

FINANCE ACT 2010

EXPLANATORY NOTES

INTRODUCTION

Section 59: Cars With CO₂ Emissions Figure

Background Note

6. Section 139 of ITEPA sets out the basis for calculating the appropriate percentage for cars with CO₂ emissions. The appropriate percentage multiplied by the list price of the car (adjusted for any taxable accessories) provides the level of chargeable benefit for company car tax and Class 1A National Insurance Contributions.
7. The current graduated table of company car tax bands will be extended down to a new 10 per cent band, and all CO₂ emissions thresholds moved down by 5g/km on 6 April 2012 so that the 10 percent band will apply to company cars with CO₂ emissions up to 99g/km. Qualifying Low Emissions Cars (QUALECs) will therefore no longer exist as a separate category. These changes support the Government's commitments on reducing carbon emissions.