

2007 No. 3068

INCOME TAX

**The Income Tax (Car Benefits) (Reduction of Value of
Appropriate Percentage) (Amendment) Regulations 2007**

<i>Made</i>	- - - -	<i>24th October 2007</i>
<i>Laid before the House of Commons</i>		<i>25th October 2007</i>
<i>Coming into force</i>	- -	<i>6th April 2008</i>

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

Citation and commencement

1. These Regulations may be cited as the Income Tax (Car Benefits) (Reduction of Value of Appropriate Percentage) (Amendment) Regulations 2007 and shall come into force on 6th April 2008.

Amendments to the Income Tax (Car Benefits) (Reduction of Value of Appropriate Percentage) Regulations 2001

2. The Income Tax (Car Benefits) (Reduction of Value of Appropriate Percentage) Regulations 2001(b) are amended as follows.

3. In regulation 2 (interpretation)—

- (a) after the definition of “bi-fuel car” insert—
““bioethanol” has the meaning given in section 2AB of the Hydrocarbon Oil Duties Act 1979(c);”;
- (b) after the definition of “Directive 98/70/EC” insert—
““ITEPA” means the Income Tax (Earnings and Pensions) Act 2003;”;
- (c) in the definition of “road fuel gas” for “section 168AB(3) of the Income Tax and Corporation Taxes Act 1988” substitute “section 171(1) of ITEPA”;
- (d) in the definition of “the value of the appropriate percentage” for “paragraphs 2 to 5D of Schedule 6” substitute “sections 133 to 142 of ITEPA”; and

(a) 2003 c.1.

(b) S.I. 2001/1123 as amended by S.I. 2005/2209.

(c) 1979 c. 5. The definition of “bioethanol” was inserted by section 10(1) of the Finance Act 2004 (c. 12).

(e) after the definition of “the value of the appropriate percentage” add—
““unleaded petrol” has the meaning given in section 1(3C) of the Hydrocarbon Oil Duties Act 1979(a).”.

4. In regulation 4(2)(b) (prescribed reduction of value of appropriate percentage—electrically propelled cars) for “Schedule 6” substitute “section 140 of ITEPA”.

5. 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)(b) and in the heading preceding it, for “paragraph 5 of Schedule 6” substitute “section 137 of ITEPA”.

6. After Regulation 6 insert—

“Prescribed reduction of value of appropriate percentage – cars capable of running on bioethanol

6A.—(1) In the circumstances prescribed by paragraph (2) the value of the appropriate percentage shall be reduced by the amount prescribed by paragraph (3).

(2) The circumstances prescribed by this paragraph are circumstances where the car—

(a) is first registered on or after 1st January 1998, and

(b) is constructed so as to be capable of being propelled by—

(i) bioethanol, or

(ii) a mixture of bioethanol and unleaded petrol, if the proportion of bioethanol by volume is at least 85%.

(3) The amount prescribed by this paragraph is 2%.”.

Dave Watts
Alan Campbell

24th October 2007

Two of the Lords Commissioners of Her Majesty’s Treasury

(a) Subsections (3A) to (3C) of section 1, (as inserted by section 5(1) of the Finance Act 2000 (c. 17), and subsection (3C) having been subsequently repealed by Part 1(1) of Schedule 33 to the Finance Act 2001 (c. 9)), were substituted by section 7(1) of the Finance Act 2004 (c. 12).

(b) Regulation 6 was amended by regulation 2(4) of S.I. 2005/2209.

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 3 amends regulation 2 (interpretation) of the Car Benefits Regulations by updating or inserting various definitions.

Regulations 4 and 5 update legislative references following the enactment of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (“ITEPA”).

Regulation 6 inserts a new regulation which prescribes a reduction of the value of the appropriate percentage in relation to cars which are constructed so as to be capable of running on 85% bioethanol or on a mixture of bioethanol and unleaded petrol.

A full regulatory impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.

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