STATUTORY INSTRUMENTS

2010 No. 695

INCOME TAX

The Income Tax (Car Benefits) (Reduction of Value of Appropriate Percentage) (Revocation) Regulations 2010

Made - - - -	*10th March 2010*
Laid before the House of Commons	*11th March 2010*
Coming into force - -	*6th April 2010*

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) (Revocation) Regulations 2010 and shall come into force on 6th April 2010.

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

2. Regulation 4 of the Income Tax (Car Benefits) (Reduction of Value of Appropriate Percentage) Regulations 2001 is revoked(**b**).

3. The Income Tax (Car Benefits) (Reduction of Value of Appropriate Percentage) Regulations 2001 are revoked with effect from 6th April 2011.

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

4. The Income Tax (Car Benefits) (Reduction of Value of Appropriate Percentage) (Amendment) Regulations 2005 are revoked with effect from 6th April 2011(**c**).

Revocation of the Income Tax (Car Benefits) (Reduction of Value of Appropriate Percentage) (Amendment) Regulations 2007

5. The Income Tax (Car Benefits) (Reduction of Value of Appropriate Percentage) (Amendment) Regulations 2007 are revoked with effect from 6th April 2011(**d**).

(**a**) 2003 c.1.
(**b**) S.I. 2001/1123, to which there are amendments not relevant to these Regulations.
(**c**) S.I. 2005/2209.
(**d**) S.I. 2007/3068.

Tony Cunningham
Dave Watts
10th March 2010 Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations revoke the Income Tax (Car Benefits) (Reduction of Value of Appropriate Percentage) Regulations 2001 (S.I. 2001/1123) ("the principal Regulations"), the Income Tax (Car Benefits) (Reduction of Value of Appropriate Percentage) (Amendment) Regulations 2005 (S.I. 2005/2209) ("the 2005 Regulations") and the Income Tax (Car Benefits) (Reduction of Value of Appropriate Percentage) (Amendment) Regulations 2007 (S.I. 2007/3068) ("the 2007 Regulations").

Chapter 6 of Part 3 of the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA") provides for a system for taxing company car benefits based on the list price of the car and the 'appropriate percentage', normally based on CO_2 emissions. The principal Regulations provide for reductions to the appropriate percentage as set out in sections 139 and 140 of ITEPA for cars using a range of alternative fuels including wholly electrically propelled cars and hybrid cars. For cars meeting a European Community standard for cleaner cars, commonly known as Euro IV, and registered before 1st January 2006, the principal Regulations also remove the diesel supplement of 3 per cent imposed by section 141 of ITEPA. The principal Regulations were amended by the 2005 Regulations and subsequently by the 2007 Regulations so as to adjust the regime of reductions.

Paragraph 7 of Schedule 28 to the Finance Act 2009 amended section 140(3)(a) of ITEPA to provide that the appropriate percentage for wholly electrically propelled cars shall be 9 per cent from 6th April 2011. Subsequently it was announced that wholly electrically propelled cars would be subject to a 5 year exemption from the taxable benefit charge with effect from 6th April 2010. Primary legislation will be amended to achieve this.

Regulation 2 revokes regulation 4 of the principal Regulations to ensure that the appropriate percentage applicable to wholly electrically propelled cars will be 0 per cent with effect from 6th April 2010 following the enactment of the relevant primary legislation.

Regulation 3 revokes the remainder of the principal Regulations with effect from 6th April 2011.

Regulation 4 revokes the 2005 Regulations with effect from 6th April 2011 as a consequence of the revocation of the principal Regulations.

Regulation 5 revokes the 2007 Regulations with effect from 6th April 2011 as a consequence of the revocation of the principal Regulations.

A full and final Impact Assessment has not been produced for this instrument as a negligible impact on the private or voluntary sectors is foreseen.

Printed and published in the UK by The Stationery Office Limited under the authority and superintendence of Carol Tullo, Controller of Her Majesty's Stationery Office and Queen's Printer of Acts of Parliament.

£4.00

E6420 03/2010 106420T 19585