STATUTORY INSTRUMENTS

2005 No. 2209

INCOME TAX

The Income Tax (Car Benefits) (Reduction of Value of Appropriate Percentage) (Amendment) Regulations 2005

Made - - - -	*4th August 2005*
Laid before House of Commons	*8th August 2005*
Coming into force - -	*6th April 2006*

The Treasury, in exercise of the powers conferred upon them by section 170(4) of the Income Tax (Earnings and Pensions) Act 2003(**a**) make the following Regulations:

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Income Tax (Car Benefits) (Reduction of Value of Appropriate Percentage) (Amendment) Regulations 2005 and shall come into force on 6th April 2006.

(2) In these Regulations "the Car Benefit Regulations" means the Income Tax (Car Benefits) (Reduction of Value of Appropriate Percentage) Regulations 2001(**b**).

Amendment of the Car Benefit Regulations

2.—(1) The Car Benefit Regulations shall be amended in accordance with this regulation.

(2) Regulation 3 (prescribed reduction of value of appropriate percentage – cars propelled solely by diesel) shall cease to have effect in respect of any car registered on or after 1st January 2006.

(3) In regulation 5 (prescribed reduction of value of appropriate percentage – hybrid cars capable of being propelled by electricity and petrol) for the words following "The amount prescribed by this paragraph shall be" substitute "3%".

(4) In regulation 6 (prescribed reduction of value of appropriate percentage – cars propelled solely by road fuel gas and bi-fuel cars to which paragraph 5 of Schedule 6 applies) for the words following "The amount prescribed by this paragraph shall be" substitute "2%".

(5) Omit regulation 7 (prescribed reduction of value of appropriate percentage – bi-fuel cars to which paragraph 5 of Schedule 6 does not apply).

Dave Watts
Vernon Coaker
4th August 2005 Two of the Lords Commissioners of Her Majesty's Treasury

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(**a**) 2003 c.1. Section 170(4) was derived from paragraph 5E of Schedule 6 to the Income and Corporation Taxes Act 1988.
(**b**) S.I. 2001/1123.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These regulations amend The Income Tax (Car Benefits) (Reduction of Value of Appropriate Percentage) Regulations 2001 (S.I. 2001/1123) ("the Car Benefits Regulations").

Regulation 1 provides for the citation and commencement of these Regulations, and for interpretation.

Regulation 2 amends the Car Benefits Regulations. Paragraph (2) provides that regulation 3 of the Car Benefits Regulations shall cease to have effect in respect of any car registered on or after 1st January 2006. This waiver will continue for cars registered before 1 January 2006. Paragraph (3) provides that the standard reduction for hybrid electric and petrol cars contained in regulation 5 of the Car Benefits Regulations shall be increased to 3% and removes the additional discount "B". Paragraph (4) provides that the standard reduction for gas-only and bi-fuel gas and petrol cars contained in regulation 6 of the Car Benefits Regulations shall be increased to 2% and removes the additional discount "B". Paragraph (5) omits regulation 7 of the Car Benefits Regulations.

These Regulations impose negligible costs on business, and most businesses will face no additional costs at all.

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