
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.