your employment, you have been provided with an asset for private use.

If, by reason of your employment, an asset other than living accommodation, a car, van or mobile phone is put at your disposal (or used wholly or partly for your purposes) it is taxable on the basis set out below. The cash equivalent to include in the entry in box 15 is:

- the annual value of the asset's use, plus
- expenses (other than the cost of acquiring it) incurred in connection with it that would not have been incurred but for the provision of the benefit.

Definition of the 'annual value of the asset's use'

If the asset provided to you is land, the 'annual value of the asset's use' is the greater of:

- the gross rateable value when the property was last rated, and
- any rent paid by the provider.

If the asset provided is not land, the 'annual value of the asset's use' is equal to 20% of its market value when it was first used to provide a benefit (10% if the asset was first used to provide benefit before 6 April 1980), unless the provider paid rent for it that was more than that amount. In the latter case, the rent paid replaces the lower figure as the annual value of its use.

Where the asset was first provided or stopped being provided part-way through the tax year, or was used by someone else, the annual value of the asset's use is reduced proportionately.

Please see the example overleaf.

Example

On 6 April 2010 a company buys a cabin cruiser on the open market for £25,000.

It immediately makes this available for the sole use of a director and the director's family throughout the tax year 2010-11.

In the same year the company spends £2,400 on insurance, fuel, maintenance, servicing and mooring charges for the cabin cruiser. It also pays £4,500 interest on a loan obtained to purchase the cruiser. The director pays the company £1,500 for his use of the cruiser.

Calculation of the benefit

The amount the director has to include in box 15 of the benefit from the cabin cruiser being made available for his and his family's use is:

Annual value of the use of the cabin cruiser at 20% of its market value of £25,000	£5,000
Plus running costs borne by the employer	£2,400
	£7,400
Minus 'made good' by the director	£1,500
Benefit	£5,900

Notes on the example

In the example the 'market value' of the cabin cruiser is taken as £25,000, as this was the open market price paid by the company immediately before it was first applied as a benefit.

If the company had leased the cabin cruiser for £6,000 a year from 6 April 2010, £6,000 would have been substituted for the 'annual value of the use of the cabin cruiser' (£5,000), shown above.

If the company had leased the cabin cruiser for less than the annual value of £5,000, the lease rent would have been disregarded. The calculation would have remained as shown in the example above – based on the annual value of £5,000.

The interest paid on the loan to buy the cabin cruiser does not enter into the benefit calculation.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any rights of appeal. Any subsequent amendments to these notes can be found at www.hmrc.gov.uk