

Increased wear and tear allowances for taxis and cars for short-term hire. FA87 s24; FA96 s131, s132(1) and Sch5 Ptl par16 286.—(1) (a) In this section—

“car” means any mechanically propelled road vehicle, being a vehicle which has been constructed or adapted to be primarily suited to the carriage of passengers and not to the conveyance of goods or burden of any description or to the haulage by road of other vehicles, and which is a vehicle of a type commonly used as a private vehicle and suitable to be so used, and includes a vehicle in use for the purpose referred to in paragraph (ii) of the definition of “qualifying purposes”;

“qualifying purposes” means, subject to paragraphs (c) and (d), the use in the ordinary course of trade of a car for the purposes of—

(i) short-term hire to members of the public, or

(ii) the carriage of members of the public while the car is a licensed public hire vehicle fitted with a taximeter in accordance with the Road Traffic (Public Service Vehicles) Regulations, 1963 );

“short-term hire”, in relation to a car and subject to paragraph (b), means the hire of the car to a person under a hire-drive agreement of the Road Traffic Act, 1961 ) for a continuous period which does not exceed 8 weeks.

(b) Where a period of hire of a car to a person by another person is followed within 7 days of the end of that period by a further period of hire of a car (whether the same car or not) to that person by that other person, the 2 periods shall be deemed for the purposes of this section, including any subsequent application of this paragraph, to constitute together a single continuous period of hire so that, where that continuous period of hire exceeds 8 weeks, the period of hire of any car included in that continuous period of hire shall not be treated as a period of short-term hire, and for the purposes of this paragraph any reference to a person shall be treated as including a reference to any other person who is connected with that person.

(c) For the purposes of this section, a car shall be regarded as used by a person for qualifying purposes as respects a chargeable period only if not less than 75 per cent of its use (determined by reference to the periods of time in which the car is used, or available for use, for any purpose) by that person in the chargeable period or its basis period is for qualifying purposes.

(d) Notwithstanding paragraph (c), where as respects a chargeable period the use of a car for qualifying purposes does not satisfy the requirements of that paragraph but would have satisfied those requirements if the reference in that paragraph to 75 per cent were a reference to 50 per cent, the car shall be deemed to be used for qualifying purposes as respects that chargeable period if the use of the car by that person for qualifying purposes satisfied the requirements of that paragraph as respects the immediately preceding chargeable period, or the car shall be deemed to be so used if that use of the car has satisfied those requirements as respects the immediately succeeding chargeable period, and the inspector shall accordingly adjust the amount of capital allowances to be made in taxing the person's trade and any amount of tax

overpaid shall be repaid.

(2) In determining what capital allowances are to be made to a person for any chargeable period in taxing a trade which consists of or includes the carrying on of qualifying purposes, section 284 shall apply to a car which as respects that period has been used by the person for qualifying purposes as if the reference in subsection (2)(a)(ii) of that section to 20 per cent were a reference to 40 per cent.