Finance Act 2022

2022 CHAPTER 3

An Act to grant certain duties, to alter other duties, and to amend the law relating to the national debt and the public revenue, and to make further provision in connection with finance. [24th February 2022]

Most Gracious Sovereign

WE, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and to grant unto Your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART 1

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Income tax charge, rates etc

1 Income tax charge for tax year 2022-23

Income tax is charged for the tax year 2022-23.

2 Main rates of income tax for tax year 2022-23

For the tax year 2022-23 the main rates of income tax are as follows—

(a) the basic rate is 20%,

(b) the higher rate is 40%, and

(c) the additional rate is 45%.

3 Default and savings rates of income tax for tax year 2022-23

(1) For the tax year 2022-23 the default rates of income tax are as follows—

(a) the default basic rate is 20%,

(b) the default higher rate is 40%, and

(c) the default additional rate is 45%.

(2) For the tax year 2022-23 the savings rates of income tax are as follows—

(a) the savings basic rate is 20%,

(b) the savings higher rate is 40%, and

(c) the savings additional rate is 45%.

4 Increase in rates of tax on dividend income

(1) In section 8 of ITA 2007 (which provides, among other things, for the dividend ordinary rate, dividend upper rate and dividend additional rate)—

(a) in subsection (1) (the dividend ordinary rate), for "7.5%" substitute "8.75%",

(b) in subsection (2) (the dividend upper rate), for "32.5%" substitute "33.75%", and

(c) in subsection (3) (the dividend additional rate), for "38.1%" substitute "39.35%".

(2) In section 9(2) of ITA 2007 (the dividend trust rate), for "38.1%" substitute "39.35%".

(3) The amendments made by this section have effect for the tax year 2022-23 and subsequent tax years.

5 Freezing starting rate limit for savings for tax year 2022-23

(1) For the tax year 2022-23 the amount specified in section 12(3) of ITA 2007 (the starting rate limit for savings) is "£5,000".

(2) Accordingly, section 21 of that Act (indexation) does not apply in relation to the starting rate limit for savings for that tax year.

Banking surcharge

6 Rate of surcharge and surcharge allowance

(1) In section 269DA(1) of CTA 2010 (surcharge on banking companies), for "8%" substitute "3%".

(2) In each of the following provisions of Part 7A of CTA 2010 (which make provision in relation to the surcharge allowance), for "£25,000,000" substitute "£100,000,000"—

(a) section 269DE(3) and (4),

(b) section 269DF(2) and (3), and

(c) section 269DJ(3).

(3) The amendments made by this section have effect for accounting periods beginning on or after 1 April 2023.

(4) The remaining provisions of this section deal with a case where a company has an accounting period (a "straddling period") beginning before 1 April 2023 and ending on or after that date.

(5) For the purpose of calculating—

(a) the amount of surcharge chargeable on a company for the straddling period, and

(b) the sum chargeable on a company at step 5 in section 371BC(1) of TIOPA 2010 (and see, in particular, section 371BI of that Act) for the straddling period,

so much of the straddling period as falls before 1 April 2023, and so much of it as falls on or after that date, are to be treated as separate accounting periods.

(6) If it is necessary to apportion an amount for the straddling period to the two separate accounting periods, see section 1172 of CTA 2010 (which applies as a result of section 269DL of CTA 2010).

Trading and property income

7 Abolition of basis periods

Schedule 1 makes provision for and in connection with the abolition of basis periods under Chapter 15 of Part 2 of ITTOIA 2005.

8 Profits of property businesses: late accounting date rules

(1) Chapter 3 of Part 3 of ITTOIA 2005 (profits of property businesses: basic rules) is amended as follows.

(2) In section 275 (apportionment etc of profits to tax year)—

(a) in subsection (1), for "This section applies" substitute "This section and sections 275A to 275C apply";

(b) at the end insert—

"(5) Sections 275A and 275B contain rules for the purpose of avoiding the need to apportion profits or losses under this section (and section 275C makes provision for the person carrying on the business to elect for those rules not to apply)."

(3) After section 275 insert—

"**275A Rule if person starts to carry on business after 31 March**

(1) This section applies if, in a tax year ("the relevant tax year"), the person carrying on the business—

(a) starts to carry it on after 31 March, and

(b) does not permanently cease to carry it on.

(2) For the purposes of this Part—

(a) the profits or losses of the business of the relevant tax year are treated as nil, and

(b) the actual profits or losses of the business of the relevant tax year are treated as arising in the following tax year.

275B Rule if there is a late accounting date

(1) This section applies if, in a tax year ("the relevant tax year"), the person carrying on the business—

(a) does not start to carry it on or starts to carry it on before 1 April,

(b) does not permanently cease to carry it on, and

(c) has an accounting date that is 31 March or 1, 2, 3 or 4 April.

(2) For the purposes of this Part—

(a) the profits or losses of the business of the period beginning with the day after the accounting date and ending with 5 April in the relevant tax year are treated as nil, and

(b) the actual profits or losses of the business of that period are treated as arising in the following tax year.

(3) In this section, "accounting date" in relation to a tax year means—

(a) the date in the tax year to which accounts are drawn up, or

(b) if there are two or more such dates, the latest of them.

275C Election to disapply late accounting date rules

(1) The person carrying on the business may make an election under this section.

(2) If an election under this section has effect for a tax year, neither of sections 275A and 275B apply in relation to the business for that tax year.

(3) An election under this section—

(a) must be made on or before the first anniversary of the normal self-assessment filing date for the first tax year for which it is to have effect, and

(b) has effect for that tax year and the four tax years following that tax year (subject to subsection (4)).

(4) If the person permanently ceases to carry on the business before the end of the last of the tax years mentioned in subsection (3)(b), the election has effect for each tax year up to and including the tax year immediately before the tax year in which the person permanently ceases to carry on the business."

(4) The amendments made by this section have effect for the tax year 2023-24 and subsequent tax years.

Pensions

9 Liability of scheme administrator for annual allowance charge

(1) Part 4 of FA 2004 (pension schemes etc) is amended as follows.

(2) In section 237B(5)(a) (liability of scheme administrator for annual allowance charge), for "not later than 31 July in the year following that in which the tax year ends" substitute "in accordance with the time limit in section 237BA".

(3) After that section insert—

"**237BA Time limit for notices under section 237B**

(1) This section specifies the time limit for an individual to give a notice under section 237B(3) in relation to a pension scheme for a tax year (see section 237B(5)(a)).

(2) Except where subsection (5) applies, the individual must give the notice not later than 31 July in the year following the year in which the tax year ends.

(3) Subsection (5) applies where—

(a) at a relevant time, the scheme administrator gives the individual information about a change to the pension scheme input amount in relation to the pension scheme for the tax year,

(b) the scheme administrator is required to give the individual the information by regulations under section 251, and

(c) section 237B applies to the individual, in relation to the pension scheme and the tax year, as a result of that change.

(4) In subsection (3), "relevant time" means a time falling—

(a) on or after 2 May in the year following that in which the tax year in question ends, and

(b) before the end of the period of 6 years beginning with the end of the tax year in question.

(5) Where this subsection applies, the individual must give the notice before whichever is the earlier of the following—

(a) the end of the period of 3 months beginning with the day on which the scheme administrator gives the individual the information described in subsection (3)(a), and

(b) the end of the period of 6 years beginning with the end of the tax year in question.

(6) In this section, "pension scheme input amount" has the meaning given in section 237B(2)."

(4) In section 254 (accounting for tax by scheme administrators)—

(a) in subsection (7A), for the words from "the period ending" to the end substitute "the later of—

(a) the period ending with 31 December in the year following that in which that tax year ended, and

(b) the period following the period in which the scheme administrator receives the notice which gives rise to the liability,

subject to subsections (7AA) and (7B).",

(b) after that subsection insert—

"(7AA) The tax described in subsection (7A) is to be taken for the purposes of subsection (2) to be charged in an earlier period if the scheme administrator makes an election to that effect in the return for the earlier period.", and

(c) in subsection (7B)—

(i) omit "But", and

(ii) after "(7A)" insert "or (7AA)".

10 Increase of normal minimum pension age

(1) Part 4 of FA 2004 (pension schemes etc) is amended in accordance with subsections (2) to (6).

(2) In section 279(1) (other definitions), for the definition of "normal minimum pension age" substitute—

""normal minimum pension age" means—

(a) in relation to, and to a member of, a pension scheme that is not a uniformed services pension scheme—

(i) before 6 April 2010, 50,

(ii) on and after that date but before 6 April 2028, 55, and

(iii) on and after 6 April 2028, 57, and

(b) in relation to, and to a member of, a uniformed services pension scheme—

(i) before 6 April 2010, 50, and

(ii) on and after that date, 55,".

(3) In that section, after subsection (3) insert—

"(4) In this section "uniformed services pension scheme" means a pension scheme that—

(a) is established by or under an enactment or Royal Warrant for the benefit of persons described in subsection (5) (whether or not other persons may be members of such a scheme), or

(b) is established solely for the receipt of additional voluntary contributions from members of a scheme falling within paragraph (a),

subject to any regulations made under subsection (6).

(5) Those persons are persons who are or were—

(a) members of the naval, military or air forces of the Crown (including members of any reserve force);

(b) members of a police force other than the Civil Nuclear Constabulary;

(c) firefighters.

(6) The Treasury may by regulations —

(a) amend subsection (5) by adding to, varying or omitting descriptions of persons;

(b) provide for a pension scheme not falling within subsection (4)(a) or (b) that is specified, or is of a specified description, to be treated as a uniformed services pension scheme;

(c) provide for a pension scheme falling within subsection (4)(a) or (b) that is specified, or is of a specified description, to be treated as not being a uniformed services pension scheme.

"Specified" means specified in the regulations.

(7) Regulations under subsection (6) may make transitional provision and savings."

(4) In Schedule 36 (pension schemes etc: transitional provisions and savings), in paragraph 21 (member's protected pension age applies instead of normal minimum pension age)—

(a) in sub-paragraph (1), for "or 23" substitute ", 23 or 23ZB";

(b) in sub-paragraph (2), for "and 23(8)" substitute ", 23(8) and 23ZB(7)".

(5) In that Schedule, after paragraph 23ZA insert—

"Protected pension age: scheme rights existing before 4 November 2021

23ZB (1) This paragraph applies in relation to a relevant registered pension scheme and a member of the pension scheme if—

(a) neither paragraph 22 nor 23 applies in relation to them, and

(b) the entitlement condition or the block transfer condition is met in relation to the scheme and the member.

(2) A registered pension scheme is "relevant" if it is not a uniformed services pension scheme (as defined in section 279(4)).

(3) The entitlement condition is met if—

(a) immediately before 4 November 2021 the member had an actual or prospective right under the pension scheme to any benefit from an age of less than 57,

(b) the rules of the pension scheme on 11 February 2021 included provision conferring such a right on some or all of the persons who were then members of the pension scheme, and

(c) the member either had such a right under the scheme on 11 February 2021 or would have had such a right had the member been a member of the scheme on 11 February 2021.

(4) Where—

(a) a recognised transfer is made on or after 4 November 2021 in execution of a request made before that date, and

(b) that transfer would, if executed before that date, have resulted in the member having an actual or prospective right under a pension scheme to any benefit from the age of less than 57 immediately before that date,

the member is, for the purposes of this paragraph, to be treated as having that right under that scheme at that time.

(5) The block transfer condition is met if the member is a member of the pension scheme (the "transferee pension scheme") as a result of—

(a) a block transfer to the transferee pension scheme on or after 4 November 2021 from a pension scheme (the "original pension

scheme") where the entitlement condition is met in relation to the original scheme and the member,

(b) a block transfer to the transferee pension scheme from a pension scheme (the "original pension scheme") on or before 3 November 2021 where—

(i) immediately before the transfer the member had an actual or prospective right under the original pension scheme to any benefit from an age of less than 57,

(ii) the rules of the original pension scheme met paragraph (b) of the entitlement condition, and

(iii) paragraph (c) of that condition is met in relation to the original pension scheme and the member, or

(c) a block transfer to the transferee pension scheme from a pension scheme (the "transferor pension scheme") that was a transferee pension scheme in relation to an original pension scheme or another transferor pension scheme by virtue of the previous application of paragraph (a) or (b) or the previous application (on one or more occasions) of this paragraph.

(6) For the purposes of sub-paragraph (5), a transfer is a "block transfer", if it involves the transfer, in a single transaction, of all of the sums and assets held for the purposes of, or representing accrued rights under, the arrangements under a pension scheme which relate to the member and at least one other member of the scheme.

(7) The member's protected pension age is the higher of 55 and the age from which the member had an actual or prospective right to any benefit immediately before 4 November 2021 under—

(a) in a case where the entitlement condition is met in relation to the member and the scheme, that scheme, or

(b) in a case where the block transfer condition is met in relation to the member and the scheme and the entitlement condition is not so met, whichever of that scheme, the original scheme or the transferor scheme that the member was a member of at that time.

(8) But this paragraph does not have effect so as to give the member a protected pension age of more than 55 at any time before 6 April 2028.

23ZC (1) This paragraph applies in relation to sums or assets of a relevant registered pension scheme and the member of the scheme to which those sums and assets relate if—

(a) none of paragraphs 22, 23 or 23ZB apply in relation to the scheme and the member, and

(b) those sums or assets were subject to a relevant transfer to the scheme.

(2) Sums or assets relate to a member of a pension scheme if they are held by that scheme for the purposes of, or represent accrued rights under, an arrangement relating to the member under the pension scheme.

(3) Sums or assets were subject to a relevant transfer to a relevant registered pension scheme if they were transferred to that scheme from another

relevant registered pension scheme ("the transferor scheme") as a result of a recognised transfer and, immediately before the transfer—

(a) they were sums or assets held by the transferor scheme for the purposes of, or representing accrued rights under, an arrangement relating to a member of the transferor scheme, and

(b) paragraph 23ZB applied in relation to the transferor scheme and that member or this paragraph applied to those sums or assets and that member as a result of a relevant transfer to the transferor scheme.

(4) If this paragraph applies in relation to sums or assets ("transferred sums or assets") and a member of a relevant registered pension scheme, this Part of this Act (except for section 218(6) and paragraph 19) applies in relation to—

(a) the transferred sums or assets while held for the purposes of, or representing accrued rights under, an arrangement under the scheme, and

(b) any sums or assets held for the purposes of, or representing accrued rights under, such an arrangement that arise, or (directly or indirectly) derive, from—

(i) any of the transferred sums or assets, or

(ii) sums or assets which so arise or derive,

as if references to normal minimum pension age were to the member's protected pension age under the first relevant registered pension scheme from which there was a relevant transfer of the sums or assets (see paragraph 23ZB(7)).

(5) In this paragraph "relevant registered pension scheme" means a pension scheme that is not a uniformed services pension scheme (as defined in section 279(4)).

Lump sums before normal minimum pension age".

(6) In that Schedule—

(a) before paragraph 22 insert—

"Protected pension age: scheme rights existing before 6 April 2006";

(b) in paragraph 23ZA(2), in the words before paragraph (a), after "This Part" insert "of this Act".

(7) In section 308C(9) of ITEPA 2003 (provision of pensions advice: limited exemption), for paragraph (a) substitute—

"(a) if any of paragraphs 22, 23, 23ZB or 23ZC of Schedule 36 to FA 2004 apply in relation to the employee, the lowest protected pension age that applies as a result of those paragraphs (in relation to the employee or, as the case may be, to sums or assets that relate to the employee), or".

11 Public service pension schemes: rectification of unlawful discrimination

(1) The Treasury may by regulations made by statutory instrument make provision of the kind mentioned in subsection (2) in consequence of, or otherwise in connection with, the discrimination rectification provisions.

(2) The provision referred to in subsection (1) is provision modifying any relevant tax enactment in its application in relation to a relevant person.

(3) In subsection (2)—

"relevant tax enactment" means—

(a) an enactment contained in or made under Part 4 of FA 2004 (pension schemes etc),

(b) an enactment contained in or made under Schedule 15 to FA 2020 (tax relief for scheme payments etc), or

(c) an enactment contained in the Income Tax Acts, or relating to capital gains tax, that is not within paragraph (a) or (b);

"relevant person" means a person—

(a) who has any remediable service in an employment or office,

(b) who has any rights or obligations under or in relation to a public service pension scheme that are determined by reference to, or are otherwise affected by, another person's remediable service in an employment or office, or

(c) to whom, or by whom, any amounts are paid or payable under the discrimination rectification provisions.

(4) Regulations under this section may—

(a) make retrospective provision;

(b) make different provision for different cases;

(c) make consequential, incidental or supplemental provision.

(5) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of the House of Commons.

(6) In this section "the discrimination rectification provisions" means—

(a) Chapters 1 to 3 of Part 1 of PSPJOA 2022 and any provision made under those Chapters,

(b) any provision made under Chapter 4 of that Part of that Act, and

(c) any provision contained in scheme regulations that is made—

(i) under provision contained in Part 1 of PSPJOA 2022, or

(ii) under section 3(2)(c) of PSPA 2013 or section 3(2)(c) of PSPA(NI) 2014 (consequential etc provision in relation to Part 1 of PSPJOA 2022).

(7) In this section—

"modifying" includes disapplying or supplementing;

"PSPA 2013" means the Public Service Pensions Act 2013;

"PSPA(NI) 2014" means the Public Service Pensions Act (Northern Ireland) 2014 (c. 2 (N.I.));

"PSPJOA 2022" means the Public Service Pensions and Judicial Offices Act 2022;

"public service pension scheme" has the same meaning as in Part 4 of FA 2004 (see section 150 of that Act);

"remediable service" means remediable service within the meaning of Chapter 1, 2 or 3 of Part 1 of PSPJOA 2022;

"scheme regulations" means scheme regulations within the meaning of PSPA 2013 or PSPA(NI) 2014.

Capital allowances

12 Extension of temporary increase in annual investment allowance

(1) In section 32(1) of FA 2019 (which increases the maximum amount of the annual investment allowance to £1,000,000 until 31 December 2021), for "the period of three years beginning with 1 January 2019" substitute "the period beginning with 1 January 2019 and ending with 31 March 2023".

(2) In consequence of the amendment made by subsection (1)—

(a) in section 32(2) of that Act, for "1 January 2022" substitute "1 April 2023",

(b) in paragraph 2 of Schedule 13 to that Act and the heading before that paragraph, for "1 January 2022" (in each place) substitute "1 April 2023",

(c) in paragraph 3(3)(b) of that Schedule, for "the period of three years beginning with 1 January 2019" substitute "the period beginning with 1 January 2019 and ending with 31 March 2023", and

(d) in the heading for that Schedule, for "1 January 2022" substitute "1 April 2023".

13 Structures and buildings allowances: allowance statements

(1) In section 270IA(4) of CAA 2001 (definition of "allowance statement")—

(a) in paragraph (b), for "purchase, and" substitute "acquisition,", and

(b) after paragraph (c) insert ", and

(d) where qualifying expenditure is incurred on the construction or acquisition of the building or structure after the date mentioned in paragraph (c), the date on which the expenditure is incurred."

(2) The amendments made by this section have effect in relation to cases in which qualifying expenditure—

(a) is incurred on the construction or acquisition of the building or structure on or after the day on which this Act is passed, or

(b) in reliance on section 270BB(3) of CAA 2001, is treated as being so incurred on or after that day for the purposes of Part 2A of that Act.

Reliefs for investments

14 Qualifying asset holding companies

(1) Schedule 2 makes provision in order to facilitate the use of certain companies that carry on an investment business by investment funds and other entities to hold investments for the purposes of those funds and entities.

(2) Those companies are referred to in that Schedule as "qualifying asset holding companies" or "QAHCs".

15 Real Estate Investment Trusts

Schedule 3 makes changes to Part 12 of CTA 2010 in relation to—

(a) the conditions for companies in relation to UK REITs in section 528 and 528A of that Act;

(b) the requirement to prepare financial statements under section 532 of that Act;

(c) the balance of business test in section 531 of that Act;

(d) the meaning of "holder of excessive rights" in section 553 of that Act.

Creative reliefs

16 Film tax relief: films produced to be television programmes

(1) Part 15 of CTA 2009 (film production) is amended as follows.

(2) In section 1195 (availability and overview of film tax relief)—

(a) in subsection (2)—

(i) omit paragraph (a), and

(ii) after that paragraph insert—

"(aa) section 1196A (intended release or broadcast),", and

(b) in subsection (3A)—

(i) omit "or" at the end of paragraph (a), and

(ii) at the end insert ", or

(c) relief is available to the company under Chapter 3 of Part 15A (television tax relief) in respect of the expenditure."

(3) Omit section 1196 (intended theatrical release).

(4) After that section insert—

"**1196A Intended release or broadcast**

(1) The film must—

(a) be intended for theatrical release, or

(b) be a television programme intended for broadcast to the general public that meets conditions A to D in section 1216AB (meaning of "relevant programme").

(2) For this purpose—

(a) "theatrical release" means exhibition to the paying public at the commercial cinema,

(b) a film is not regarded as intended for theatrical release unless it is intended that a significant proportion of the earnings from the film should be obtained by such exhibition, and

(c) "television programme" has the same meaning as in Part 15A (see section 1216AA).

(3) Whether the condition in subsection (1) is met is determined for each accounting period of the company during which film-making activities are carried on in relation to the film, in accordance with the following rules.

(4) If the condition in subsection (1) is met at the end of an accounting period, it is treated as having been met throughout that period (subject to subsection (5)(b)).

(5) If the condition in subsection (1) is not met at the end of an accounting period—

(a) it is treated as having been not met throughout that period, and

(b) it cannot be met in any subsequent accounting period.

This does not affect any entitlement of the company to relief in an earlier accounting period for which the condition in subsection (1) was met."

(5) The amendments made by this section have effect in relation to accounting periods ending on or after 1 April 2022, subject to subsection (6).

(6) The amendments made by this section do not have effect in relation to a film in relation to which film-making activities are carried on before 1 April 2022 if—

(a) the principal photography of the film is completed before that date, or

(b) film tax relief is not available in connection with the film for an accounting period ending before that date by virtue of section 1196(5) of CTA 2009 (films not intended for theatrical release at the end of an accounting period).

17 Temporary increase in theatre tax credit

(1) This section applies where—

(a) a company's activities in relation to a theatrical production are treated for corporation tax purposes as a trade separate from any other activities of the company by virtue of section 1217H of CTA 2009 (claim for additional deduction), and

(b) the production phase for the theatrical production begins on or after 27 October 2021.

(2) In relation to the separate theatrical trade and an accounting period beginning on or after 27 October 2021 and ending on or before 31 March 2023, section 1217K(4) of CTA 2009 (amount of theatre tax credit) has effect as if—

(a) in paragraph (a), for "25%" there were substituted "50%", and

(b) in paragraph (b), for "20%" there were substituted "45%".

(3) In relation to the separate theatrical trade and an accounting period beginning on or after 1 April 2023 and ending on or before 31 March 2024, section 1217K(4) of CTA 2009 (amount of theatre tax credit) has effect as if—

(a) in paragraph (a), for "25%" there were substituted "35%", and

(b) in paragraph (b), for "20%" there were substituted "30%".

(4) For the purposes of Part 15C of CTA 2009 (theatrical productions), where the company has an accounting period which begins before, but ends on or after, 27 October 2021, 1 April 2023 or 1 April 2024 (a "straddling period")—

(a) so much of the straddling period as falls before the date in question, and so much of that period as falls on or after that date, are to be treated as separate accounting periods, and

(b) any amounts brought into account for the purposes of calculating for corporation tax purposes the profits of a trade for a straddling period are to be apportioned to the two separate accounting periods on a just and reasonable basis.

18 Theatrical productions tax relief

(1) Part 15C of CTA 2009 (theatrical productions tax relief) is amended as follows.

(2) In section 1217FA (meaning of "theatrical production")—

(a) in subsection (2)—

(i) in the words before paragraph (a), for "other" substitute "relevant",

(ii) after paragraph (b) (but before the "and" at the end) insert—

"(ba) each performance is intended to be given to an audience of not less than five individuals,",

(b) in subsection (3), omit "also", and

(c) after subsection (3) insert—

"(3A) "Relevant dramatic piece" means a dramatic piece (other than a play, opera or musical) that tells a story or a number of related or unrelated stories."

(3) In section 1217FB(1) (productions not regarded as theatrical), before paragraph (a) insert—

"(za) it is produced for training purposes,".

(4) In section 1217GA (the commercial purpose condition), after subsection (2) insert—

"(2A) A performance to members of the general public is not regarded as being to paying members unless—

(a) it is separately ticketed, and

(b) it is intended that a significant proportion of the earnings from the performance should be obtained by such ticketing.

(2B) For the purposes of subsection (2A), the fact that a ticket covers things reasonably incidental to the performance (such as, for example, a programme or food to be consumed during the course of the performance) does not prevent the performance from being separately ticketed, provided that the price paid can reasonably be apportioned between the performance and those other things.

(2C) A performance is only regarded as provided for educational purposes if it is provided mainly for the purpose of educating the audience."

(5) In section 1217GC (meaning of "core expenditure"), at the end insert—

"(3) For the purposes of subsection (2)(a), expenditure by an educational body on teaching or training participants in a production is expenditure on a matter not directly involved in producing the production, except to the extent that the teaching or training takes place as part of a rehearsal for the production.

(4) For the purposes of subsection (2)(b), a performance to the general public is not regarded as being to paying members unless it satisfies section 1217GA(2A).

(5) In this section, "educational body" includes a body mentioned in section 71."

(6) The amendments made by this section have effect in relation to a theatrical production only where the production phase begins on or after 1 April 2022.

19 Temporary increase in orchestra tax credit

(1) This section applies where—

(a) a company's activities in relation to a concert, or a series of concerts, are treated for corporation tax purposes as a trade separate from any other activities of the company by virtue of section 1217Q of CTA 2009 (separate orchestral trade), and

(b) the production process for the concert, or series of concerts, starts on or after 27 October 2021.

(2) In relation to the separate orchestral trade and an accounting period beginning on or after 27 October 2021 and ending on or before 31 March 2023, section 1217RG(4) of CTA 2009 (amount of orchestra tax credit) has effect as if for "25%" there were substituted "50%".

(3) In relation to the separate orchestral trade and an accounting period beginning on or after 1 April 2023 and ending on or before 31 March 2024, section 1217RG(4) of CTA 2009 (amount of orchestra tax credit) has effect as if for "25%" there were substituted "35%".

(4) For the purposes of Part 15D of CTA 2009 (orchestra tax relief), where the company has an accounting period which begins before, but ends on or after, 27 October 2021, 1 April 2023 or 1 April 2024 (a "straddling period")—

(a) so much of the straddling period as falls before the date in question, and so much of that period as falls on or after that date, are to be treated as separate accounting periods, and

(b) any amounts brought into account for the purposes of calculating for corporation tax purposes the profits of a trade for a straddling period are to be apportioned to the two separate accounting periods on a just and reasonable basis.

20 Orchestra tax relief

(1) Part 15D of CTA 2009 (orchestra tax relief) is amended as follows.

(2) In section 1217PA(2) (meaning of "orchestral concert"), before paragraph (a) insert—

"(za) it is produced for training purposes,".

(3) In section 1217RA (companies qualifying for orchestra tax relief), after subsection (6) insert—

"(6A) A concert performed before the public is not regarded as being performed before the paying public unless—

(a) it is separately ticketed, and

(b) it is intended that a significant proportion of the earnings from the concert should be obtained by such ticketing.

(6B) For the purposes of subsection (6A), the fact that a ticket covers things reasonably incidental to the concert (such as, for example, a programme or food to be consumed during the course of the performance) does not prevent the concert from being separately ticketed, provided that the price paid can reasonably be apportioned between the concert and those other things.

(6C) A concert is only regarded as performed for educational purposes if it is performed entirely or mainly for the purpose of educating the audience."

(4) In section 1217RC (meaning of "core expenditure"), at the end insert—

"(4) For the purposes of subsection (3)(a), expenditure by an educational body on teaching or training participants in a concert or concerts is expenditure on a matter not directly involved with putting on the concert or concerts, except to the extent that the teaching or training takes place as part of a rehearsal for the concert or concerts.

(5) In this section, "educational body" includes a body mentioned in section 71."

(5) The amendments made by this section have effect in relation to a concert or series of concerts only where the production process starts on or after 1 April 2022.

21 Temporary increase in museums and galleries exhibition tax credit

(1) This section applies where—

(a) a company's activities in relation to the production of an exhibition are treated for corporation tax purposes as a trade separate from any other activities of the company by virtue of section 1218ZB of CTA 2009 (separate exhibition trade), and

(b) the production stage for the exhibition begins on or after 27 October 2021.

(2) In relation to the separate exhibition trade and an accounting period beginning on or after 27 October 2021 and ending on or before 31 March 2023, section 1218ZCH(4) of CTA 2009 (amount of museums and galleries exhibition tax credit) has effect as if—

(a) in paragraph (a), for "25%" there were substituted "50%", and

(b) in paragraph (b), for "20%" there were substituted "45%".

(3) In relation to the separate exhibition trade and an accounting period beginning on or after 1 April 2023 and ending on or before 31 March 2024, section 1218ZCH(4) of CTA 2009 (amount of museums and galleries exhibition tax credit) has effect as if—

(a) in paragraph (a), for "25%" there were substituted "35%", and

(b) in paragraph (b), for "20%" there were substituted "30%".

(4) For the purposes of Part 15E of CTA 2009 (museums and galleries exhibition tax relief), where the company has an accounting period which begins before, but ends on or after, 27 October 2021, 1 April 2023 or 1 April 2024 (a "straddling period")—

(a) so much of the straddling period as falls before the date in question, and so much of that period as falls on or after that date, are to be treated as separate accounting periods, and

(b) any amounts brought into account for the purposes of calculating for corporation tax purposes the profits of a trade for a straddling period are to be

apportioned to the two separate accounting periods on a just and reasonable basis.

22 Museums and galleries exhibition tax relief

(1) Part 15E of CTA 2009 (museums and galleries exhibition tax relief) is amended as follows.

(2) In section 1218ZAA (meaning of "exhibition")—

(a) at the end of subsection (1) insert "(but see subsections (2) to (3A))",

(b) in subsection (2), omit "But", and

(c) after subsection (3) insert—

"(3A) A display of an object or work is not an exhibition to the extent that the public display of the object or work is subordinate to the use of the object or work (or of anything of which it forms part) for another purpose."

(3) In section 1218ZAC(3)(b) (primary production company: responsibility for production of the exhibition at a venue), for "(at least) the first" substitute "one or more".

(4) In section 1218ZCA (companies qualifying for museums and galleries exhibition tax relief), after subsection (6) insert—

"(6A) For the purposes of subsection (3), the fact that a person is responsible for an exhibition at a venue does not, by itself, mean that the person maintains a museum or gallery."

(5) In section 1218ZCG(1)(c) of CTA 2009 (date before which qualifying expenditure must be incurred), for "2022" substitute "2024".

(6) The amendments made by subsections (2) to (4) have effect in relation to an exhibition only where the production stage begins on or after 1 April 2022.

Capital gains tax: disposals of UK land etc

23 Returns for disposals of UK land etc

(1) Schedule 2 to FA 2019 (returns for disposals of UK land etc) is amended as follows.

(2) In paragraph 3(1)(b) (obligation to deliver a return on or before the 30th day following completion), for "30th" substitute "60th".

(3) In paragraph 7 (calculation of capital gains tax notionally chargeable), after sub-paragraph (3) insert—

"(3A) In the case of a disposal to which this Schedule applies as a result of paragraph 1(1)(b) where a proportion of the chargeable gain accruing on the disposal is not a residential property gain, ignore that proportion for the purposes of this paragraph."

(4) The amendments made by this section have effect in relation to disposals which have a completion date on or after 27 October 2021.

International matters

24 Cross-border group relief

(1) CTA 2010 is amended as follows.

(2) In section 107 (restriction on losses etc surrenderable by non-UK resident)—
- (a) omit subsections (1A), (6A), (6B), (10) and (11);
- (b) in subsection (2) omit "In any other case,";
- (c) in subsection (7) omit "or (6B)".

(3) In Part 5 (group relief), omit Chapter 3 (surrenders made by non-UK resident company resident or trading in the EEA).

(4) In section 188BI (restriction on surrender of losses made when non-UK resident)—
- (a) omit subsections (2), (8), (9), (13) and (14);
- (b) in subsection (3) omit "In any other case,";
- (c) in subsection (10) omit "or (9)".

(5) In Schedule 4—
- (a) Part 1 makes amendments consequential on this section, and
- (b) Part 2 makes provision as to commencement.

25 Tonnage tax

(1) Schedule 22 to FA 2000 (tonnage tax) is amended as follows.

(2) In paragraph 10 (when election may be made)—
- (a) in sub-paragraph (2), at the end insert ", subject to sub-paragraph (3A)",
- (b) in sub-paragraph (3), at the end insert ", subject to sub-paragraph (3A)", and
- (c) after sub-paragraph (3) insert—

"(3A) An election under sub-paragraph (2) or (3) may be made after the end of the period specified in that sub-paragraph with the consent of an officer of Revenue and Customs.

(3B) An officer of Revenue and Customs may not give consent for the purposes of sub-paragraph (3A) unless satisfied that—
- (a) there was a reasonable excuse for the failure to make the election before the end of the period specified in sub-paragraph (2) or (3) (as appropriate), and
- (b) after the end of that period, the consent was requested without delay or there is a reasonable excuse for any further delay."

(3) In paragraph 13 (period for which election is in force)—
- (a) in sub-paragraph (1), for "ten years" substitute "the relevant number of years",
- (b) in that sub-paragraph, omit the final sentence, and
- (c) after that sub-paragraph insert—

"(1A) "The relevant number of years" means—
- (a) in relation to a tonnage tax election made before 1 April 2022, ten years;

(b) in relation to a tonnage tax election made on or after 1 April 2022, eight years.

(1B) Sub-paragraph (1) is subject to the following exceptions."

(4) In paragraph 15 (renewal election), for sub-paragraph (1) substitute—

"(1) A further tonnage tax election (a "renewal election") may be made in respect of a single company or group if—

(a) at the time it is made, a tonnage tax election is in force in respect of the company or group, or

(b) it is a bridging renewal election (see paragraph 15ZA)."

(5) After paragraph 15 insert—

"Bridging renewal election

15ZA (1) A renewal election in respect of a single company or a group is a bridging renewal election if—

(a) the last tonnage tax election in force in respect of the company or group ("the previous election") expired (rather than ceasing to be in force for another reason),

(b) in the period beginning with the expiry of the previous election and ending with the time from which the renewal election would have effect, nothing has happened which, if a tonnage tax election had been force in respect of the company or group, would have caused it to cease to be in force, and

(c) the renewal election is made with the consent of an officer of Revenue and Customs.

(2) An officer of Revenue and Customs may not give consent for the purposes of this paragraph unless satisfied that—

(a) the consent was requested without delay after the company or (as appropriate) a company in the group first became aware that the previous election had expired, and

(b) the conduct of the company or group in connection with tonnage tax has not at any time involved conduct the main purpose (or one of the main purposes) of which was the avoidance of tax.

(3) Where a bridging renewal election is made, the previous election is to be treated as having remained in force until the time when the bridging renewal election takes effect."

(6) In paragraph 19(3) (qualifying ships), omit paragraph (c).

(7) Omit paragraphs 22A to 22F (flagging) (and the italic headings before each of those paragraphs).

(8) In paragraph 43A(1)(a) (requirement to prove compliance with safety etc standards), for "any relevant register (see paragraph 22B(6A))" substitute "the United Kingdom".

(9) In paragraph 49(2)(b) (relevant shipping income: distributions of overseas shipping companies), omit ", Gibraltar or a member State" in both places.

(10) In paragraph 147 (index of defined expressions)—

(a) at the appropriate place insert—

"bridging renewal election	paragraph 15ZA";

(b) omit the entry for "relevant register".

(11) The amendments made by this section come into force on 1 April 2022.

(12) The amendment made by subsection (9) has effect for accounting periods beginning on or after 1 April 2022.

26 Amendments of section 259GB of TIOPA 2010

(1) Section 259GB of TIOPA 2010 (hybrid payee deduction/non-inclusion mismatches and their extent) is amended as follows.

(2) In subsection (4A)—

(a) in the words before paragraph (a), after "partnership" insert "or a relevant transparent entity";

(b) in paragraph (a), after "partnership" insert ", or a member of the entity,";

(c) in paragraph (b)—

(i) in sub-paragraph (i), after "partnership" insert "or entity";

(ii) in sub-paragraph (ii), after "partner", in each place it occurs, insert "or member".

(3) After that subsection insert—

"(4AA) Subsection (4AB) applies in relation to a payment or quasi-payment if—

(a) one or more of the payees is a partnership or a relevant transparent entity,

(b) there is a territory under the law of which an amount of ordinary income would arise, or would potentially arise, to a hybrid entity as a result of the circumstances giving rise to the relevant deduction if the entity were a person resident in that territory for the purposes of a tax charged under the law of that territory, and

(c) that hybrid entity is not (ignoring subsection (4AB)(b)) a payee.

(4AB) Where this subsection applies—

(a) if any such hybrid entity is not either a partnership or a relevant transparent entity, subsection (4A) does not apply, or

(b) otherwise, every such hybrid entity is to be treated as a payee for the purposes of determining, for the purposes of subsection (1)(b), if an excess arises by reason of one or more payees being hybrid entities."

(4) In subsection (4B), for "subsection (4A)" substitute "subsections (4A) to (4AB) and (4C)".

(5) After that subsection insert—

"(4C) An entity is a "relevant transparent entity" if—

(a) the entity is not a partnership,

(b) the entity is legally constituted in a territory outside the United Kingdom,

(c) all of the entity's income or profits for the purposes of a tax charged under the law of that territory are treated (or would be if there were any) for the purposes of that tax as the income or profits of its members, and

(d) any such tax that is, or that would be, charged on such a member that is resident for tax purposes in that territory is not charged at a nil rate.

(4D) For the purposes of subsection (4C), a person is a "member" of an entity if the person is entitled to a proportion of the profits of the entity as a result of—

(a) where the entity has share capital, holding shares forming part of that capital, or

(b) where the entity does not have share capital, an entitlement similar to that which would be enjoyed if the entity had share capital and the person held shares forming part of that capital."

(6) Section 259GB of TIOPA 2010 has effect, and is to be deemed always to have had effect, with the amendments made by this section.

(7) But that section has effect —

(a) in relation to payments made before the day on which this Act is passed, or

(b) in relation to quasi-payments in relation to which the payment period had begun before that date,

with the modifications set out in subsection (8).

(8) Those modifications are that subsections (4AA) and (4AB) of TIOPA 2010 (as inserted by subsection (3)) have effect as if—

(a) any reference in those subsections to a hybrid entity did not include a partnership (within the meaning given by section 259NE(4) of TIOPA 2010),

(b) in paragraph (a) of subsection (4AA), "a partnership or" were omitted, and

(c) in paragraph (a) of subsection (4AB)—

(i) "either a partnership or" were omitted, and

(ii) after "apply" there were inserted "in relation to any payee that is a relevant transparent entity".

(9) A taxpayer may, in consequence of the amendments made by this section, make reasonable adjustments to claims, returns and elections made before the day on which this Act is passed.

(10) Any such adjustments must be made on or before 31 December 2022 but, subject to that, the time limits otherwise applicable to amending or withdrawing the claim, return or election in question do not prevent an adjustment being made under subsection (9).

27 Application of section 124 of TIOPA 2010 in relation to diverted profits tax

(1) In Part 3 of FA 2015 (diverted profits tax) before section 115 (but after the heading "Final provisions") insert—

"**114A Application of section 124 of TIOPA 2010 in relation to diverted profits tax**

A solution or mutual agreement mentioned in subsection (1)(b) of section 124 of TIOPA 2010 (giving effect to solutions to cases and mutual agreements

resolving cases) may include provision related to diverted profits tax (and, accordingly, the duty in subsection (2) of that section includes a duty to make any such adjustment as is appropriate in relation to diverted profits tax)."

(2) In section 124 of TIOPA 2010 (giving effect to solutions to cases and mutual agreements resolving cases), after subsection (4) insert—

"(5) See section 114A of FA 2015 for provision applying this section in relation to diverted profits tax."

(3) The amendments made by this section apply in relation to solutions arrived at, or mutual agreements made, by the Commissioners on or after 27 October 2021.

28 Diverted profits tax: closure notices etc

(1) Part 3 of FA 2015 (diverted profits tax) is amended as follows.

(2) In section 101A (amendment of CT return during review period: section 80 or 81 case)—

(a) in subsection (2) (amendment during first 12 months of review period)—

(i) omit "the first 12 months of", and

(ii) after "review period" insert "except the last 30 days of that period";

(b) after subsection (2) insert—

"(3) Paragraph 31(3) of Schedule 18 to FA 1998 (amendment not to take effect during enquiry) does not apply in relation to an amendment made under subsection (2)."

(3) In section 101B (amendment of CT return during review period: section 86 case)—

(a) in subsection (2) (amendment during first 12 months of review period)—

(i) omit "the first 12 months of", and

(ii) after "review period" insert "except the last 30 days of that period";

(b) after subsection (2) insert—

"(3) Paragraph 31(3) of Schedule 18 to FA 1998 (amendment not to take effect during enquiry) does not apply in relation to an amendment made under subsection (2)."

(4) After section 101B insert—

"**101C Closure notices: rules during review period**

(1) This section applies where—

(a) a charging notice is issued to a company for an accounting period, and

(b) the review period for that charging notice has not ended.

(2) In relation to a relevant enquiry—

(a) a final closure notice may not be given under paragraph 32 of Schedule 18 to FA 1998, and

(b) a partial closure notice may not be given under that paragraph in relation to any matter which is, or could be, relevant to the charging notice mentioned in subsection (1)(a).

(3) Accordingly, a relevant tribunal direction has no effect until the review period has ended.

(4) In subsection (2), "relevant enquiry" means—

(a) an enquiry into the company tax return for the accounting period mentioned in subsection (1)(a);

(b) where the charging notice mentioned in subsection (1)(a) is issued to a company ("the foreign company") for an accounting period by reason of section 86 applying in relation to it for that accounting period, an enquiry into any company tax return for the avoided PE (within the meaning of section 86) that may be amended by virtue of section 101B(2) so as to reduce the taxable diverted profits arising to the foreign company in that accounting period.

(5) In subsection (3) "relevant tribunal direction" means a direction given—

(a) under paragraph 33 of Schedule 18 to FA 1998,

(b) in relation to a closure notice that may not be given by virtue of subsection (2), and

(c) during the review period mentioned in subsection (1)(b)."

(5) This section is treated as having come into force on 27 October 2021; and the new section 101C of FA 2015 inserted by subsection (4) has effect in relation to any relevant tribunal direction which is given on or after that date unless the application for the direction was made before 27 September 2021.

Changes in accounting standards etc

29 Insurance contracts: change in accounting standards

Schedule 5 makes provision in connection with International Financial Reporting Standard 17 (insurance contracts) issued by the International Accounting Standards Board.

30 Deductions allowance in connection with onerous or impaired leases

(1) Part 7ZA of CTA 2010 (restrictions on obtaining certain deductions) is amended in accordance with subsections (2) to (15).

(2) Section 269ZX (increase of deductions allowance where provision for onerous lease reversed) is amended in accordance with subsections (3) to (6).

(3) In the heading, for "where provision for onerous lease reversed" substitute "in connection with onerous or impaired leases".

(4) In subsection (1)(a), for "relevant reversal credit (see section 269ZY)" substitute "relevant credit".

(5) After subsection (1) insert—

"(1A) In this section "relevant credit" means a relevant reversal credit, a relevant remeasurement credit or a relevant variable lease payment (see sections 269ZY and 269ZYZA)."

(6) In subsection (3)(a), for "relevant reversal credit" substitute "relevant credit (or, if there is more than one, the sum of the relevant credits)".

(7) Section 269ZY (meaning of "relevant reversal credit") is amended in accordance with subsections (8) to (13).

(8) In subsection (1), for "a relevant onerous lease provision" substitute "—

(a) a relevant onerous lease provision (see subsection (2)), or

(b) a relevant right-of-use asset impairment loss (see subsection (2A))."

(9) In subsection (2)(b), for "accountancy" substitute "accounting".

(10) After subsection (2) insert—

"(2A) A loss in the accounts of a company ("C") is a "relevant right-of-use asset impairment loss" if—

(a) the loss relates to an asset (a "right-of-use asset") recognised in the accounts to reflect C's right to use land as the tenant under a lease (where "L" is the landlord),

(b) the loss is required to be recognised, for accounting purposes, because the right-of-use asset is impaired, and

(c) the lease was entered into at arm's length."

(11) In subsection (3)—

(a) after "provision" insert "or a relevant right-of-use asset impairment loss", and

(b) in paragraph (a), for "accountancy" substitute "accounting".

(12) In subsection (5), after "provision" insert "or a relevant right-of-use asset impairment loss".

(13) After subsection (9) insert—

"(9A) For the purposes of subsection (2A)(b), where a company's accounts previously included provision for an onerous lease, any right-of-use asset included in the accounts in respect of that lease is to be treated as impaired, unless there has been a material change of circumstances."

(14) After section 269ZY insert—

"**269ZYZA Other relevant credits**

(1) For the purposes of section 269ZX a "relevant remeasurement credit" is a credit, or other income, brought into account in respect of a relevant remeasurement excess.

(2) There is a "relevant remeasurement excess" where—

(a) a company ("C") is the tenant under a lease of land (and "L" is the landlord),

(b) C's accounts include a relevant right-of-use asset impairment loss in connection with the lease,

(c) under an arrangement ("C's arrangement") made at arm's length, C's obligations under the lease are varied or cancelled,

(d) as a result of C's arrangement, C is required, for accounting purposes, to remeasure the lease liability in relation to the lease,

(e) the remeasurement results in the lease liability being reduced by an amount which exceeds the amount of the right-of-use asset recognised in relation to the lease (taking account of any right-of-use asset impairment loss), and

(f) the relevant requirements are met (see subsection (5)).

(3) For the purposes of section 269ZX a variable lease payment is "relevant" if it is a credit, or other income, brought into account in circumstances described in subsection (4).

(4) Those circumstances are where—

(a) a company ("C") is the tenant under a lease of land (and "L" is the landlord),

(b) C's accounts include a relevant right-of-use asset impairment loss in connection with the lease,

(c) under an arrangement ("C's arrangement") made at arm's length, there is a change in the payments that would have been payable by C under the lease on or before 30 June 2022,

(d) the change would not have been made if it were not for coronavirus,

(e) for accounting purposes, C opts to record the change by means of variable lease payments (rather than by remeasuring its lease liability in relation to the lease), and

(f) the relevant requirements are met (see subsection (5)).

(5) For the purposes of subsections (2) and (4), the relevant requirements are met if—

(a) the requirements in section 269ZY(3)(b) and (c), or

(b) the requirements in section 269ZY(3)(c) and (5)(a), (b), (d) and (e),

are met in relation to C, L and C's arrangement (as defined in subsection (2) or (4), as appropriate).

(6) In determining whether a company is required to account as described in subsection (2)(d), ignore any option the company has to account as described in subsection (4)(e).

(7) The Treasury may by regulations substitute for the date for the time being specified in subsection (4)(c) such later date as they consider appropriate.

(8) In this section—

"coronavirus" means severe acute respiratory syndrome coronavirus 2;

"lease liability", in relation to a company and a lease, means a liability recognised in the company's accounts to reflect the company's obligations as tenant under the lease;

"right-of-use asset", in relation to a company and a lease, means an asset recognised in the company's accounts to reflect the company's right to use land as the tenant under the lease;

"relevant right-of-use impairment loss" has the meaning given in section 269ZY(2A)."

(15) In section 269ZZ(1)(b) (company tax return to specify amount of deductions allowance), for "where provision for onerous lease reversed" substitute "in connection with onerous or impaired leases".

(16) In section 371SKA(3) of TIOPA 2010 (restrictions on certain deductions by controlled foreign companies: deductions allowances), for "where provision for onerous lease reversed" substitute "in connection with onerous or impaired leases".

(17) The amendments made by this section have effect in relation to accounting periods beginning on or after 1 January 2019.

(18) An amendment of a company tax return falling within subsection (19) may be made at any time before 1 January 2023.

(19) An amendment of a company tax return falls within this subsection to the extent that—

(a) the amendment is made in consequence of the amendments of CTA 2010 made by this section, and

(b) the time limits otherwise applicable would require the amendment to be made (or to have been made) by a date falling before 1 January 2023.

Expanded dormant assets

31 Provision in connection with the Dormant Assets Act 2022

Schedule 6 makes provision about the treatment of dormant assets in consequence of, or otherwise in connection with, the Dormant Assets Act 2022.

PART 2

RESIDENTIAL PROPERTY DEVELOPER TAX

Introduction

32 Introduction

This Part provides for a tax (to be known as "residential property developer tax" or "RPDT") to be charged on residential property developer profits of a residential property developer arising in an accounting period.

Charge to tax

33 Charge to RPDT

(1) A sum equal to 4% of the residential property developer profits for an accounting period of a residential property developer, so far as exceeding the developer's allowance for the period, is to be charged on the developer as if it were an amount of corporation tax chargeable on it.

(2) The allowance for the period is to be determined in accordance with section 43.

(3) In accordance with section 45, the charging of RPDT as if it were an amount of corporation tax is to be taken as applying all enactments applying generally to corporation tax.

Key concepts

34 Meaning of "residential property developer"

(1) A company is a residential property developer ("RP developer") for the purposes of this Part if—

(a) the company carries on residential property development activities, or

(b) the company, or the company together with any other company which is a member of the same group as it, has or have a substantial interest in a relevant joint venture company.

(2) See section 40 for the meaning of "relevant joint venture company" and the meaning of "substantial interest" in a relevant joint venture company.

(3) A non-profit housing company is not an RP developer.

(4) A company is a "non-profit housing company" for the purposes of this Part if it is—

(a) a non-profit registered provider of social housing;

(b) a registered social landlord under Part 1 of the Housing Act 1996 (registered social landlords in Wales);

(c) a registered social landlord under Part 2 of the Housing (Scotland) Act 2010 (asp 17);

(d) a registered housing association under Chapter 2 of Part 2 of the Housing (Northern Ireland) Order 1992 (S.I. 1992/1725 (N.I.));

(e) a wholly owned subsidiary of a company within paragraphs (a) to (d).

(5) The Treasury may by regulations make provision amending the definition of a non-profit housing company; and the regulations may make consequential provision amending this Part.

35 Meaning of "residential property development activities"

(1) Activities are residential property development activities ("RPD activities") for the purposes of this Part if they are carried on by a company—

(a) on, or in connection with, land in the United Kingdom in which the company has, or, where subsection (3) applies, had, an interest, and

(b) for the purposes of, or in connection with, the development of residential property.

(2) For the purposes of this Part activities that are carried on for the purposes of, or in connection with, the development of residential property include—

(a) dealing in residential property;

(b) designing it;

(c) seeking planning permission in relation to it;

(d) constructing or adapting it;

(e) marketing it;

(f) managing it;

(g) any activities ancillary to any of these other activities.

(3) This subsection applies where—

(a) a company carries on activities within subsection (2)(b), (c) or (d), or within subsection (2)(g) so far as relating to those activities, in relation to land after ceasing to have an interest in the land,

(b) the activities were planned or anticipated at the time the company ceased to have the interest in the land, and

(c) the activities are not carried on solely in connection with areas of the land that do not constitute residential property.

36 Residential property development activities: "interest in land"

(1) A company has an interest in land for the purposes of this Part if—

(a) the company or a related company has—

(i) an estate, interest, right or power in or over the land, or

(ii) the benefit of an obligation, restriction or condition affecting the value of an estate, interest, right or power in or over the land,

other than an excluded interest, and

(b) that estate, interest, right or power forms part of the company's, or the related company's, trading stock of a trade which includes the carrying on of activities for the purposes of, or in connection with, the development of residential property.

(2) The following interests are "excluded interests"—

(a) any interest or right held for securing the payment of money or the performance of any other obligation, and

(b) a licence to use or occupy land.

(3) But where a company (C) has an interest within subsection (2)(b), that interest is not an excluded interest if it is granted as a result of arrangements to which C or a related company is party and under which an estate in the land in question is to be conveyed by another party to the arrangements at the direction or request of C or a related company to any of—

(a) a person who is not party to the arrangements,

(b) C, or

(c) a company related to C.

(4) For the purposes of subsection (3)—

(a) "arrangements" includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);

(b) a conveyance by a person as nominee or bare trustee is to be treated as also being a conveyance by the person or persons for whom they are the nominee or trustee.

(5) For the purposes of this section, a company (A) is related to another company (B) if—

(a) A is a member of a group of which B is a member;

(b) A is a relevant joint venture company and B, or B together with any other company which is a member of a group of which B is a member, has or have a substantial interest in A.

(6) In this section "trading stock", in relation to a trade, means an estate, interest, right or power in or over land—

(a) which is disposed of in the ordinary course of the trade, or

(b) which would be so disposed of on the completion of activities that are carried on for the purposes of, or in connection with, the development of residential property.

(7) For the purposes of subsection (6), a licence falling within subsection (3) to use or occupy land is to be treated as being disposed of when an estate in the land is, or would be, conveyed under the arrangements as a result of which the licence is granted.

(8) In this section, references to a disposal have the same meaning as in TCGA 1992 (see section 21 of that Act (assets and disposals)).

(9) If a relevant joint venture company is related to a company and is a member of a group, the relevant joint venture company is treated for the purposes of this section—

(a) as having any asset which any other member of the group has, and

(b) as if anything done by or in relation to any other member of the group were done by or in relation to it.

37 Residential property development activities: "residential property"

(1) For the purposes of this Part "residential property" means—

(a) a building or part of a building that is designed or adapted, or is in the process of being constructed or adapted, for use as a dwelling,

(b) land that is or forms part of the garden or grounds of a building or part within paragraph (a) (including any building or structure on such land),

(c) an interest in or right over land that subsists for the benefit of a building or part within paragraph (a) or of land within paragraph (b), or

(d) land in respect of which planning permission is being sought or has been granted so that it, or a building or part of a building on, interest in or right over it, will fall within any of paragraphs (a) to (c).

(2) A building is not within subsection (1)(a) if it is designed or adapted, or in the process of being constructed or adapted, for use primarily as—

(a) a home or other institution providing residential accommodation for children;

(b) a home or other institution providing residential accommodation with personal care for persons in need of personal care because of old age, disability, past or present dependence on alcohol or drugs or past or present mental disorder;

(c) residential accommodation for members of the armed forces;

(d) residential accommodation for members of the emergency services or persons working in a hospital;

(e) a hospital or hospice;

(f) temporary sheltered accommodation;

(g) a prison or similar establishment;

(h) a hotel or inn or similar establishment;

(i) a monastery, nunnery or similar establishment;

(j) student accommodation.

(3) For the purposes of subsection (2)(j) use primarily as "student accommodation" means use by persons who will occupy the building wholly or mainly for undertaking a course of education (including school pupils) where it is reasonable to expect that the building will be occupied by such persons on at least 165 days a year.

38 Meaning of "residential property developer profits or losses"

An RP developer's residential property developer profits or losses ("RPD profits" or "RPD losses") for an accounting period are calculated as follows (with a positive figure being RPD profits and a negative figure being RPD losses)—

$$A + B - C - D - E$$

where—

"A" is the amount of the RP developer's adjusted trading profits, or as the case may be, adjusted trading losses (expressed as a negative figure) for the accounting period (see section 39);

"B" is the amount of any joint venture profits, or as the case may be, losses (expressed as a negative figure) that are attributable to the RP developer for the accounting period (see section 40);

"C" is the amount of allowable RPDT loss relief which the RP developer is given for the accounting period (see Part 1 of Schedule 7);

"D" is the amount of allowable RPDT group relief claimed by the RP developer for the accounting period (see Part 2 of Schedule 7);

"E" is the amount of allowable RPDT group relief for carried-forward losses claimed by the RP developer for the accounting period (see Part 3 of Schedule 7).

Profits and losses

39 Adjusted trading profits and losses

(1) For the purposes of this Part "adjusted trading profits" and "adjusted trading losses" mean the amounts that would be the RP developer's trading profits or trading losses (as the case may be) for corporation tax purposes for an accounting period if the matters mentioned in subsection (2) were ignored.

(2) The matters referred to in subsection (1) are—

(a) so far as they are derived from or related to activities other than RPD activities—

(i) profits and losses, and

(ii) allowances or charges under CAA 2001;

(b) profits of a charitable trade carried on by a charitable company (within the meanings of Part 11 of CTA 2010) so far as they are applied to the purposes of the charitable company only;

(c) any amounts of loss relief, group relief or group relief for carried forward losses under Parts 4 to 5A of CTA 2010 that would otherwise be available to the RP developer;

(d) any credits or debits that would otherwise be brought into account in relation to loan relationships as a result of Part 5 of CTA 2009;

(e) any credits or debits that would otherwise be brought into account in accordance with Part 7 of CTA 2009 (derivative contracts).

(3) For the purposes of subsection (2)(a) an RP developer may apportion profits and losses, or amounts of allowances or charges, derived from or related to RPD activities and other activities on a just and reasonable basis.

40 Attributable joint venture profits and losses

(1) For the purposes of section 38, the amount of any joint venture profits or losses attributable to an RP developer for an accounting period is determined in accordance with this section and—

(a) joint venture profits means the RPD profits of a relevant joint venture company so far as they fall below the joint venture company's allowance for that period (and, accordingly, the joint venture company is not charged to the tax in respect of them), and

(b) joint venture losses means the RPD losses of a relevant joint venture company.

(2) A company ("C") is a relevant joint venture company for the purposes of this Part if—

(a) C is an RP developer or a company which is a member of the same group as C is an RP developer,

(b) C is not a 75% subsidiary of another company, and

(c) there are five or fewer persons who between them—

(i) hold 75% or more of C's ordinary share capital, or

(ii) in a case where C does not have ordinary share capital, are beneficially entitled to 75% or more of C's profits available for distribution to equity holders of C.

(3) In determining whether there are five or fewer such persons as are mentioned in subsection (2)(c), members of a group are treated as if they were a single person.

(4) Joint venture profits or losses are attributable to an RP developer if the RP developer, or the RP developer together with any other company which is member of the same group as the RP developer, has or have a substantial interest in the relevant joint venture company; but, in relation to the attribution of joint venture losses, this is subject to subsection (5).

(5) Joint venture losses are attributable to an RP developer only if the RP developer and the relevant joint venture company both so elect by notice to an officer of Revenue and Customs no later than the end of the period of 2 years beginning with the last day of the accounting period of the RP developer for which the losses are to be attributed.

Any payment made in consequence of the election is (so far as not exceeding the amount attributed) not to be taken into account in determining the profits or losses of either company under section 39 (adjusted trading profits and losses).

(6) The amount that is attributable to the RP developer is an amount equal to the percentage of the joint venture company's profits that are available for distribution to equity holders and to which the RP developer is entitled.

(7) If a relevant joint venture company's accounting period does not coincide with the RP developer's accounting period—

(a) for the purposes of subsection (1)(a), the joint venture company's allowance for a period, and

(b) the amount of joint venture profits or losses allocated to the RP developer under subsection (6),

are to be apportioned on a time basis according to the lengths of the periods falling in different accounting periods of the RP developer.

(8) Where a relevant joint venture company is a member of a group, the references in subsection (1) to the RPD profits or losses of the relevant joint venture company are to the net amounts of RPD profits or losses of the members of the group.

(9) For the purposes of subsection (8), if the accounting period of a member of the group does not coincide with the relevant joint venture company's accounting period, the net amount of its RPD profits or losses is to be apportioned on a time basis according to the lengths of the periods falling in different accounting periods of the relevant joint venture company.

(10) Subsection (11) applies where joint venture company losses of a relevant joint venture company are attributed to an RP developer under this section.

(11) For the purposes of this Part—

(a) the amount that is available to be carried forward or surrendered by the relevant joint venture company under Schedule 7 is reduced by the amount that is attributed to the RP developer;

(b) the amount that is available to be carried forward or surrendered by any other member of the same group under Schedule 7 is reduced by so much of the amount within paragraph (a) as is derived from the losses of that member.

(12) For the purposes of this Part a company or companies has or have "a substantial interest" in a relevant joint venture company ("the JV") if—

(a) the company or companies hold at least 10% of the ordinary share capital of the JV, or

(b) in a case where the JV does not have ordinary share capital, the company or companies are beneficially entitled to at least 10% of the profits of the JV that are available for distribution to equity holders of the JV.

41 RPDT reliefs

In Schedule 7—

(a) Part 1 makes provision about RPDT loss relief for adjusted trading losses;

(b) Part 2 makes provision about RPDT group relief for adjusted trading losses;

(c) Part 3 makes provision about RPDT group relief for carried-forward adjusted trading losses;

(d) Part 4 makes supplementary provision in connection with Parts 2 and 3.

42 Restrictions on RPDT reliefs

(1) For the purposes of section 38, the amount that may be deducted in respect of C and E for an accounting period may not exceed the relevant maximum.

(2) In a case where the calculation of A+B in section 38 gives an amount in respect of the RP developer that is less than or equal to the RP developer's allowance, the relevant maximum is the amount that would reduce that amount to £0.

(3) In a case where the calculation of A+B in section 38 gives an amount in respect of the RP developer that is greater than the RP developer's allowance for the accounting period, the relevant maximum is calculated as follows—

$$\frac{(A + B - Z)}{2} - D$$

where—

"A", "B" and "D" have the same meanings as in section 38;

"Z" is the RP developer's allowance for the accounting period.

(If the formula gives a negative amount, the relevant maximum is £0.)

(4) Subsection (5) applies where the effect of subsection (3) is to reduce the amount that would otherwise have been available to be deducted in respect of C and E in relation to an accounting period ("the total amount").

(5) For the purposes of this Part the amount that is available to be carried forward under Schedule 7 is—

(a) where the total amount is greater than the RP developer's allowance for the accounting period, an amount equal to the total amount minus that allowance, or

(b) where the total amount is less than or equal to the RP developer's allowance for the accounting period, £0.

Allowance

43 Allowance

(1) A company within the charge to corporation tax—

(a) is the allocating member of a group ("group G") in respect of the allowance for an accounting period ("period A") if it has been nominated to be the allocating member in accordance with regulations made under subsection (8), and

(b) if the company is an RP developer, may allocate some or all of the allowance for that period to itself.

(2) The allowance for period A to be allocated to members of group G is—

(a) where that period is 12 months, £25,000,000, and

(b) where that period is less than 12 months, £25,000,000 reduced by a pro rata amount.

(3) Where—

(a) an RP developer is a member of group G for an accounting period ("period B"),

(b) period B ends at the same time as, or during, period A, and

(c) the RP developer is a member of group G at the end of period A,

its allowance for period B is such amount (if any) as the allocating member of group G may allocate to it out of the allocating member's allowance in respect of period A and as has not been allocated to another RP developer which is a member of group G.

(4) Where—

(a) an RP developer is a member of a group at any time in an accounting period, and

(b) an allocating member of the group has not been nominated for that period,

the RP developer's allowance for that period is the amount determined in accordance with subsection (5).

(5) The amount is—

(a) where the accounting period is 12 months, £25,000,000 divided by the number of companies within the charge to corporation tax that are members of the group at the end of the accounting period of the ultimate parent of the group in which the end of the accounting period of the RP developer falls, and

(b) where the accounting period is less than 12 months, the sum determined under paragraph (a) reduced by a pro-rata amount.

(6) In any case not falling within the preceding subsections, an RP developer's allowance for an accounting period is—

(a) where the accounting period is 12 months, £25,000,000, and

(b) where the accounting period is less than 12 months, £25,000,000 reduced by a pro-rata amount.

(7) A member of group G is entitled to an allowance in respect of period B only if—

(a) an allowance allocation statement has been submitted on behalf of the group in accordance with regulations under subsection (8), and

(b) the allowance in question is for the amount allocated to it in that statement.

(8) HMRC Commissioners may by regulations make provision for and about—

(a) the nomination of a company in a group to be the allocating member of the group;

(b) changing the allocating member of a group;

(c) the submission by the allocating member to HMRC of an allowance allocation statement specifying how much of its allowance in respect of period A it has allocated to a member of the group in respect of period B.

(9) Regulations under subsection (8) may, among other things, make provision about—

(a) the contents of an allowance allocation statement;

(b) when an allowance allocation statement is to be submitted;

(c) when and how an allowance allocation statement may or must be amended on behalf of a group;

(d) when and how an allowance allocation statement may be amended by an officer of Revenue and Customs;

(e) the amendment of company tax returns in consequence of an allowance allocation statement or any amendment to such a statement (including provision altering time limits that would otherwise apply);

(f) the consequences for any RP developer that is a member of a group of the group not having an allocating member.

(10) This section is subject to section 44.

44 Allowance: joint venture companies

(1) This section applies for the purposes of calculating the allowance of a relevant joint venture company for an accounting period where an excluded body ("B") has a substantial interest in the relevant joint venture company.

(2) The relevant joint venture company's allowance for an accounting period that is the same as or overlaps with a specific financial year ("year X") is—

(a) the amount that would otherwise have been the relevant joint venture company's allowance for that accounting period in accordance with section 43(6), reduced by the relevant percentage, or

(b) where B allocates an allowable amount to the relevant joint venture company out of B's notional allowance for year X, the sum of that amount and the amount calculated in accordance with paragraph (a).

(3) For the purposes of subsection (2)—

(a) the relevant percentage is the percentage of the relevant joint venture company's profits that are available for distribution to equity holders and to which B is entitled;

(b) B's notional allowance for year X is £25,000,000;

(c) an amount is allowable if it does not exceed—

$$\frac{A}{365} \times P$$

where—

"A" is the number of days in the relevant joint venture company's accounting period that fall within year X;

"P" is an amount equal to the relevant percentage of B's notional allowance.

(4) The relevant joint venture company's allowance is determined in accordance with subsection (2)(b) only if—

(a) B has submitted a notional allowance statement in respect of the relevant joint venture company in accordance with regulations under subsection (5), and

(b) the allowance in question is for an amount calculated in accordance with subsection (2)(b), on the basis of that notional allowance statement.

(5) HMRC Commissioners may by regulations make provision for and about—

(a) the disapplication of any provision of this section in circumstances set out in the regulations;

(b) the submission by B to HMRC of a notional allowance statement specifying how much of its notional allowance in respect of year X it has allocated to a relevant joint venture company in respect of any of the company's accounting periods that end during or at the same time as year X.

(6) Regulations made in reliance on subsection (5)(b) may, among other things, make provision about—

(a) the contents of a notional allowance statement;

(b) when a notional allowance statement is to be submitted;

(c) when and how the notional allowance statement may or must be amended by B;

(d) the nomination by B of any other member of a group of which it is a member to carry out obligations imposed by or under this section on B;

(e) when and how a notional allowance statement may be amended by an officer of Revenue and Customs;

(f) the amendment of company tax returns in consequence of a notional allowance statement or any amendment to such a statement (including provision altering time limits that would otherwise apply).

(7) Where B is a member of a group, the references to "B" in the following provisions are to be read as references to the ultimate parent of the group—

(a) subsection (2)(b);

(b) subsection (3)(b);

(c) the definition of "P" in subsection (3)(c);

(d) subsection (4)(a).

(8) The power to make regulations under subsection (5) is exercisable in relation to the ultimate parent of a group of which B is a member as it is exercisable in relation to B.

(9) In this section an "excluded body" means a company that is not liable to RPDT otherwise than as a result of being a non-profit housing company.

Application of corporation tax provisions, management etc

45 Application of corporation tax provisions and management of RPDT

(1) The provisions of section 33(1) relating to the charging of a sum as if it were an amount of corporation tax is to be taken as applying all enactments applying generally to corporation tax.

(2) But this is subject to—

(a) the provisions of the Corporation Tax Acts,

(b) any necessary modifications, and

(c) subsection (5).

(3) The enactments mentioned in subsection (1) include—

(a) those relating to returns of information and the supply of accounts, statements and reports,

(b) those relating to the assessing, collecting and receiving of corporation tax,

(c) those conferring or regulating a right of appeal, and

(d) those concerning administration, penalties, interest on unpaid tax and priority of tax in cases of insolvency under the law of any part of the United Kingdom.

(4) Accordingly, TMA 1970 is to have effect as if any reference to corporation tax included a sum chargeable under section 33(1) as if it were an amount of corporation tax (but this does not limit subsections (1) to (3)).

(5) In the Corporation Tax (Treatment of Unrelieved Surplus Advance Corporation Tax) Regulations 1999 (SI 1999/358) or any further regulations made under section 32 of FA 1998 (unrelieved surplus advance corporation tax)—

(a) references to corporation tax do not include a sum chargeable on a company under section 33(1) as if it were corporation tax, and

(b) references to profits charged to corporation tax do not include RPD profits.

(6) Schedule 8 makes further provision about the management of RPDT.

46 Requirement to provide information about payments

(1) This section applies if—

(a) a sum is chargeable on an RP developer under section 33, for an accounting period as if it were an amount of corporation tax, and

(b) a payment is made (whether or not by the RP developer) that is wholly or partly in respect of that sum.

(2) The responsible company must give notice to an officer of Revenue and Customs, on or before the date the payment is made, of the amount of the payment that is in respect of that sum.

(3) The "responsible company" is—

(a) in a case where the RP developer is party to relevant group payment arrangements, the company that is, under those arrangements, to discharge the liability of the RP developer to pay RPDT for the accounting period;

(b) in any other case, the RP developer.

(4) "Relevant group payment arrangements" means arrangements under section 59F(1) of TMA 1970 (arrangements for paying corporation tax on behalf of group members) that relate to the accounting period.

(5) The requirement in subsection (2) is to be treated, for the purposes of Part 7 of Schedule 36 to FA 2008 (information and inspection powers: penalties), as a requirement in an information notice.

(6) This section is subject to any provision to the contrary in regulations under section 59E of TMA 1970 (further provision as to when corporation tax is due and payable).

47 Non-profit housing companies: exit charge

(1) This section applies where—

(a) a company ("A") ceases to be a non-profit housing company by virtue of any of paragraphs (a) to (d) of section 34(4), and

(b) not all of the assets of the company have been distributed to another non-profit housing company or companies before the end of the relevant period.

(2) For the purposes of subsection (1) the relevant period is the period beginning with the day on which A ceases to be a non-profit housing company and ending on—

(a) the first anniversary of the last day of the accounting period in which A ceased to be a non-profit housing company, or

(b) such later day as an officer of Revenue and Customs may allow.

(3) This section also applies where—

(a) a non-profit housing company ("A") ceases to be a non-profit housing company by virtue of section 34(4)(e) when it ceases to be a wholly owned subsidiary of another non-profit housing company ("B"), and

(b) an interest in A is acquired by a company that—

(i) controls, or is under the same control as, B, and

(ii) is not a non-profit housing company.

(4) For the purposes of RPDT—

(a) A is not to be treated as a non-profit housing company for the accounting period ("the exit period") in which it ceased to be a non-profit housing company or a wholly owned subsidiary of another non-profit housing company,

(b) A's RPD profits for the exit period are the total of what would have been A's, and (subject to subsection (5)(b)) any of A's wholly owned subsidiaries', chargeable amounts for accounting periods ending in the period ("the exit charge period")—

(i) beginning with the day ("the starting day") four years before the day on which A ceased to be a non-profit housing company or a wholly owned subsidiary of another non-profit housing company, and

(ii) ending with the last day of the exit period,

if, throughout the exit charge period, A had not been a non-profit housing company, and

(c) A's allowance in respect of the exit period is £0.

(5) For the purposes of subsection (4)(b)—

(a) "chargeable amount" means the amount of RPD profits in excess of what would have been A's, or A's wholly owned subsidiaries', allowance, but

(b) RPD profits of any of A's wholly owned subsidiaries ("subsidiary profits") are not to be taken into account for the purposes of calculating A's chargeable amount so far as those subsidiary profits are separately charged to RPDT as a result of this section applying by virtue of subsection (3).

(6) Where A, or any of A's wholly owned subsidiaries, has an accounting period beginning before the starting day and ending on or after that date ("the straddling period"), the following subsections apply for the purposes of subsection (4)(b).

(7) For the purposes of determining what would have been A's, or A's wholly owned subsidiaries', RPD profits for the straddling period and, if so, in what amount—

(a) so much of the straddling period as falls before the starting day, and

(b) so much of that period as falls on or after that date,

are to be treated as separate accounting periods.

(8) If it is necessary to apportion an amount for the straddling period to the two separate accounting periods, see section 1172 of CTA 2010 (which applies as a result of section 45).

Miscellaneous

48 Groups

(1) In this Part, other than in Schedule 7, "group" means two or more companies which together meet the following condition.

(2) The condition is that one of the companies is—

(a) the ultimate parent of each of the other companies, and

(b) is not the ultimate parent of any other company.

(3) A company ("A") is the "ultimate parent" of another company ("B") if—

(a) A is the parent of B, and

(b) no company is the parent of both A and B.

(4) A company ("A") is the "parent" of another company ("B") if—

(a) B is a 75% subsidiary of A,

(b) A is beneficially entitled to at least 75% of any profits available for distribution to equity holders of B, or

(c) A would be beneficially entitled to at least 75% of any assets of B available for distribution to its equity holders on a winding up.

49 Miscellaneous provision

Schedule 9 makes miscellaneous provision in connection with RPDT.

50 Interpretation etc

(1) In this Part—

"adjusted trading losses" and "adjusted trading profits" have the meaning given by section 39;

"control" has the same meaning as in section 1124 of CTA 2010 ("control");

"development of residential property", in relation to any activities, has the meaning given by section 35;

"group", and terms related to groups, have the meanings given by section 48;

"HMRC" means Her Majesty's Revenue and Customs;

"HMRC Commissioners" means the Commissioners for Her Majesty's Revenue and Customs;

"interest in land", in relation to an RP developer, has the meaning given by section 36;

"non-profit housing company" has the meaning given by section 34;

"relevant joint venture company" has the meaning given by section 40;

"residential property" has the meaning given by section 37;

"residential property developer" or "RP developer" has the meaning given by section 34;

"residential property developer losses" or "RPD losses" has the meaning given by section 38;

"residential property developer profits" or "RPD profits" has the meaning given by section 38;

"residential property development activities" or "RPD activities" has the meaning given by section 35;

"RPDT" has the meaning given by section 32;

"substantial interest", in relation to a relevant joint venture company, has the meaning given by section 40;

"ultimate parent" has the meaning given by section 48;

"wholly owned subsidiary" has the same meaning as in section 1159 of the Companies Act 2006 (meaning of "subsidiary" etc).

(2) Chapter 6 of Part 5 of CTA 2010 (equity holders and profits or assets available for distribution), other than sections 169 to 182, applies for the purposes of references in this Part to equity holders and beneficial entitlement to assets or profits of a company available for distribution to its equity holders, subject to subsection (3).

(3) In applying Chapter 6 of Part 5 (other than sections 169 to 182) and Chapter 3 of Part 24 of CTA 2010 for the purposes mentioned in subsection (2), they are to be read with all modifications necessary to ensure that—

(a) they apply to a company which does not have share capital, and to holders of corresponding ordinary holdings in such a company, in a way which corresponds to the way they apply to companies with ordinary share capital and holders of ordinary shares in such companies,

(b) they apply to a company which is an unincorporated association in a way which corresponds to the way they apply to companies which are bodies corporate,

(c) they apply in relation to ownership through an entity (other than a company), or any trust or other arrangement, in a way which corresponds to the way they apply to ownership through a company, and

(d) for the purposes of achieving paragraphs (a) to (c), profits or assets are attributed to holders of corresponding ordinary holdings in unincorporated associations, entities, trusts or other arrangements in a manner which corresponds to the way profits or assets are attributed to holders of ordinary shares in a company which is a body corporate.

(4) In subsection (3) "corresponding ordinary holding" in an unincorporated association, entity, trust or other arrangement means a holding or interest which provides the holder with economic rights corresponding to those provided by a holding of ordinary shares in a body corporate.

(5) Chapter 3 of Part 24 of CTA 2010 (subsidiaries) applies for the purposes of references in this Part to subsidiaries, subject to subsection (6).

(6) In applying Chapter 3 of Part 24 of CTA 2010 for the purposes mentioned in subsection (5)—

(a) share capital of a registered society is to be treated as if it were ordinary share capital, and

(b) a company ("the shareholder") that directly owns shares in another company is to be treated as not owning those shares if a profit on their sale would be a trading receipt of the shareholder.

Commencement and transitional provisions

51 Commencement

(1) This Part has effect in relation to accounting periods beginning on or after 1 April 2022.

(2) If an RP developer has an accounting period beginning before 1 April 2022 and ending on or after that date ("the straddling period"), for the purpose of determining whether RPDT is chargeable on the RP developer for the straddling period and, if so, in what amount—

(a) so much of the straddling period as falls before 1 April 2022, and

(b) so much of that period as falls on or after that date,

are to be treated as separate accounting periods.

(3) If it is necessary to apportion an amount for the straddling period to the two separate accounting periods, see section 1172 of CTA 2010 (which applies as a result of section 45).

(4) If—

(a) RPDT is chargeable on an RP developer for the straddling period, and

(b) under the Instalment Payment Regulations one or more instalment payments in respect of the total liability of the RP developer for that period are treated as becoming due and payable before 1 April 2022 ("pre-commencement instalments"),

the RPDT chargeable for that period is to be ignored for the purposes of determining the amount of any pre-commencement instalment.

(5) The first instalment in respect of that liability which is treated as becoming due and payable on or after 1 April 2022 is to be increased by the following amount, namely the difference between—

(a) the aggregate amount of the pre-commencement instalments determined in accordance with subsection (4), and

(b) the aggregate amount of those instalments determined ignoring that subsection (and so taking into account the tax chargeable on the RP developer for the straddling period).

(6) In the Instalment Payment Regulations—

(a) in regulations 6(1)(a), 7(2), 8(1)(a) and (2)(a), 9(5), 10(1), 11(1) and 13, references to those Regulations are to be read as including a reference to subsections (4) and (5) (and in regulation 7(2) "the regulation in question", and in regulation 8(2) "that regulation", are to be read accordingly), and

(b) in regulation 9(3), the reference to those Regulations is to be read as including a reference to those subsections.

(7) In section 59D of TMA 1970 (general rule as to when corporation tax is due and payable), in subsection (5), the reference to section 59E of that Act is to be read as including a reference to subsections (4) and (5) of this section.

(8) In this section "the Instalment Payment Regulations" means the Corporation Tax (Instalment Payments) Regulations 1998 (S.I. 1998/3175).

52 Anti-forestalling: accelerated profits

(1) This section applies if—

(a) trading profits derived from RPD activities arise to an RP developer in an accounting period ending before 1 April 2022,

(b) the profits arise in that accounting period instead of an accounting period ending on or after that date as a result of arrangements entered into on or after 29 April 2021, and

(c) the main purpose, or one of the main purposes, of the arrangements is to secure that, but for this section, the profits would not be taken into account for the purposes of section 38.

(2) The profits are to be taken into account for the purposes of that section as if they arose to the RP developer in the RP developer's first accounting period ending on or after 1 April 2022.

(3) In this section "arrangements" includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable), but does not include a change in the RP developer's accounting date for the purposes of section 10 of CTA 2009 (end of accounting period).

PART 3

ECONOMIC CRIME (ANTI-MONEY LAUNDERING) LEVY

53 Economic crime (anti-money laundering) levy

(1) A tax called the "economic crime (anti-money laundering) levy" (referred to in this Part as "the levy") is charged in accordance with this Part.

(2) The appropriate collection authority is responsible for the collection and management of the levy.

(3) In this Part, "appropriate collection authority" means—

(a) in the case of a person for whom the Financial Conduct Authority is a supervisory authority, the Financial Conduct Authority;

(b) in the case of a person for whom the Gambling Commission is a supervisory authority, the Gambling Commission;

(c) in any other case, the HMRC Commissioners.

54 Charge to the levy

(1) The levy is charged for a financial year if—

(a) a person carries on a regulated business at any point during the financial year, and

(b) the person's UK revenue for the financial year is medium, large or very large (see section 55).

(2) The amount charged for a financial year is—

(a) in the case of a person whose UK revenue for the financial year is medium, £10,000;

(b) in the case of a person whose UK revenue for the financial year is large, £36,000;

(c) in the case of a person whose UK revenue for the financial year is very large, £250,000.

(3) The amounts specified in subsection (2) are to be proportionately reduced in the case of a person who carries on a regulated business only for part of the financial year.

(4) No amount of payment made in respect of the levy is to be taken into account in calculating profits or losses for the purposes of income tax or corporation tax.

55 UK revenue: amount

(1) A person's UK revenue—

(a) is medium for a financial year if the person's UK revenue for the relevant accounting period is more than £10.2 million but not more than £36 million;

(b) is large for a financial year if the person's UK revenue for the relevant accounting period is more than £36 million but not more than £1 billion;

(c) is very large for a financial year if the person's UK revenue for the relevant accounting period is more than £1 billion.

(2) To determine the "relevant accounting period", see section 56.

(3) The sums in subsection (1) are to be proportionately adjusted if the relevant accounting period of the person is a period other than 12 months.

56 Relevant accounting period

(1) This section applies for the purposes of section 55.

(2) The "relevant accounting period", in relation to the UK revenue of a person for a financial year, is the person's accounting period that ends in the financial year.

(3) For this purpose, an accounting period that ends at the same time as the end of the financial year is an accounting period ending in that year.

(4) Where there is more than one accounting period of a person ending in a financial year—

(a) the person's UK revenue for the relevant accounting period is to be taken as the sum of the UK revenue for each of the accounting periods ending in the financial year, and

(b) the length of the relevant accounting period is to be taken as the combined length of those periods.

(5) Where there is no accounting period of a person ending in a financial year—

(a) in the case of a person who has an accounting period that ends during the period of 3 months beginning with the end of the financial year, the relevant accounting period is to be taken as that period;

(b) in any other case, the relevant accounting period is to be taken as the person's accounting period ending last before the start of the financial year.

(6) If there is no relevant accounting period of a person capable of being determined in accordance with this section, the UK revenue amounts in section 55 are to be determined for that person by reference to the amount of the person's UK revenue that, on a just and reasonable apportionment, is attributable to the financial year.

57 UK revenue: determination

(1) This section applies for the purposes of determining a person's UK revenue in a relevant accounting period.

(2) In the case of a UK resident person, the person's UK revenue is all of that person's revenue after deducting so much of their revenue as, on a just and reasonable apportionment, is attributable to the activities of any permanent establishment of the person in a territory outside the United Kingdom.

(3) In the case of a non-UK resident person, the person's UK revenue is so much of the person's revenue as, on a just and reasonable apportionment, is attributable to activities of any permanent establishment of the person in the United Kingdom (subject to subsections (4) and (5)).

(4) Subsection (5) applies to a non-UK resident person who, by virtue of regulation 9(4) of the Money Laundering Regulations (casinos which provide facilities for remote gambling), is regarded for the purpose of those regulations as carrying on business in the United Kingdom.

(5) The person's UK revenue also includes so much of the person's revenue as—

(a) is attributable, on a just and reasonable apportionment, to activities in respect of which a charge to remote gaming duty arises (see section 155 of FA 2014), and

(b) is not included in the person's UK revenue by virtue of subsection (3).

(6) References in this section to a "permanent establishment" of a person are to be read—

(a) in the case of a company, in accordance with Chapter 2 of Part 24 of CTA 2010;

(b) in any other case, in accordance with that Chapter but as if the person were a company.

(7) References in this Part to a person's "revenue" in a relevant accounting period are (subject to subsection (9)) references to—

(a) the person's turnover for that period, and

(b) any other amounts (not included within turnover) which, in accordance with generally accepted accounting practice ("GAAP"), are recognised as revenue in the person's profit and loss account or income statement for the accounting period.

(8) Where a person does not draw up accounts for a relevant accounting period in accordance with GAAP, the reference in subsection (7)(b) to any amounts which in accordance with GAAP are recognised as revenue in the person's profit and loss account or income statement for the accounting period is to be read as a reference to any amounts which would be so recognised if the person had drawn up such accounts for that accounting period.

(9) The following are to be ignored in determining a person's revenue for the purposes of this Part—

(a) a distribution within the meaning of CTA 2010 that—

(i) is received from a company that is connected with that person in accordance with sections 1122 and 1123 of CTA 2010, and

(ii) is not made in respect of shares or other assets, profits on the sale of which would be a trading receipt of that person;

(b) such other descriptions of revenue as may be specified in regulations made by the Treasury.

58 Assessment, payment, collection and recovery

(1) The levy is recoverable as a debt due to the Crown.

(2) The Treasury may by regulations—

(a) make provision about the assessment, payment and collection of the levy;

(b) make further provision about the recovery of the levy (in addition to subsection (1)).

(3) Regulations under subsection (2) may—

(a) make provision about the times at which payments are to be made and the methods of payment;

(b) require persons liable to pay the levy to notify the appropriate collection authority of that liability and to make returns;

(c) make provision for determining, in relation to persons for whom there is more than one appropriate collection authority with power to exercise functions under this Part, the authority that is to exercise those functions;

(d) make provision in relation to a business which is carried on by a partnership or by another unincorporated body specifying by what person anything required to be done in connection with the levy is to be done;

(e) make provision for interest (at a rate specified in, or determined under, the regulations) to be charged in respect of unpaid amounts of the levy;

(f) permit or require persons liable to pay the levy to supply the appropriate collection authority such information or documents as the authority may request in connection with the levy;

(g) require bodies (other than appropriate collection authorities) that are supervisory authorities to co-operate with appropriate collection authorities in the collection of the levy or otherwise in matters relating to the levy;

(h) make provision for the making of decisions by appropriate collection authorities as to any matter required to be decided for the purposes of the regulations;

(i) make provision about the form, manner and content of notifications or any other notices or communications with appropriate collection authorities in connection with the levy;

(j) make provision for the review of, and a right of appeal to the tribunal against, specified decisions of appropriate collection authorities in connection with the levy;

(k) make provision about the enforcement of the levy (including provision for the imposition of civil penalties or other sanctions for a failure to comply with a requirement imposed by or under this Part);

(l) make provision about the recovery of overpayments of the levy;

(m) make provision in relation to cases where an individual liable to pay the levy dies or becomes incapacitated, or where a person (whether or not an individual) is subject to an insolvency procedure.

(4) Provision under subsection (3)(b) may include provision about—

(a) the periods by reference to which returns are to be made;

(b) the information to be included in returns;

(c) the timing for making returns;

(d) the form of, and the method of making, returns.

(5) Provision under subsection (3)(i) may include provision about communications in electronic form.

(6) Regulations under subsection (2) may confer functions on—

(a) the HMRC Commissioners or anyone acting on their behalf, or

(b) another appropriate collection authority or anyone acting on its behalf.

(7) Regulations made by virtue of subsection (6)(a) may in particular provide—

(a) for functions in relation to the enforcement of the levy to be functions of the HMRC Commissioners in cases where another appropriate collection

authority is otherwise responsible for the collection and management of the levy, and

(b) for the HMRC Commissioners to be responsible for the collection and management of the levy, in place of the other appropriate collection authority, in the cases where it exercises such functions,

and section 53(2) and (3) is to be read as subject to regulations made by virtue of this subsection.

59 Payments into Consolidated Fund

(1) Subject to subsection (2), money received by the Financial Conduct Authority and the Gambling Commission in the exercise of functions under this Part as appropriate collection authorities is to be paid into the Consolidated Fund.

(2) Before making payment under subsection (1) a deduction may be made for reasonable administrative costs associated with the exercise of such functions.

(3) See further section 44 of CRCA 2005 for payments of money by the HMRC Commissioners into the Consolidated Fund.

60 Application to partnerships

(1) This section applies where a person liable to pay the levy for a financial year is a partnership.

(2) In the case of a partnership that is a body of persons forming a legal person that is distinct from themselves, the person liable to pay the levy is that legal person.

(3) In the case of any other partnership—

(a) the person liable to pay the levy is the responsible partners, and

(b) the liability of the responsible partners to do so is joint and several.

(4) The references in subsection (3) to "the responsible partners" are to all the persons who are members of the partnership at any time during the financial year.

(5) A partnership is to be regarded for the purposes of this Part as continuing to be the same partnership regardless of a change in membership, provided that a person who was a member before the change remains a member after the change.

61 Collection of information

In Schedule 36 to FA 2008 (powers to obtain information etc), in paragraph 63(1) (meaning of "tax"), after paragraph (iza) insert—

"(izb) economic crime (anti-money laundering) levy,".

62 Disclosure of information

(1) An appropriate collection authority may disclose information obtained or held by them for, or in connection with, their functions under this Part to—

(a) another appropriate collection authority;

(b) a supervisory authority that is not an appropriate collection authority;

(c) the Secretary of State;

(d) the Treasury;

(e) an authorised officer of a person listed in paragraphs (a) to (d).

(2) Information disclosed by an appropriate collection authority in reliance on subsection (1) may not be further disclosed without the consent of that appropriate collection authority (which may be general or specific).

(3) A supervisory authority that is not an appropriate collection authority may disclose information obtained or held by them to an appropriate collection authority or to an authorised officer of an appropriate collection authority.

(4) Information may only be disclosed under this section for the purpose of assisting the person to whom it is disclosed to carry out functions in relation to the levy.

(5) Section 19 of CRCA 2005 (offence of wrongful disclosure) applies in relation to a disclosure of information in contravention of subsection (2) which relates to a person whose identify is specified in, or can be deduced from, the disclosure as it applies in relation to the disclosure of information in contravention of section 20(9) of that Act.

(6) No charge may be made for any disclosure made under this section.

(7) Except as provided by subsection (8), the disclosure of information under this section does not breach—

(a) any obligation of confidence owed by the person making the disclosure, or

(b) any other restriction on the disclosure of information (however imposed).

(8) The powers conferred by this section to disclose information do not operate to authorise a disclosure that would contravene the data protection legislation (but those powers are to be taken into account in determining whether the disclosure would contravene that legislation).

(9) References in this section to an authorised officer of any person are to any person who has been designated by the principal as a person to and by whom information may be disclosed under this section.

(10) For the purposes of subsection (9), any officer of Revenue and Customs is to be treated as having been designated by the HMRC Commissioners as a person to and by whom information may be disclosed under this section.

(11) Nothing in this section (other than subsection (2)) limits the circumstances in which information may be disclosed under any other enactment or rule of law.

(12) In this section "data protection legislation" has the same meaning as in the Data Protection Act 2018 (see section 3 of that Act).

63 Power to make consequential provision

(1) The Treasury may by regulations make provision that is consequential on this Part.

(2) Regulations under this section may amend, repeal, revoke or otherwise modify any enactment (whenever passed or made).

64 Regulations

(1) Regulations under this Part—

(a) may make different provision for different purposes;

(b) may include incidental, consequential, supplementary, transitional or transitory provision;

(c) may have effect in relation to the financial year during which the regulations are made.

(2) Regulations under this Part may make provision by reference to things specified in a notice that is—

(a) published by the HMRC Commissioners, or another appropriate collection authority, in accordance with the regulations, and

(b) not withdrawn by a further notice.

(3) The power of the Treasury to make regulations under this Part may instead be exercised by the HMRC Commissioners.

(4) Before making regulations under this Part the Treasury must consult each appropriate collection authority.

(5) Before making regulations under this Part the HMRC Commissioners must consult the Treasury and each of the other appropriate collection authorities.

(6) Regulations under this Part are to be made by statutory instrument.

(7) Except as provided by subsection (8), a statutory instrument containing regulations under this Part is subject to annulment in pursuance of a resolution of the House of Commons.

(8) A statutory instrument containing (whether alone or with other provision) regulations of the following kinds may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, the House of Commons—

(a) regulations under section 58(2) that make provision falling within section 58(3)(k);

(b) regulations under section 63 that amend or repeal any provision of an Act of Parliament.

65 Interpretation

(1) In this Part—

"accounting period"—

(a) in relation to a company within the charge to corporation tax, is to be read in accordance with Chapter 2 of Part 2 of CTA 2009, and

(b) in relation to any other person, means a period for which the person's accounts are drawn up;

"appropriate collection authority" has the meaning given by section 53(3) (subject to section 58(7));

"company" has the meaning given by section 1121(1) of CTA 2010;

"economic crime (anti-money laundering) levy" has the meaning given in section 53;

"generally accepted accounting practice" has the meaning given by section 1127(1) and (3) of CTA 2010;

"HMRC Commissioners" means the Commissioners for Her Majesty's Revenue and Customs;

"the levy" means the economic crime (anti-money laundering) levy (see section 53(1));

"Money Laundering Regulations" means the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (S.I. 2017/692) (as amended from time to time);

"non-UK resident person" means a person who is not resident in the United Kingdom;

"regulated business" means a business carried on by a person by virtue of being a relevant person within the meaning of regulation 8(1) of the Money Laundering Regulations;

"relevant accounting period" is to be read in accordance with section 56;

"revenue" has the meaning given in section 57(7);

"supervisory authority" means an authority that is a supervisory authority under the Money Laundering Regulations (see regulation 7 of those Regulations);

"tribunal" means the First-tier Tribunal or, where determined by or under Tribunal Procedure Rules, the Upper Tribunal;

"turnover" means the amounts derived from the provision of goods and services after deduction of trade discounts, value added tax and any other taxes (other than the levy) based on the amounts so derived;

"UK resident person" means a person who is resident in the United Kingdom.

(2) For the purposes of this Part—

(a) the territory in which a company is resident is to be determined as for corporation tax purposes, and

(b) the territory in which a partnership is resident is the territory in which the control and management of the activities of the partnership take place.

66 Commencement

This Part has effect for the financial year beginning with April 2022 and subsequent financial years.

PART 4

PUBLIC INTEREST BUSINESS PROTECTION TAX

67 Public interest business protection tax

(1) Schedule 10 makes provision about a tax charged in circumstances where a business for which there is a special administration regime becomes subject to special administration or to other special measures in connection with insolvency.

(2) In this section "special administration", "special administration regime" and "special measures" have the meanings given by paragraph 2 of that Schedule.

PART 5

OTHER TAXES

Stamp duty and stamp duty reserve tax

68 Securitisation companies and qualifying transformer vehicles

(1) The Treasury may by regulations make provision for stamp duty or stamp duty reserve tax (or both) not to be chargeable in connection with, or with a particular description of, the following—

(a) transfers of relevant securities issued or raised by a securitisation company or a qualifying transformer vehicle, and

(b) transfers of relevant securities to or by a securitisation company.

(2) In this section, "relevant securities" means—

(a) stock or marketable securities (as defined in section 122 of the Stamp Act 1891), and

(b) chargeable securities (as defined in section 99 of FA 1986, subject to subsection (8)).

(3) Regulations under this section may, among other things—

(a) make provision for stamp duty not to be chargeable on a written document relating to a transfer;

(b) make provision for stamp duty reserve tax not to be chargeable on a transfer or an agreement for a transfer;

(c) provide that a transfer is exempt from all stamp duties;

(d) make provision subject to conditions;

(e) make different provision for different purposes;

(f) contain incidental, consequential, transitional and transitory provision and savings.

(4) The provision that may be made under subsection (3)(f) includes provision amending an enactment.

(5) Regulations under this section are to be made by statutory instrument.

(6) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of the House of Commons.

(7) In this section—

"enactment" includes subordinate legislation (as defined in section 21 of the Interpretation Act 1978);

"qualifying transformer vehicle" has same meaning as in the Risk Transformation (Tax) Regulations 2017 (S.I. 2017/1271) (see regulation 3 of those Regulations);

"securitisation company" has the same meaning as in the Taxation of Securitisation Companies Regulations 2006 (S.I. 2006/3296) (see regulation 4 of those Regulations);

"transfer" includes issue or appropriation under arrangements involving the issue of depositary receipts or the provision of clearance services for the purchase and sale of relevant securities.

(8) For the purposes of this section, "chargeable securities" includes securities that are not chargeable securities for the purposes of Part 4 of FA 1986 by virtue of an exemption under regulations made under this section (see section 99(5) and (5ZA) of that Act).

Value added tax

69 Interim operation of margin schemes for used cars etc: Northern Ireland

(1) Subsection (2) applies where a person supplies a margin scheme motor vehicle in the following circumstances—

(a) the vehicle was first registered before IP completion day,

(b) the person took possession of it in Great Britain or the Isle of Man,

(c) it was then removed to Northern Ireland, and

(d) in respect of the supply, the person is prevented from exercising a margin scheme option by, and only by, a Northern Ireland exclusion.

(2) The person may exercise the margin scheme option in respect of the supply (despite the Northern Ireland exclusion), subject to any regulations under subsection (3) and any direction given under subsection (4) (and not withdrawn).

(3) The Treasury may by regulations made by statutory instrument provide that a margin scheme option may not be exercised in reliance on subsection (2) where the vehicle was removed to Northern Ireland after a date specified in the regulations (the "end date").

(4) The Commissioners for Her Majesty's Revenue and Customs may, in a notice published by them, direct that a margin scheme option may not be exercised in reliance on subsection (2) after a date specified in the notice.

(5) Regulations under subsection (3) and notices under subsection (4) may specify different dates in relation to different cases.

(6) The date specified in relation to a case in a notice under subsection (4) must fall after the end date specified in relation to the case.

(7) A statutory instrument containing regulations under subsection (3) is subject to annulment in pursuance of a resolution of the House of Commons.

(8) In this section—

"the 1992 Order" means the Value Added Tax (Cars) Order 1992 (S.I. 1992/3122);

"the 1995 Order" means the Value Added Tax (Special Provisions) Order 1995 (S.I. 1995/1268);

"margin scheme motor vehicle" means a mechanically propelled vehicle that is—

(a) a used motor car, or

(b) second-hand goods;

"margin scheme option" means the option under article 8(1) of the 1992 Order (relief for used motor cars) or article 12(1) of the 1995 Order (relief for second-hand goods etc);

"motor car" has the meaning given in the 1992 Order;

"Northern Ireland exclusion" means article 8(3)(e) of the 1992 Order (used motor car removed to Northern Ireland) or article 12(3)(aa) of the 1995 Order (second-hand goods etc removed to Northern Ireland);

"registered" means registered under—

(a) VERA 1994, or

(b) the Licensing and Registration of Vehicles Act 1985 of the Isle of Man;

"second-hand goods" has the meaning given in the 1995 Order;

"used", in relation to a motor car, has the same meaning as in the 1992 Order.

(9) Subsections (1) to (8) come into force on such day as the Treasury may by regulations made by statutory instrument appoint.

(10) Regulations under subsection (9)—

(a) may specify different days in relation to different cases, and

(b) may provide for subsections (1), (2) and (8) to be treated as having come into force on IP completion day.

(11) The Treasury may by regulations made by statutory instrument make transitional, transitory or saving provision in connection with the coming into force of subsections (1) to (8), including provision making different provision in relation to different cases.

70 Margin schemes and removal or export of goods: VAT-related payments

In VATA 1994, after section 50A (margin schemes) insert—

"**50B Margin schemes and export or removal of goods**

(1) The Treasury may by order provide that, on making a claim, a person is entitled to a VAT-related payment in respect of relevant supplies or of a description of relevant supply specified in the order.

(2) "Relevant supply", in relation to a person making a claim, means a supply of goods to the person where—

(a) the person took possession of the goods in Great Britain or the Isle of Man in the course of carrying on a business,

(b) the goods were then removed to Northern Ireland or exported,

(c) at the time of the removal or export ("the relevant time"), the person intended to resell the goods outside Great Britain and the Isle of Man in the course of carrying on the business, and

(d) if the circumstances of, and following, the supply to the person had been altered as described in subsection (3), the person would have been entitled to exercise an option under an order made under section 50A in respect of the resale of the goods.

(3) The alterations mentioned in subsection (2)(d) are—

(a) that (if it was not in fact so) the person was a taxable person,

(b) that the goods were not removed to Northern Ireland or exported (and VAT was charged on the supply of the goods to the person on that basis), and

(c) that the person resold the goods in Great Britain at the relevant time in the course of carrying on the business.

(4) "VAT-related payment", in respect of a supply of goods, means a payment of an amount equal to so much of the consideration for the supply as would have constituted VAT if—

(a) the supply had taken place at the relevant time, and

(b) VAT had been chargeable on the value of the supply,

subject to any provision made in reliance on subsection (5).

(5) An order under this section may make provision for the amount of a VAT-related payment to be less than the amount described in subsection (4).

(6) An order under this section may, among other things—

(a) make entitlement to a VAT-related payment subject to conditions;

(b) make provision about the making of claims under the order;

(c) make provision for claims to be treated as if they were returns under this Act in respect of a particular period;

(d) make provision about the calculation of VAT-related payments, including provision about the calculation of the consideration for, or value of, a supply;

(e) make provision about how VAT-related payments are to be paid;

(f) make provision for VAT-related payments to be treated as if they were repayments of input tax;

(g) make provision requiring claims and payments to be made through agents in the United Kingdom;

(h) make provision for agents dealing with claims and payments under the order to be treated under this Act as if they were taxable persons;

(i) make provision for and in connection with the payment of interest to or by the Commissioners, including provision about interest wrongly paid.

(7) An order under this section may, among other things—

(a) confer power on the Commissioners to make provision in a direction or notice;

(b) make provision, or enable the Commissioners to make provision, generally or for particular purposes;

(c) make provision applying a provision of or made under this Act or another enactment, with or without modifications, including provision relating to penalties and offences;

(d) make different provision for different purposes, including different provision in relation to persons carrying on business in different places or in relation to the removal or export of goods to different places;

(e) make consequential, incidental, supplementary, transitional, transitory or saving provision.

(8) The provision that may be made under subsection (7)(e) includes provision amending an enactment or subordinate legislation.

(9) References in this section to carrying on a business are to doing so in the United Kingdom or elsewhere."

71 Margin schemes and removal or export of goods: zero-rating

(1) VATA 1994 is amended as follows.

(2) In section 30 (zero-rating), after subsection (6) insert—

"(6A) Subsection (6) does not apply in the case of goods exported from Great Britain if, in respect of the supply, the supplier exercises an option under an order made under section 50A."

(3) In paragraph 3 of Schedule 9ZB (movements between Northern Ireland and Great Britain), after sub-paragraph (1) insert—

"(1A) A supply of goods that involves the removal of goods from Great Britain to Northern Ireland is not zero-rated under sub-paragraph (1) if, in respect of the supply, the supplier exercises an option under an order made under section 50A."

(4) Subsections (1) to (3) come into force on such day as the Treasury may by regulations made by statutory instrument appoint.

(5) Regulations under this section may specify different days for different purposes.

(6) The Treasury may by regulations made by statutory instrument make transitional, transitory or saving provision in connection with the coming into force of subsections (1) to (3), including provision making different provision for different purposes.

72 Relief on the importation of dental prostheses

(1) In Schedule 2 to the Value Added Tax (Imported Goods) Relief Order 1984 (S.I. 1984/746), in Group 5 (health), after Item 10 insert—

"11 Dental prostheses imported by or on behalf of—

(a) a person registered in the dentists register;

(b) a person registered in the dental care professionals register established under section 36B of the Dentists Act 1984."

(2) The amendment made by subsection (1)—

(a) has effect in relation to imports on or after IP completion day, and

(b) is to be treated as having been made under section 37(1) of VATA 1994 (VAT on importation of goods: reliefs etc) (and may be amended or revoked under that power accordingly).

Insurance premium tax

73 Identifying where the risk is situated

(1) In Schedule 7A to FA 1994 (insurance premium tax: contracts that are not taxable), paragraph 8 (contracts relating to risks outside the United Kingdom) is amended as follows.

(2) In sub-paragraph (2) for the words from "regulations made under section 424(3) of the Financial Services and Markets Act 2000" to the end substitute "the Table in sub-paragraph (3)".

(3) After that sub-paragraph insert—

"(3) This is the Table referred to in sub-paragraph (2)—

Where—	*The risk is situated in—*
the contract relates to a building, to some or all of the contents of a building or to a building and some or all of its contents	the country or territory in which the building is situated
the contract relates to vehicles of any type	the country or territory in which the vehicle is registered
the contract covers travel or holiday risks and has a duration of four months or less	the country or territory in which the policyholder entered into the contract
the contract does not fall within any of the previous entries and the policyholder is an individual	the country or territory in which the policyholder is habitually resident on the date on which the contract is entered into
the contract does not fall within any of the previous entries	the country or territory in which the establishment of the policyholder to which the contract relates is situated on the date on which the contract is entered into.

(4) For the purposes of the last entry in the Table, "establishment", in relation to a policyholder ("P"), means—

(a) P's head office or any of P's agencies or branches, or

(b) any permanent presence of P (which need not take the form of a branch or agency and, for example, may consist of an office managed by P's staff or by a person who is independent of P but who has permanent authority to act for P as if the person were an agency)."

(4) The amendments made by this section have effect in relation to contracts of insurance entered into on or after the day on which this Act is passed.

Import duty

74 Transitioned trade remedies: decisions by Secretary of State

(1) Subsections (2) to (10) apply where a relevant review or reconsideration of a transitioned trade remedy has been initiated by the Trade Remedies Authority ("the TRA") but has not been concluded.

(2) The Secretary of State may notify the TRA in writing that, in relation to the matters under review or reconsideration, the Secretary of State is to decide whether to—

(a) vary, maintain or revoke a tariff rate quota, anti-dumping amount or countervailing amount that is applicable to the goods to which the review or reconsideration relates, or

(b) replace a tariff rate quota that is applicable to the goods to which the review or reconsideration relates with an additional amount of import duty.

(3) Accordingly—

(a) functions of the TRA that would otherwise be exercisable in relation to the matters under review or reconsideration cease to be exercisable by the TRA (but this is subject to subsection (6)(d));

(b) the Secretary of State's decision need not be based on a recommendation or decision of the TRA in relation to the matters under review or reconsideration;

(c) provisions made by the Safeguards Regulations, the Dumping and Subsidisation Regulations and the Reconsideration and Appeals Regulations have effect subject to provision made by or under this section.

(4) The Secretary of State must publish notice giving effect to a decision under subsection (2).

(5) The Secretary of State may by regulations make provision for the purposes of subsection (2).

(6) The following are examples of provision that regulations under subsection (5) may make in relation to a decision under subsection (2)—

(a) provision specifying steps that are to be taken by the Secretary of State before notifying the TRA under subsection (2),

(b) provision specifying factors that are, or are not, to be taken into account by the Secretary of State in making the decision,

(c) provision treating steps taken by the TRA in relation to the matters under review or reconsideration as steps taken by the Secretary of State,

(d) provision requiring the TRA to do specified things of any kind (including things specified by the Secretary of State in directions) for the purpose of assisting the Secretary of State in making the decision,

(e) provision authorising the disclosure of information between the Secretary of State and the TRA,

(f) provision treating notice of the decision and anything having effect under the decision as having effect under TCTA 2018,

(g) provision for and in connection with appeals against the decision, and

(h) provision amending or otherwise modifying the Safeguards Regulations, the Dumping and Subsidisation Regulations or the Reconsideration and Appeals Regulations.

(7) For the purposes of this section—

(a) a relevant review or reconsideration of a transitioned trade remedy is initiated when—

(i) the TRA publishes notice of initiation of a review under regulation 49(2)(a) of the Safeguards Regulations or regulation 98(1) of the Dumping and Subsidisation Regulations,

(ii) the TRA publishes notice of initiation of a reconsideration of an original decision under regulation 12(1) of the Reconsideration and Appeals Regulations, or

(iii) the Upper Tribunal refers an original decision back to the TRA under regulation 18(3) of the Reconsideration and Appeals Regulations;

(b) a relevant review or reconsideration of a transitioned trade remedy is concluded when—

(i) the Secretary of State accepts or rejects the TRA's recommendation or decision following the review or reconsideration,

(ii) the TRA publishes notice or notifies the Secretary of State that it is upholding the original decision under regulation 14(5) of the Reconsideration and Appeals Regulations (whichever is earlier), or

(iii) the TRA makes a new decision following a referral by the Upper Tribunal under regulation 18(3) of the Reconsideration and Appeals Regulations.

(8) For the purposes of subsection (7), an "original decision" means a recommendation made by the TRA to the Secretary of State under—

(a) regulation 100(1) of the Dumping and Subsidisation Regulations, or

(b) regulation 51(1) of the Safeguards Regulations.

(9) Section 32(7) and (8) of TCTA 2018 apply to regulations made under this section as if they were regulations made under Part 1 of that Act.

(10) Regulations under this section are to be made by statutory instrument; and an instrument containing regulations made under this section is subject to annulment in pursuance of a resolution of the House of Commons.

(11) In regulation 14 of the Reconsideration and Appeals Regulations, after paragraph (5) insert—

"(5A) Where the original decision is a recommendation under regulation 100(1) of the Dumping and Subsidisation Regulations or regulation 51(1) of the Safeguards Regulations, the TRA must notify the Secretary of State of its intention to uphold the original decision at least 30 days before taking the steps under paragraph (5)."

(12) In this section—

"the Safeguards Regulations" means the Trade Remedies (Increase in Imports Causing Serious Injury to UK Producers) (EU Exit) Regulations 2019 (S.I. 2019/449);

"the Dumping and Subsidisation Regulations" means the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (S.I. 2019/450);

"the Reconsideration and Appeals Regulations" means the Trade Remedies (Reconsideration and Appeals) (EU Exit) Regulations 2019 (S.I. 2019/910).

(13) This section is treated as having come into force on 3 November 2021.

75 Reference documents: amount of import duty

After section 32 of TCTA 2018 insert—

"**32A Reference documents**

(1) This section applies where regulations made under any of sections 8 to 19 make provision by reference to a document.

(2) The reference is to be construed—

(a) as a reference to the document as modified by notice by the appropriate authority from time to time;

(b) if the appropriate authority declares by notice that the document is replaced by another document, as a reference to that other document.

(3) Subsection (2) does not apply to the extent that the effect of the modification or replacement of the document would be to alter the amount of import duty applicable under this Part to any goods.

(4) A notice under this section must be published in such manner as the authority issuing it considers appropriate.

(5) Section 32(10) applies to a notice under this section as it applies to a public notice.

(6) In this section—

"appropriate authority", in relation to regulations that make provision by reference to a document, means the person who made the regulations;

"modified" means amended, added to or omitted from."

Fuel duties

76 Restriction of use of rebated diesel and biofuels

(1) Schedule 11 makes—

(a) provision amending HODA 1979 to restrict the use of rebated diesel and biofuels to specified categories of machines, and

(b) related provision.

(2) Part 1 of Schedule 11 comes into force on 1 April 2022.

(3) The Treasury may by regulations—

(a) make provision that is consequential on Schedule 11;

(b) such supplementary, incidental, transitional, transitory or saving provision as the Treasury consider appropriate in connection with the coming into force of Schedule 11.

(4) Regulations under subsection (3) may—

(a) amend, repeal or revoke provision made by or under an Act passed before this Act;

(b) make different provision for different purposes or areas.

(5) Regulations under subsection (3) are to be made by statutory instrument.

(6) A statutory instrument containing regulations under subsection (3) is subject to annulment in pursuance of a resolution of the House of Commons.

(7) In Schedule 11 to FA 2020 (amendments of HODA 1979 relating to private pleasure craft), in paragraph 21 (power to make consequential amendments), after "FA 2021" (as inserted by section 102(7) of FA 2021) insert "and Schedule 11 to FA 2022,".

Tobacco products duty

77 Rates of tobacco products duty

(1) In Schedule 1 to TDPA 1979 (table of rates of tobacco products duty), for the Table substitute—

"TABLE

1 Cigarettes	An amount equal to the higher of— (a) 16.5% of the retail price plus £262.90 per thousand cigarettes, or (b) £347.86 per thousand cigarettes.
2 Cigars	£327.92 per kilogram
3 Hand-rolling tobacco	£302.34 per kilogram
4 Other smoking tobacco and chewing tobacco	£144.17 per kilogram
5 Tobacco for heating	£270.22 per kilogram".

(2) In consequence of the provision made by subsection (1), in Schedule 2 to the Travellers' Allowances Order 1994 (which provides in certain circumstances for a simplified calculation of excise duty on goods brought into Great Britain)—

(a) in the entry relating to cigarettes, for "£320.90" substitute "£347.86",

(b) in the entry relating to hand rolling tobacco, for "£271.40" substitute "£302.34",

(c) in the entry relating to other smoking tobacco and chewing tobacco, for "£134.24" substitute "£144.17",

(d) in the entry relating to cigars, for "£305.32" substitute "£327.92",

(e) in the entry relating to cigarillos, for "£305.32" substitute "£327.92", and

(f) in the entry relating to tobacco for heating, for "£75.48" substitute "£81.07".

(3) The amendments made by this section are treated as having come into force at 6pm on 27 October 2021.

Vehicle taxes

78 Rates for light passenger or light goods vehicles, motorcycles etc

(1) Schedule 1 to VERA 1994 (annual rates of vehicle excise duty) is amended as follows.

(2) In paragraph 1 (general rate)—

(a) in sub-paragraph (2) (vehicle not covered elsewhere in Schedule with engine cylinder capacity exceeding 1,549cc), for "£280" substitute "£295", and

(b) in sub-paragraph (2A) (vehicle not covered elsewhere in Schedule with engine cylinder capacity not exceeding 1,549cc), for "£170" substitute "£180".

(3) In paragraph 1B (graduated rates for light passenger vehicles registered before 1 April 2017), for the Table substitute—

"CO_2 emissions figure		*Rate*	
(1)	*(2)*	*(3)*	*(4)*
Exceeding	*Not exceeding*	*Reduced rate*	*Standard rate*
g/km	*g/km*	*£*	*£*
100	110	10	20
110	120	20	30
120	130	125	135
130	140	155	165
140	150	170	180
150	165	210	220
165	175	255	265
175	185	280	290
185	200	320	330
200	225	350	360
225	255	605	615
255	—	620	630".

(4) In the sentence immediately following the Table in that paragraph, for paragraphs (a) and (b) substitute—

"(a) in column (3), in the last two rows, "350" were substituted for "605" and "620", and

(b) in column (4), in the last two rows, "360" were substituted for "615" and "630"."

(5) In paragraph 1GC (graduated rates for first licence for light passenger vehicles registered on or after 1 April 2017), for Table 1 (vehicles other than higher rate diesel vehicles) substitute—

"CO_2 emissions figure		*Rate*	
(1)	*(2)*	*(3)*	*(4)*
Exceeding	*Not exceeding*	*Reduced rate*	*Standard rate*
g/km	*g/km*	*£*	*£*
0	50	0	10
50	75	15	25
75	90	110	120
90	100	140	150
100	110	160	170
110	130	180	190

"CO_2 emissions figure		*Rate*	
(1)	*(2)*	*(3)*	*(4)*
Exceeding	*Not exceeding*	*Reduced rate*	*Standard rate*
g/km	*g/km*	*£*	*£*
130	150	220	230
150	170	575	585
170	190	935	945
190	225	1410	1420
225	255	2005	2015
255	—	2355	2365".

(6) In that paragraph, for Table 2 (higher rate diesel vehicles) substitute—

"CO_2 emissions figure		*Rate*
(1)	*(2)*	*(3)*
Exceeding	*Not exceeding*	*Rate*
g/km	*g/km*	*£*
0	50	25
50	75	120
75	90	150
90	100	170
100	110	190
110	130	230
130	150	585
150	170	945
170	190	1420
190	225	2015
225	255	2365
255	—	2365".

(7) In paragraph 1GD(1) (rates for any other licence for light passenger vehicles registered on or after 1 April 2017)—

(a) in paragraph (a) (reduced rate), for "£145" substitute "£155", and

(b) in paragraph (b) (standard rate), for "£155" substitute "£165".

(8) In paragraph 1GE(2) (rates for light passenger vehicles registered on or after 1 April 2017 with a price exceeding £40,000)—

(a) in paragraph (a), for "£480" substitute "£510", and

(b) in paragraph (b), for "£490" substitute "£520".

(9) In paragraph 1J(a) (rates for light goods vehicles that are not pre-2007 or post-2008 lower emission vans), for "£275" substitute "£290".

(10) In paragraph 2(1) (rates for motorcycles)—

(a) in paragraph (a) (engine cylinder capacity not exceeding 150cc), for "£21" substitute "£22",

(b) in paragraph (b) (motorbicycles with engine cylinder capacity exceeding 150cc but not exceeding 400cc), for "£45" substitute "£47",

(c) in paragraph (c) (motorbicycles with engine cylinder capacity exceeding 400cc but not exceeding 600cc), for "£69" substitute "£73", and

(d) in paragraph (d) (other cases), for "£96" substitute "£101".

(11) The amendments made by this section have effect in relation to licences taken out on or after 1 April 2022.

79 Vehicle excise duty: exemption for certain cabotage operations

(1) The Motor Vehicles (International Circulation) Order 1975 (S.I. 1975/1208) is modified in accordance with subsection (2).

(2) Article 5 (excise exemption and documents for vehicles brought temporarily into the United Kingdom) has effect as if—

(a) in paragraph (2), after sub-paragraph (c) there were inserted—

"(d) in a case of a vehicle being used for or in connection with a cabotage operation in Great Britain that is not exempt from excise duty under sub-paragraph (b) or (c), the vehicle is exempt from excise duty if and for so long as—

(i) the cabotage operation consists of national carriage for hire or reward by a haulier;

(ii) no more than 14 days has elapsed beginning with the day on which the vehicle arrived in the United Kingdom in the course of a laden journey;

(iii) the vehicle is being used at any time during the permitted period; and

(iv) either paragraph (2ZA) or (2ZB) applies in the case of the vehicle.";

(b) after paragraph (2) there were inserted—

"(2ZA) This paragraph applies in the case of a vehicle if—

(a) the haulier is the holder of a Community licence, and

(b) the driver of the vehicle, if a national of a country which is not a member State, holds a driver attestation.

(2ZB) This paragraph applies in the case of a vehicle if—

(a) the vehicle is a foreign goods vehicle, and

(b) the vehicle lawfully entered the United Kingdom in the course of a laden international road transport.

(2ZC) The definition of "foreign goods vehicle" in regulation 3(1) of the Goods Vehicles (Licensing of Operators) (Temporary Use in Great Britain) Regulations 1996 (S.I. 1996/2186) applies for the purposes

of paragraph (2ZB)(a), but as if paragraph (d) of that definition were omitted.

(2ZD) Paragraphs (2ZE) and (2ZF) apply in determining the "permitted period" for the purposes of paragraph (2)(c)(d)(iii).

(2ZE) In the case of vehicles arriving in the United Kingdom on or after 28th October 2021, the "permitted period" means the period ending with—

(a) 30th April 2022, or

(b) such later date as regulations made by the Treasury may specify.

(2ZF) Where regulations made by the Treasury provide for this paragraph to apply in the case of vehicles arriving in the United Kingdom on or after a date specified in the regulations that is after 30th April 2022, the "permitted period" means the period—

(a) beginning with that specified date, and

(b) ending with such later date as the regulations may specify.

(2ZG) The later date specified in regulations under paragraph (2ZE)(b) or (2ZF)(b) must be no later than 31st December 2022.

(2ZH) Regulations under paragraph (2ZE) or (2ZF) are to be made by statutory instrument.

(2ZI) A statutory instrument containing regulations under paragraph (2ZE) or (2ZF) is subject to annulment in pursuance of a resolution of the House of Commons."

80 HGV road user levy: extension of suspension

(1) In section 88 of FA 2020 (suspension of HGV road user levy), in subsection (3) (exempt period), for "24" substitute "36".

(2) In FA 2021 omit section 106 (HGV road user levy: extension of suspension).

Gaming duty

81 Amounts of gross gaming yield charged to gaming duty

(1) In section 11(2) of FA 1997 (rates of gaming duty), for the table substitute—

"TABLE

Part of gross gaming yield	Rate
The first £2,686,000	15%
The next £1,852,000	20%
The next £3,243,000	30%
The next £6,845,000	40%
The remainder	50%".

(2) The amendment made by this section has effect in relation to accounting periods beginning on or after 1 April 2022.

Penalties relating to excise duty

82 Excise duty: penalties

(1) Schedule 41 to FA 2008 (penalties: failure to notify and certain VAT and excise wrongdoing) is amended as follows.

(2) In paragraph 1 (penalty payable on failure to comply with relevant obligation), in the table (relevant obligations), in the fourth entry for "excise duties", for "their release for free circulation" substitute "a declaration for the free-circulation procedure or an authorised use procedure being accepted".

(3) In paragraph 4 (handling goods subject to unpaid excise duty etc), in sub-paragraph (2), in the definition of "excise duty point", after "1992" insert "(and includes any excise duty point created or deemed to be created as a result of provision in regulations under section 45 of the Taxation (Cross-border Trade) Act 2018 (general regulation making power for excise duty purposes etc))".

(4) This section is treated as having come into force on 3 November 2021.

Environmental taxes

83 Rates of landfill tax

(1) Section 42 of FA 1996 (amount of landfill tax) is amended as follows.

(2) In subsection (1)(a) (standard rate), for "£96.70" substitute "£98.60".

(3) In subsection (2) (reduced rate for certain disposals), in the words after paragraph (b) —

(a) for "£96.70" substitute "£98.60", and
(b) for "£3.10" substitute "£3.15".

(4) The amendments made by this section have effect in relation to disposals made (or treated as made) on or after 1 April 2022.

84 Plastic packaging tax

Schedule 12 makes miscellaneous amendments to Part 2 of FA 2021 (plastic packaging tax).

PART 6

MISCELLANEOUS AND FINAL

Avoidance

85 Winding-up petitions by an officer of Revenue and Customs

(1) Subsection (2) applies where it appears to an officer of Revenue and Customs that it is expedient in the public interest, for the purposes of protecting the public revenue, that a relevant body should be wound up.

(2) The officer may present a petition to the court for the winding up of the body.

(3) On such a petition, the court may wind up the body if the court is of the opinion that it is just and equitable that it should be wound up.

(4) In this section—

"court" means—

(a) the court having jurisdiction for the purposes of the Insolvency Act 1986, or

(b) in Northern Ireland, the High Court;

"indirect tax" has the same meaning as in Schedule 17 to F(No.2)A 2017 (disclosure of tax avoidance schemes: VAT and other indirect taxes);

"relevant body" means a body, including a partnership, that—

(a) carries on a business as a promoter within the meaning of Part 5 of FA 2014 (promoters of tax avoidance schemes) as if, in sections 234 and 235 of that Part, references to—

(i) "tax" included value added tax and other indirect taxes, and

(ii) "tax advantage" included a tax advantage as defined for value added tax in paragraph 6, and for other indirect taxes in paragraph 7, of Schedule 17 to F(No.2)A 2017;

(b) is connected to a body within paragraph (a) (within the meaning of section 1122 of CTA 2010 ("connected" persons)).

(5) If a petition is presented under subsection (2) for the winding up of a partnership, the court has jurisdiction, and the Insolvency Act 1986 (or the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19))) has effect, as if the partnership were an unregistered company as defined by section 220 of that Act (or Article 184 of that Order).

(6) The rules governing the practice and procedure (including fees) in respect of petitions under section 124A of the Insolvency Act 1986 or Article 104A of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)) apply to petitions under this section, subject to any necessary modifications.

86 Publication by HMRC of information about tax avoidance schemes

(1) If an authorised officer suspects that a proposal or arrangements are a relevant proposal or relevant arrangements the officer may arrange for the publication of any information (including documents) the officer considers appropriate for the purposes of—

(a) informing taxpayers about risks associated with, or concerns the officer has about, the proposal or arrangements, or

(b) protecting the public revenue.

(2) The information that may be published includes information (including documents) identifying or about any person—

(a) who is or has been, or who the officer suspects is or has been—

(i) a promoter in relation to the proposal or arrangements,

(ii) a connected person in relation to the proposal or arrangements or to a person within sub-paragraph (i), or

(iii) a member of a promotion structure any member of which has or has had, or is suspected by the officer of having or having had, a role in relation to making the proposal or arrangements available for implementation, or

(b) who has or has had, or who the officer suspects has or has had, any other role in relation to making the proposal or arrangements available for implementation.

(3) No information may be published under this section that identifies a person—

(a) who is not within subsection (2), or

(b) where there are reasonable grounds for believing that the person's role in relation to the proposal or arrangements is limited to activities subject to legal professional privilege.

(4) Information may be published under this section in such manner as the officer considers appropriate, including by communicating it to particular persons.

(5) If an authorised officer intends to publish information under this section that identifies a person, an officer of Revenue and Customs must—

(a) notify the person, and

(b) give the person 30 days from that notification in which to make representations about whether or not the information should be published.

(6) Before arranging for the publication of information under this section identifying a person, an authorised officer must have regard to any representations received in accordance with subsection (5).

(7) An authorised officer must amend or withdraw information published under this section if the officer subsequently considers it to be incorrect or misleading in a significant respect.

(8) Nothing in this section authorises a disclosure of information if the disclosure would contravene the data protection legislation or would be prohibited by the investigatory powers legislation (but in determining whether a disclosure would do either of those things, the power conferred by this section is to be taken into account).

(9) In subsection (8)—

"the data protection legislation" has the same meaning as in the Data Protection Act 2018 (see section 3 of that Act);

"the investigatory powers legislation" means Parts 1 to 7 and Chapter 1 of Part 9 of the Investigatory Powers Act 2016.

(10) Nothing in this section limits the circumstances in which information may be disclosed under section 18(2) of the Commissioners for Revenue and Customs Act 2005 or under any other enactment or rule of law.

(11) For the purposes of this section, a person is a connected person in relation to a proposal or arrangements, or a person within subsection (2)(a)(i), if the person is—

(a) involved in the promotion of the proposal or arrangements;

(b) in the case of a proposal or arrangements that involve a trust, a settlor, trustee or beneficiary of the trust, or other person involved in the administration of the trust;

(c) a director, manager, secretary or other similar officer of the person within subsection (2)(a)(i);

(d) a person who controls or has significant influence over (within the meaning of Part 2 of Schedule 34 to FA 2014) the person within subsection (2)(a)(i);

(e) an employee or shareholder of the person within subsection (2)(a)(i).

(12) In this section "authorised officer" means an officer of Revenue and Customs who is, or is a member of a class of officers who are, authorised by the Commissioners for the purposes of this section.

(13) Expressions used in Part 5 of FA 2014 have the same meaning in this section as in that Part, unless the contrary intention appears (and, in particular, see sections 234 and 235 of FA 2014 for the meanings of "relevant proposal", "relevant arrangements" and "promoter" and Schedule 33A to that Act for the meaning of "promotion structure").

87 Freezing orders: England and Wales

(1) Subsection (2) applies where —

(a) an application is made on behalf of HMRC to a court in England and Wales for a freezing order in relation to a relevant penalty (see section 90) before the penalty is determined, and

(b) the court considering the application is satisfied that HMRC have a good arguable case in relation to the penalty and—

(i) have commenced proceedings before the First-tier Tribunal in relation to it, or

(ii) intend to commence proceedings before the First-tier Tribunal in relation to it within the initial period.

(2) The court is to determine the application as if it were being made immediately after the First-tier Tribunal had determined the penalty on the basis sought, or to be sought, by HMRC.

(3) A freezing order granted by virtue of subsection (2) may not take effect unless HMRC commence proceedings before the First-tier Tribunal in relation to the penalty before the end of the initial period (whether before or after the making of the application for the order).

(4) In this section, a "freezing order" is an order granted in accordance with rule 25.1(1)(f) of the Civil Procedure Rules.

88 Warrants for diligence on the dependence: Scotland

(1) Subsection (2) applies where —

(a) an application is made on behalf of HMRC to a court in Scotland for a warrant for diligence on the dependence under Part 1A of the Debtors (Scotland) Act

1987 in relation to a relevant penalty (see section 90) before the penalty is determined, and

(b) the court considering the application is satisfied that HMRC have a good arguable case in relation to the penalty and—

(i) have commenced proceedings before the First-tier Tribunal in relation to it, or

(ii) intend to commence proceedings before the First-tier Tribunal in relation to it within the initial period.

(2) The court is to determine the application as if the relevant penalty were a contingent debt in terms of section 15C of the 1987 Act.

(3) Execution of diligence on the dependence under a warrant granted under Part 1A of the 1987 Act in relation to a relevant penalty is not competent unless HMRC commence proceedings before the First-tier Tribunal in relation to the penalty before the end of the initial period (whether before or after the making of the application for the warrant).

89 Freezing injunctions: Northern Ireland

(1) Subsection (2) applies where —

(a) an application is made on behalf of HMRC to a court in Northern Ireland for a freezing injunction in relation to a relevant penalty (see section 90) before the penalty is determined, and

(b) the court considering the application is satisfied that HMRC have a good arguable case in relation to the penalty and—

(i) have commenced proceedings before the First-tier Tribunal in relation to it, or

(ii) intend to commence proceedings before the First-tier Tribunal in relation to it within the initial period.

(2) The court is to determine the application as if it were being made immediately after the First-tier Tribunal had determined the penalty on the basis sought, or to be sought, by HMRC.

(3) A freezing injunction granted by virtue of subsection (2) may not take effect unless HMRC commence proceedings before the First-tier Tribunal in relation to the penalty before the end of the initial period (whether before or after the making of the application for the injunction).

(4) In this section, a "freezing injunction" is an injunction granted in accordance with Order 29 of the Rules of the Court of Judicature (NI) 1980 (S.R. (N.I.) 1980 No. 346) or Order 14 of the County Court Rules (Northern Ireland) 1981 (S.R. (N.I.) 1981 No. 225), which restrains a party from—

(a) removing from the jurisdiction assets located there, or

(b) dealing with any assets, whether located within the jurisdiction or not.

90 Sections 87, 88 and 89: interpretation etc

(1) This section applies for the purposes of sections 87, 88 and 89.

(2) "HMRC" means "Her Majesty's Revenue and Customs".

(3) A relevant penalty is a penalty that is to be determined by the First-tier Tribunal under—

(a) section 98C of TMA 1970 (disclosure of tax avoidance schemes);

(b) Schedule 35 to FA 2014 (promoters of tax avoidance schemes: penalties);

(c) Schedule 36 to FA 2008 (information and inspection powers) as it has effect in relation to Schedule 16 to F(No.2)A 2017 (penalties for enablers of defeated tax avoidance) (see Part 9 of Schedule 16 to F(No.2)A 2017);

(d) Schedule 17 to F(No.2)A 2017 (disclosure of tax avoidance schemes: VAT and other indirect taxes).

(4) The "initial period" is the period of 72 hours beginning with the time at which the application mentioned in section 87, 88 or 89, as the case may be, is determined.

(5) In calculating the period of 72 hours in subsection (4), disregard the whole of any day that is—

(a) a Saturday,

(b) a Sunday,

(c) Christmas Day,

(d) Good Friday, or

(e) a bank holiday under the Banking and Financial Dealings Act 1971 in the part of the United Kingdom in which the application mentioned in section 87, 88 or 89, as the case may be, is made.

91 Penalties for facilitating avoidance schemes involving non-resident promoters

(1) Schedule 13 makes provision for and about penalties for facilitating avoidance schemes involving non-resident promoters.

(2) In consequence of that Schedule, in Schedule 13 to FA 2020 (joint and several liability of company directors etc), in paragraph 5(6), after paragraph (e) insert—

"(f) Schedule 13 to FA 2022 (penalties for facilitating avoidance schemes involving non-resident promoters)."

92 Electronic sales suppression penalties

Schedule 14 makes provision for and in connection with—

(a) penalties for persons who engage in activities involving tools used, or capable of being used, to suppress electronic sales records, and

(b) powers for Her Majesty's Revenue and Customs to gather information in relation to such persons and such tools.

93 Tobacco products: tracing and security

(1) TPDA 1979 is amended in accordance with subsections (2) to (4).

(2) After section 8J insert—

"**8JA Tracing and security: regulations**

(1) The Commissioners may by regulations—

(a) establish, and make provision about the operation of, a traceability system for tobacco products;

(b) require security features to be applied to tobacco products.

(2) For the purposes of subsection (1)—

(a) a traceability system for tobacco products means a system under which the movements of tobacco products are recorded;

(b) security features applied to tobacco products are features that a unit pack, or the packaging containing more than one unit pack, of tobacco products must carry for the purpose of enabling the identification of the products and the verification of their authenticity.

(3) Tracing and security regulations may (among other things)—

(a) require a unit pack, or the packaging containing more than one unit pack, of tobacco products to be marked with a unique code;

(b) confer functions on the Commissioners or other persons (including functions involving the exercise of a discretion);

(c) make provision by reference to things set out (whether by the Commissioners or other persons) in a notice given in accordance with the regulations;

(d) specify technical standards (including by making provision under paragraph (c));

(e) make provision about the processing of data (including provision about the recording, transmission, storing and accessing of data);

(f) impose, or enable the imposition of, restrictions or requirements on persons of a specified description;

(g) provide for the imposition of sanctions for failure to comply with such restrictions or requirements (see section 8JB);

(h) provide for appeals from, and reviews of, decisions taken under the regulations.

(4) Regulations under subsection (3)(f) may, in particular—

(a) specify, or provide for the specification of, equipment or other material for use in connection with a restriction or requirement imposed by or under the regulations;

(b) require persons of a specified description to provide such equipment or material to other persons of a specified description for specified purposes;

(c) make provision about the way in which such equipment or material is to be provided, including how any costs are to be met by persons providing or receiving it.

(5) Tracing and security regulations may—

(a) make provision generally in relation to tobacco products or only in relation to specified descriptions of tobacco products;

(b) make different provision for different areas;

(c) make provision by supplementing or otherwise amending relevant existing law;

(d) revoke relevant existing law.

(6) The power to make regulations under this section is exercisable only where the Commissioners consider that doing so would facilitate the administration, collection or enforcement of the duty charged under section 2.

(7) In this section and sections 8JB and 8JC—

"relevant existing law" means—

(a) Chapter 2 of Part 1 of the Finance Act 1994 (customs and excise: appeals and penalties);

(b) the Tribunal Procedure (First-tier Tribunal) (Tax Chamber) Rules 2009 (S.I. 2009/273);

(c) the Standardised Packaging of Tobacco Products Regulations 2015 (S.I. 2015/829);

(d) Commission Delegated Regulation (EU) 2018/573 of 15 December 2017 on key elements of data storage contracts to be concluded as part of a traceability system for tobacco products;

(e) Commission Implementing Regulation (EU) 2018/574 of 15 December 2017 on technical standards for the establishment and operation of a traceability system for tobacco products;

(f) Commission Implementing Decision (EU) 2018/576 of 15 December 2017 on technical standards for security features applied to tobacco products;

(g) the Tobacco Products (Traceability and Security Features) Regulations 2019 (S.I. 2019/594);

"specified" means specified by or under tracing and security regulations;

"traceability system for tobacco products" has the meaning given in subsection (2)(a);

"tracing and security regulations" means regulations under subsection (1);

"unit pack" means the smallest individual packaging in which a tobacco product is, or is intended to be, presented for sale to a consumer (but not including any transparent wrapper).

8JB Tracing and security: sanctions

(1) This section applies to tracing and security regulations that make provision for sanctions under section 8JA(3)(g).

(2) The regulations may provide for the following kinds of sanction—

(a) the imposition of monetary penalties of such amounts, not exceeding £10,000, as are determined in accordance with the regulations;

(b) for tobacco products involved in a contravention of applicable law to be liable to forfeiture under the customs and excise Acts;

(c) the application by the Commissioners of measures to restrict or prohibit a person's participation, or continued participation, in any part of a traceability system for tobacco products (including measures to deactivate, or require the deactivation of, any code issued to the person for the purposes of such a system or to prevent such a code from being issued or reissued).

(3) Provision under subsection (2)(a) may (among other things)—

(a) provide for a penalty to be payable on the giving of a notice ("a penalty notice") by such persons as are authorised by or under the regulations;

(b) specify matters to which such persons may or must have regard when determining whether to give a penalty notice;

(c) provide for the action to be taken if a monetary penalty is not paid in accordance with a penalty notice.

(4) For the purposes of subsection (2)(b), tobacco products are "involved in a contravention of applicable law" if—

(a) the products do not comply with a requirement imposed under tracing and security regulations or under relevant existing law, or

(b) the products are found together with other products falling within paragraph (a).

8JC Tracing and security: disclosure of information

(1) The Commissioners (or anyone acting on their behalf) may, for a purpose within subsection (3), disclose information to—

(a) a person on whom functions have been conferred by or under tracing and security regulations or relevant existing law;

(b) an authorised officer of such a person.

(2) A person mentioned in subsection (1)(a) or (b) may, for a purpose within subsection (3), disclose information to the Commissioners (or anyone acting on their behalf).

(3) A purpose is within this subsection if it is connected with—

(a) a function conferred by or under tracing and security regulations or relevant existing law, or

(b) the enforcement of a restriction or requirement imposed by or under tracing and security regulations or relevant existing law.

(4) A person who receives information as a result of subsection (1) may not—

(a) use the information for a purpose other than a purpose within subsection (3), or

(b) further disclose the information,

except with the consent of the Commissioners (which may be general or specific).

(5) If—

(a) a person discloses information in contravention of subsection (4)(b), and

(b) the information relates to a person whose identity is specified in, or can be deduced from, the disclosure,

section 19 of the Commissioners for Revenue and Customs Act 2005 (offence of wrongful disclosure) applies in relation to that disclosure as it applies in relation to a disclosure of information in contravention of section 20(9) of that Act.

(6) Nothing in this section authorises the making of a disclosure which would—

(a) contravene the data protection legislation, or

(b) be prohibited by the investigatory powers legislation.

In determining whether a disclosure would do either of those things, the powers conferred by this section are to be taken into account.

(7) In subsection (6)—

"the data protection legislation" has the same meaning as in the Data Protection Act 2018 (see section 3 of that Act);

"the investigatory powers legislation" means Parts 1 to 7 and Chapter 1 of Part 9 of the Investigatory Powers Act 2016.

(8) Nothing in this section limits the circumstances in which information may be disclosed under section 18(2) of the Commissioners for Revenue and Customs Act 2005 or under any other enactment or rule of law.

(9) References in this section to an authorised officer of any person are to any person who has been designated by the principal as a person to and by whom information may be disclosed by virtue of this section."

(3) In section 9 (regulations), in subsection (1A) after "section" insert "8JA,".

(4) In section 10 (interpretation), in subsection (3), after ""the Commissioners"" insert—

""the customs and excise Acts"".

(5) In Schedule 41 to FA 2008 (penalties for certain VAT and excise wrongdoing etc), in paragraph 15 (interaction with other penalties and late payment surcharges), after sub-paragraph (2) insert—

"(2A) If P has incurred a penalty under regulations under section 8JA(1) of TPDA 1979 (tracing and security regulations) in respect of conduct for which P is liable to a penalty under paragraph 4(1), the amount of the penalty under paragraph 4(1) is to be reduced by the amount of the penalty under those regulations."

Free zones and freeports

94 Treatment of goods in free zones

Schedule 15 makes provision about the treatment of goods in free zones for the purposes of value added tax.

95 Freeport tax site reliefs: provision about regulations

Schedule 16 makes provision about powers to vary the circumstances in which certain reliefs are available in relation to freeports.

Uncertain tax treatment

96 Large businesses: notification of uncertain tax treatment

Schedule 17 makes provision requiring bodies to notify Her Majesty's Revenue and Customs if amounts included in a tax return have an uncertain tax treatment.

Discovery assesments etc

97 Discovery assessments for unassessed income tax or capital gains tax

(1) In section 29 of TMA 1970 (assessment where loss of tax discovered), in subsection (1), for paragraph (a) substitute—

"(a) that an amount of income tax or capital gains tax ought to have been assessed but has not been assessed,".

(2) In the Registered Pension Schemes (Accounting and Assessment) Regulations 2005 (S.I. 2005/3454), omit regulation 9 (which modifies section 29(1)(a) of TMA 1970).

(3) The amendments made by this section—

(a) have effect in relation to the tax year 2021-22 and subsequent tax years, and

(b) also have effect in relation to the tax year 2020-21 and earlier tax years but only if the discovery assessment is a relevant protected assessment (see subsections (4) to (6)).

(4) A discovery assessment is a relevant protected assessment if it is in respect of an amount of tax chargeable under—

(a) Chapter 8 of Part 10 of ITEPA 2003 (high income child benefit charge),

(b) section 424 of ITA 2007 (gift aid: charge to tax),

(c) section 205 or 206 of FA 2004 (pensions) but only where the section is applied by Schedule 34 to that Act, or

(d) section 208, 209, 214, 227 or 244A of FA 2004 (pensions), including where the section is applied by that Schedule.

(5) But a discovery assessment is not a relevant protected assessment if it is subject to an appeal notice of which was given to HMRC on or before 30 June 2021 where—

(a) an issue in the appeal is that the assessment is invalid as a result of its not relating to the discovery of income which ought to have been assessed to income tax but which had not been so assessed, and

(b) the issue was raised on or before 30 June 2021 (whether by the appellant or in a decision given by the tribunal).

(6) In addition, a discovery assessment is not a relevant protected assessment if—

(a) it is subject to an appeal notice of which was given to HMRC on or before 30 June 2021,

(b) the appeal is subject to a temporary pause which occurred before 27 October 2021, and

(c) it is reasonable to conclude that the temporary pausing of the appeal occurred (wholly or partly) on the basis that an issue of a kind mentioned in subsection (5)(a) is, or might be, relevant to the determination of the appeal.

(7) For the purposes of this section the cases where notice of an appeal was given to HMRC on or before 30 June 2021 include a case where—

(a) notice of an appeal is given after that date as a result of section 49 of TMA 1970, but

(b) a request in writing was made to HMRC on or before that date seeking HMRC's agreement to the notice being given after the relevant time limit (within the meaning of that section).

(8) For the purposes of this section an appeal is subject to a temporary pause which occurred before 27 October 2021 if—

(a) the appeal has been stayed by the tribunal before that date,

(b) the parties to the appeal have agreed before that date to stay the appeal, or

(c) HMRC have notified the appellant ("A") before that date that they are suspending work on the appeal pending the determination of another appeal the details of which have been notified to A.

(9) In this section—

"discovery assessment" means an assessment under section 29(1)(a) of TMA 1970, and

"HMRC" means Her Majesty's Revenue and Customs, and

"notified" means notified in writing.

98 Notification of liability to income tax and capital gains tax

(1) Section 7 of TMA 1970 (notice of liability to income tax and capital gains tax) is amended in accordance with subsections (2) and (3).

(2) In subsection (2A), in the words after paragraph (b)—

(a) after "chargeable to" insert "an amount of";

(b) omit "on any income or gain".

(3) In subsection (3), in paragraph (c), for "a high income child benefit charge" substitute "an amount of tax under any provision listed in relation to the person in section 30 of ITA 2007 (additional tax)".

(4) In Schedule 16 to FA 2020 (taxation of coronavirus support payments), in paragraph 12(4) (notification of liability: modifications to section 7 of TMA 1970), for "after "child benefit charge"" substitute "at the end".

(5) The amendments made by this section have effect in relation to the tax year 2021-22 and subsequent tax years.

99 Calculation of income tax liability for certain charges relating to pensions

(1) In section 30(1) of ITA 2007 (Step 7: additional tax)—

(a) in the entry for section 208(2)(a), for "section 208(2)(a)" substitute "section 208",

(b) in the entry for section 209(3)(a), for "section 209(3)(a)" substitute "section 209", and

(c) after the entry for section 227 of FA 2004 insert—

"section 244A of FA 2004 (pension schemes: the overseas transfer charge),".

(2) The amendments made by this section have effect in relation to the tax year 2021-22 and subsequent tax years.

Temporary powers in disaster or emergency

100 Power to make temporary modifications of taxation of employment income

(1) The Treasury may by regulations modify Part 3, 4 or 5 of ITEPA 2003 so as to provide that a liability to income tax that would otherwise arise does not arise.

(2) Regulations under this section—

(a) may be made only if the Treasury considers that the modifications contained in the regulations are necessary or desirable for the purpose of addressing circumstances arising as a result of a disaster or emergency;

(b) must provide for the modifications to cease to have effect at the end of such period as is specified (and different periods may be specified in relation to different modifications).

(3) Regulations under this section—

(a) must specify the disaster or emergency in respect of which they are made;

(b) may only specify a disaster or emergency which the Treasury considers to be of national significance.

(4) The period specified under subsection (2)(b) in relation to a modification—

(a) must be no longer than the Treasury considers necessary for the purpose mentioned in subsection (2)(a);

(b) must in any event end before the last day of the tax year following the tax year in which the modification first takes effect.

(5) The expiry of a modification contained in regulations under this section in relation to a disaster or emergency is not to be taken as preventing the making of provision to the same or similar effect in further regulations under this section in relation to that (or another) disaster or emergency.

(6) Regulations under this section may—

(a) make different provision for different cases;

(b) make retrospective provision;

(c) make incidental or supplemental provision;

(d) make consequential provision (which may include provision modifying any provision of the Income Tax Acts).

(7) In this section, "specified" means specified in the regulations.

Emissions certificates for vehicles

101 Vehicle CO_2 emissions certificates

Schedule 18 makes provision about certificates in relation to the CO_2 emissions of vehicles for the purposes of—

(a) section 268C(1) of CAA 2001 (meaning of "qualifying emissions certificate"),
(b) Chapter 6 of Part 3 of ITEPA 2003 (taxable benefits: cars etc), and
(c) Part 1A of Schedule 1 to VERA 1994 (light passenger vehicles: rates of duty).

Office of Tax Simplification

102 Increase in membership of the Office of Tax Simplification

In Schedule 25 to FA 2016 (Office of Tax Simplification), in paragraph 1(1) (membership), for "eight" substitute "ten".

Final

103 Interpretation

In this Act the following abbreviations are references to the following Acts—

CAA 2001	Capital Allowances Act 2001
CRCA 2005	Commissioners for Revenue and Customs Act 2005
CTA 2009	Corporation Tax Act 2009
CTA 2010	Corporation Tax Act 2010
FA followed by a year	Finance Act of that year
F(No.2)A followed by a year	Finance (No.2) Act of that year
FISMA 2000	Financial Services and Markets Act 2000
HODA 1979	Hydrocarbon Oil Duties Act 1979
ITA 2007	Income Tax Act 2007
ITEPA 2003	Income Tax (Earnings and Pensions) Act 2003
ITTOIA 2005	Income Tax (Trading and Other Income) Act 2005
TCGA 1992	Taxation of Chargeable Gains Act 1992
TCTA 2018	Taxation (Cross-border Trade) Act 2018
TIOPA 2010	Taxation (International and Other Provisions) Act 2010
TMA 1970	Taxes Management Act 1970
TPDA 1979	Tobacco Products Duty Act 1979
VATA 1994	Value Added Tax Act 1994
VERA 1994	Vehicle Excise and Registration Act 1994

104 Short title

This Act may be cited as the Finance Act 2022.

SCHEDULES

SCHEDULE 1

Section 7

ABOLITION OF BASIS PERIODS

PART 1

MAIN AMENDMENTS OF ITTOIA 2005

1 Part 2 of ITTOIA 2005 (trading income) is amended as follows.

Chapter 2 (income taxed as trade profits)

2 (1) Section 7 (income charged) is amended as follows.

(2) In subsection (1), at the end insert "(including amounts treated as profits of the tax year under section 23E(1))".

(3) Omit subsections (2) and (3).

3 After section 7 insert—

"**7A Apportionment etc of profits to tax year**

(1) This section and sections 7B to 7D apply if a period of account of a person carrying on a trade ("the trader") does not coincide with a tax year.

(2) Any of the following steps may be taken if they are necessary in order to arrive at the profits or losses of the trade of the tax year—

(a) apportioning the profits or losses of a period of account to the parts of that period falling in different tax years, and

(b) adding the profits or losses of a period of account (or part of a period) to profits or losses of other periods of account (or parts).

(3) The steps must be taken by reference to the number of days in the periods concerned.

(4) But the trader may use a different way of measuring the length of the periods concerned if—

(a) it is reasonable to do so, and

(b) the way of measuring the length of periods is used consistently for the purposes of the trade.

(5) Sections 7B and 7C contain rules for the purpose of avoiding the need to apportion profits or losses under this section (and section 7D makes provision for the trader to elect for those rules not to apply).

(6) This section and sections 7B to 7D apply to professions and vocations as they apply to trades.

7B Rule if trader starts to carry on trade after 31 March

(1) This section applies if, in a tax year ("the relevant tax year"), the trader—

(a) starts to carry on the trade after 31 March, and

(b) does not permanently cease to carry on the trade.

(2) For the purposes of this Chapter—

(a) the profits or losses of the trade of the relevant tax year are treated as nil, and

(b) the actual profits or losses of the trade of the relevant tax year are treated as arising in the following tax year.

7C Rule if there is a late accounting date

(1) This section applies if, in a tax year ("the relevant tax year"), the trader—

(a) does not start to carry on the trade or does so before 1 April,

(b) does not permanently cease to carry on the trade, and

(c) has an accounting date that is 31 March or 1, 2, 3 or 4 April.

(2) For the purposes of this Chapter—

(a) the profits or losses of the trade of the period beginning immediately after the accounting date and ending with 5 April in the relevant tax year are treated as nil, and

(b) the actual profits or losses of the trade of that period are treated as arising in the following tax year.

(3) In this section, "accounting date" in relation to a tax year means—

(a) the date in the tax year to which accounts are drawn up, or

(b) if there are two or more such dates, the latest of them.

7D Election to disapply late accounting date rules

(1) The trader may make an election under this section in relation to the trade.

(2) If an election under this section has effect for a tax year, neither of sections 7B and 7C apply in relation to the trade for that tax year.

(3) An election under this section—

(a) must be made on or before the first anniversary of the normal self-assessment filing date for the first tax year for which it is to have effect, and

(b) has effect for that tax year and the four tax years following that tax year (subject to subsection (4)).

(4) If the trader permanently ceases to carry on the trade before the end of the last of the tax years mentioned in subsection (3)(b), the election has effect for each tax year up to and including the tax year immediately before the tax year in which the trader permanently ceases to carry on the trade."

Chapter 3A (trade profits: cash basis)

4 In section 31A (conditions to be met for profits to be calculated on cash basis), in subsection (5)(a), omit "the basis period for".

5 (1) Section 31B (relevant maximum for purposes of section 31A) is amended as follows.

(2) In subsection (6), for "where the basis period for a tax year is less than 12 months" substitute "where the trade, profession or vocation is carried on for only part of a tax year".

(3) In subsection (7), in the definition of "universal credit claimant", omit "the basis period for".

6 In section 31C (excluded persons for purposes of section 31A), in each of subsections (2)(b), (3), (4), (7), (8) and (9)(a), omit "the basis period for".

7 (1) Section 31E (calculation of profits on cash basis) is amended as follows.

(2) In subsection (2), in each of Steps 1 and 2, omit "the basis period for".

(3) At the end insert—

"(4) In determining the profits of a trade on the cash basis, section 7A(2) applies as if the profits or losses of a period of account were determined in accordance with subsection (2) of this section (and for these purposes, references in subsection (2) of this section to a tax year are to be read as references to a period of account)."

Chapter 15 (basis periods)

8 Omit Chapter 15 (basis periods).

PART 2

OTHER AMENDMENTS OF ITTOIA 2005

9 ITTOIA 2005 is amended as follows.

Part 2 (trading income)

10 (1) Section 17 (effect of becoming or ceasing to be a UK resident) is amended as follows.

(2) In subsection (1), for "otherwise than in partnership" substitute "(alone or in partnership)".

(3) Omit subsection (5).

11 In section 47 (business gifts: exceptions), in subsection (3)(b), for "basis period" substitute "tax year".

12 In section 133 (meaning of "relevant period" for purposes of Chapter 9), in paragraph (b) omit "the basis period for".

13 (1) Section 154A (certain non-UK residents with interest on 3.5% War Loan 1952 Or After) is amended as follows.

(2) In subsection (3)—

(a) in Step 1, omit "the basis period for";
(b) in each of Steps 3, 4 and 5, for "basis period" substitute "tax year".

(3) In subsection (4)—
(a) for "basis period", in each place those words occur, substitute "tax year";
(b) for "that period" substitute "that tax year".

(4) In subsection (5), for "basis period" substitute "tax year".

14 (1) Section 225ZD (compensation for compulsory slaughter of animals: effect of claim for spreading profits) is amended as follows.

(2) In subsection (1), in each of Steps 2 and 3, for "whose basis period", in each place those words occur, substitute "which".

(3) Omit subsection (2).

15 In section 240B ("entering the cash basis"), in paragraph (b), omit "the basis period for".

16 In section 240C (unrelieved qualifying expenditure: Parts 2, 7 and 8 of CAA 2001), in subsection (1)(b)—
(a) omit "the basis period for";
(b) for "with that basis period" substitute "in that tax year".

17 In section 240D (assets not fully paid for), in subsection (1)(b), omit "the basis period for".

18 In section 240E (effect of election where predecessor and successor are connected persons), in subsection (1)(c), omit "the basis period for".

19 In section 246 (basic meaning of "post-cessation receipt"), in subsection (3)—
(a) at the end of paragraph (a), insert "and";
(b) omit paragraph (c) and the "and" before it.

Part 5 (miscellaneous income)

20 In section 613 (films and sound recordings: application of trading income rules to non-trade businesses), omit paragraph (a) and the "and" at the end of that paragraph.

Part 6A (income charged under ITTOIA 2005: trading and property allowances)

21 (1) Section 783AI (partial relief: alternative calculation of trade profits) is amended as follows.

(2) In subsection (2), omit Step 3.

(3) Omit subsection (4).

Part 7 (rent-a-room and qualifying care relief)

22 (1) Section 786 (meaning of "rent-a-room receipts") is amended as follows.

(2) In subsection (1)(b), for "subsections (3) and (4)" substitute "subsection (4)".

(3) Omit subsection (3).

(4) In subsection (4), in the words before paragraph (a), omit "Otherwise".

23 (1) Section 805 (meaning of "qualifying care receipts") is amended as follows.

(2) In subsection (1)(b), for "subsections (2) and (3)" substitute "subsection (3)".

(3) Omit subsection (2).

(4) In subsection (3), omit "Otherwise".

24 Omit section 828 (overlap profit).

Part 9 (partnerships)

25 Omit sections 852 to 856 (firms with trading income).

26 In section 857 (partners to whom the remittance basis applies), in subsection (2), for "856" substitute "851".

27 In section 860 (adjustment income), in subsection (7), for "856" substitute "851".

Part 10 (general provisions)

28 In section 867 (business entertainment and gifts: non-trades and non-property businesses), in subsection (5), omit "(but as if the reference to a basis period were to a tax year)".

Schedule (abbreviations and defined expressions)

29 Part 2 of Schedule 4 (index of defined expressions) is amended as follows—

(a) omit the entry for "accounting date";

(b) omit the entry for "overlap period";

(c) omit the entry for "overlap profit".

PART 3

AMENDMENTS OF OTHER ACTS

Taxes Management Act 1970

30 TMA 1970 is amended as follows.

31 In section 8 (personal return), in subsection (1C), omit "or its basis period".

32 In Schedule A1 (as inserted by section 60(3) of F(No.2)A 2017), in paragraph 8 (end of period statement)—

(a) for sub-paragraph (2) substitute—

"(2) "Relevant period" means a tax year.";

(b) omit sub-paragraph (6)(b).

Capital Allowances Act 2001

33 CAA 2001 is amended as follows.

34 (1) Section 59 (unrelieved qualifying expenditure) is amended as follows.

(2) In subsection (4), for "with the basis period for the previous tax year" substitute "in the previous tax year (or, if there is more than one such period, the latest of them)".

(3) In subsection (8)(b)—

(a) omit "the basis period for";

(b) for "with that basis period" substitute "in that tax year (or, if there is more than one such period, the latest of them)".

35 In section 419A (unrelieved qualifying expenditure: entry to cash basis), in subsection (1), for "with the basis period for the tax year", in both places, substitute "in the tax year (or, if there is more than one such period, the latest of them)".

36 In section 461A (unrelieved qualifying expenditure: entry to cash basis), in subsection (1), for "with the basis period for the previous tax year" substitute "in the previous tax year (or, if there is more than one such period, the latest of them)".

37 In section 475A (unrelieved qualifying expenditure: entry to cash basis), in subsection (1), for "with the basis period for the previous tax year" substitute "in the previous tax year (or, if there is more than one such period, the latest of them)".

Income Tax Act 2007

38 ITA 2007 is amended as follows.

39 In section 24A (limit on Step 2 deductions), omit subsection (7)(c).

40 In section 60 (overview of Chapter), in subsection (3), omit paragraph (b) and the "and" before it.

41 Omit sections 61 and 62 (losses of a tax year of persons carrying on trades etc).

42 (1) Section 66 (restriction on relief unless trade is commercial) is amended as follows.

(2) In subsection (2), omit "the basis period for".

(3) In subsection (5), for "basis period", in each place, substitute "tax year".

43 (1) Section 70 (determining losses in previous tax years) is amended as follows.

(2) Omit subsection (2).

(3) In subsection (3), in the words before paragraph (a), for "This loss" substitute "The loss".

(4) In subsection (4), in the words after paragraph (b)—

(a) for "203(2)", in both places, substitute "7A(2)";

(b) omit "to basis periods are read as references to tax years and references".

(5) In subsection (5), for "203(3) or (4)" substitute "7A(3) or (4)".

44 In section 74 (restrictions on relief unless trade is commercial etc), in subsection (2)—

(a) in the words before paragraph (a), omit "the basis period for";

(b) in paragraph (b), for "basis period" substitute "tax year".

45 (1) Section 74C (meaning of "non-active capacity" for purposes of section 74A etc) is amended as follows.

(2) For subsection (3) substitute—

"(3) For this purpose "the relevant period" means—

(a) where the individual first started to carry on the trade less than six months before the end of the tax year, the period of six months beginning with the date on which the individual first started to carry on the trade;

(b) where the individual permanently ceased to carry on the trade less than six months after the start of the tax year, the period of six months ending with the date on which the individual permanently ceased to carry on the trade;

(c) in any other case, the tax year."

(3) Omit subsection (4).

46 (1) Section 75 (trade leasing allowances given to individuals) is amended as follows.

(2) In subsection (5)—

(a) omit "the basis period for";

(b) omit "("the loss-making basis period")".

(3) In subsection (6), in each of paragraphs (a) and (b), for "loss-making basis period" substitute "tax year".

47 In section 83 (carry forward against subsequent trade profits), in subsection (6)(f), for "sections 17(3) and 852(7)" substitute "section 17(3)".

48 (1) Section 90 (losses that are "terminal losses") is amended as follows.

(2) In subsection (4)—

(a) for "203(3) and (4)" substitute "7A(3) and (4)";

(b) for "203(2)" substitute "7A(2)".

(3) Omit subsection (5).

49 (1) Section 103B (meaning of "non-active partner" etc) is amended as follows.

(2) For subsection (3) substitute—

"(3) For this purpose "the relevant period" means—

(a) where the individual first started to carry on the trade less than six months before the end of the tax year, the period of six months beginning with the date on which the individual first started to carry on the trade;

(b) where the individual permanently ceased to carry on the trade less than six months after the start of the tax year, the period of six months ending with the date on which the individual permanently ceased to carry on the trade;

(c) in any other case, the tax year."

(3) Omit subsection (4).

50 In section 104 (restriction on reliefs for limited partners), in subsection (4), in the words after paragraph (b), omit "the basis period for".

51 In section 107 (restriction on reliefs for members of LLPs), in subsection (5), in the words after paragraph (b), omit "the basis period for".

52 In section 110 (restriction on reliefs for non-active partners in early tax years), in subsection (4), in the words after paragraph (b), omit "the basis period for".

53 In section 113 (unrelieved losses brought forward), in subsection (7), omit paragraph (b) and the "and" before it.

54 (1) Section 525 (meaning of "charitable trade") is amended as follows.

(2) In subsection (1), in the words before paragraph (a), omit "the basis period for".

(3) Omit subsection (5).

55 In section 528 (condition as to trading and miscellaneous incoming resources), in subsection (2)(a), omit "the basis period for".

56 In section 544 (section 543: supplementary), omit subsection (4).

57 In section 681AD (relevant income tax relief: deduction not to exceed commercial rent), in subsection (2)(a)(ii), omit "the basis period of".

58 In section 681CC (tax deduction not to exceed commercial rent), in subsection (2)(a)(ii), omit "the basis period of".

59 (1) Section 795 (meaning of "post-1 December 2004 loss") is amended as follows.

(2) In subsection (1), in each of paragraphs (a) and (b), omit "the basis period for".

(3) In subsection (2)(b), omit "the basis period for".

(4) Omit subsection (4).

Taxation (International and Other Provisions) Act 2010

60 In TIOPA 2010, omit sections 22 to 24 (credit for foreign tax on overlap profit if credit for that tax already allowed).

PART 4

COMMENCEMENT

61 (1) Subject to sub-paragraph (3), the amendments made by Parts 1 to 3 of this Schedule have effect for the tax year 2024-25 and subsequent tax years.

(2) The amendments of section 70 of ITA 2007 (which applies for determining losses in previous tax years for certain purposes), made by paragraph 43 of this Schedule, have effect where the "tax year before the current tax year" mentioned in that section is the tax year 2024-25 or a subsequent tax year.

(3) In addition to the commencement provision made by sub-paragraph (1), sections 7B to 7D of ITTOIA 2005, inserted by paragraph 3 of this Schedule, have effect in relation to a person who—

(a) starts to carry on a trade, profession or vocation in the tax year 2023-24, and

(b) does not permanently cease to carry on the trade, profession or vocation in that tax year.

(And see Part 5 of this Schedule for further transitional provision in relation to such persons.)

PART 5

TRANSITIONAL PROVISION: NEW TRADES ETC

Application of this Part of this Schedule

62 (1) This Part of this Schedule applies in relation to a person ("the trader") who—

(a) starts to carry on a trade (alone or in partnership) in the tax year 2023-24, and

(b) does not permanently cease to carry on the trade in that tax year.

(2) This Part of this Schedule applies to professions and vocations as it applies to trades.

Basis period for the tax year 2023-24

63 (1) Chapter 15 of Part 2 of ITTOIA 2005 (basis periods) applies as if sections 208 to 210 of that Act (rules where first accounting date shortly before end of tax year) were disregarded.

(2) Accordingly, the basis period for the tax year 2023-24, determined in accordance with section 199 of ITTOIA 2005, ends with 5 April 2024.

PART 6

TRANSITIONAL PROVISION: CONTINUING TRADES ETC

Application of this Part of this Schedule

64 (1) This Part of this Schedule applies in relation to a person ("the trader") who—

(a) carries on a trade (alone or in partnership) in the tax year 2023-24,

(b) does not start to carry on the trade in that tax year, and

(c) does not permanently cease to carry on the trade in that tax year.

(2) This Part of this Schedule applies to professions and vocations as it applies to trades.

Basis period for tax year 2023-24

65 (1) Chapter 15 of Part 2 of ITTOIA 2005 (basis periods) applies as if—

(a) the basis period for the tax year 2023-24 were, instead of the period determined in accordance with that Chapter, the period—

(i) beginning immediately after the end of the basis period for the tax year 2022-23 (determined in accordance with that Chapter as it applies in relation to that tax year), and

(ii) ending with 5 April 2024;

(b) section 220 of that Act were disregarded.

(2) In this Part of this Schedule, the "standard part" of the basis period for the tax year 2023-24 is the period of 12 months beginning with the start of that basis period (determined in accordance with sub-paragraph (1)(a)(i)).

(3) If the standard part of the basis period for the tax year 2023-24 ends before 31 March 2024 (or where an election under paragraph 67(3) has effect), there is a "transition part" of that basis period which—

(a) begins immediately after the end of the standard part, and

(b) ends with the date given by sub-paragraph (4).

(4) The date given by this sub-paragraph is—

(a) if the date (or the latest of the dates) to which accounts are drawn up in that tax year is 31 March or 1, 2, 3 or 4 April 2024, that date;

(b) in any other case (or where an election under paragraph 67(3) has effect), 5 April 2024.

Relevant maximum for purposes of cash basis election

66 (1) Sub-paragraph (2) applies if the basis period for the tax year 2023-24 (determined in accordance with paragraph 65(1)(a)), is longer than 12 months.

(2) For the purposes of section 31B of ITTOIA 2005 (relevant maximum for purposes of cash basis election), the amounts specified in subsections (3), (4) and (5) of that section, and the VAT threshold (within the meaning given by subsection (7) of that section), are proportionately increased.

Late accounting date rules

67 (1) This paragraph applies if—

(a) the standard part of the basis period for the tax year 2023-24, or

(b) any transition part of that basis period,

ends with 31 March or 1, 2, 3 or 4 April 2024 ("the late accounting date").

(2) For the purposes of Chapter 2 of Part 2 of ITTOIA 2005—

(a) treat the profits or losses of the period beginning immediately after the late accounting date and ending with 5 April, as nil, and

(b) treat the actual profits or losses of that period as arising in the tax year 2024-25.

(3) The trader may, on or before the first anniversary of the normal self-assessment filing date for the tax year 2023-24, elect for sub-paragraph (2) not to apply.

(4) If an election under sub-paragraph (3) has effect—

(a) there is a transition part of the basis period for the tax year 2023-24 (whether or not there would otherwise be such a part), and

(b) that transition part ends on 5 April 2024 (instead of the date on which it would otherwise end).

Deductions for overlap profit allowed under this Part of this Schedule

68 References in this Part of this Schedule to a "deduction for overlap profit allowed under this Part of this Schedule" are to—

(a) any deduction for overlap profit that would be allowed under section 205 of ITTOIA 2005 (deduction for overlap profit in final tax year), were the trader to have permanently ceased to carry on the trade on 5 April 2024, or

(b) any deduction for overlap profit allowed under section 220 of that Act (deduction for overlap profit on change of accounting date) for a tax year before the tax year 2023-24 but not made for that earlier tax year (or any amount of such a deduction not made).

Trade profits if there is no transition part of the basis period for the tax year 2023-24

69 (1) Sub-paragraph (2) applies if there is no transition part of the basis period for the tax year 2023-24 (because the standard part ends on or after 31 March 2024 and there is no election under paragraph 67(3)).

(2) In calculating the profits of the tax year 2023-24 for the purposes of Chapter 2 of Part 2 of ITTOIA 2005, make any deduction for overlap profit allowed under this Part of this Schedule (see paragraph 68).

Trade profits if there is a transition part of the basis period for the tax year 2023-24

70 (1) Sub-paragraph (2) applies if there is a transition part of the basis period for the tax year 2023-24 (see paragraphs 65(3) and 67(4)(a)).

(2) In calculating the profits of the tax year 2023-24 for the purposes of Chapter 2 of Part 2 of ITTOIA 2005, take the following Steps.

Step 1

Determine the amount of the profits of the tax year 2023-24 attributable to the standard part of the basis period for that tax year.

To do this, apply Chapter 2 of Part 2 of ITTOIA 2005 as if references in that Act to the basis period for the tax year 2023-24 were to the standard part of the basis period for that tax year.

Step 2

Determine the amount of the profits of the tax year 2023-24 attributable to the transition part of the basis period for that tax year.

To do this, apply Chapter 2 of Part 2 of ITTOIA 2005 as if references in that Act to the basis period for the tax year 2023-24 were to the transition part of the basis period for that tax year.

Step 3

Deduct from the amount given by Step 2 the amount of any deduction for overlap profit allowed under this Part of this Schedule (see paragraph 68).

Step 4

Calculate the sum of the amounts given by Steps 1 and 3.

If the amount given by either or both of—

(a) Step 3, and

(b) this Step,

is nil, or less than nil, the profits of the tax year 2023-24 for the purposes of Chapter 2 of Part 2 of ITTOIA 2005 is the amount given by this Step (and see

paragraph 71 for the treatment of a loss, or an increased loss, for the tax year 2023-24 arising from this Step).

Otherwise, proceed to Steps 5 and 6.

Step 5

For the purposes of Step 6, and paragraphs 72 to 75, the amount of the trader's "transition profits" for the tax year 2023-24 is the lesser of—

(a) the amount given by Step 3, and

(b) the amount given by Step 4.

Step 6

The amount of the profits of the tax year 2023-24 for the purposes of Chapter 2 of Part 2 of ITTOIA 2005 is—

(a) if the amount given by Step 1 is nil, or less than nil, such amount of the transition profits for the tax year 2023-24 as is treated (in accordance with paragraphs 72 and 73) as arising in that tax year;

(b) if the amount given by Step 1 is more than nil, the sum of that amount and such amount of the transition profits for the tax year 2023-24 as is treated (in accordance with paragraphs 72 and 73) as arising in that tax year.

Treatment of losses arising from deduction for overlap profit

71 (1) This paragraph applies if, by virtue of a deduction for overlap profit allowed and made under this Part of this Schedule (see paragraphs 68 and 69(2) and Step 3 of the calculation in paragraph 70(2))—

(a) the trader makes a loss for the tax year 2023-24 where the trader would (but for the deduction) have made a profit, or

(b) the trader makes a loss for the tax year 2023-24 that is greater than it would have been had the deduction not been made.

(2) Sections 89 to 91 of ITA 2007 (terminal trade loss relief) apply in relation to the trader as if—

(a) the trader had permanently ceased to carry on the trade on 5 April 2024, and

(b) the amount of the loss mentioned in sub-paragraph (1)(a), or the amount by which the loss mentioned in sub-paragraph (1)(b) is increased as a result of the deduction being made, were a terminal loss made in the trade in the final tax year.

(3) Nothing in this paragraph is to be taken to affect the further application of sections 89 to 91 of ITA 2007 in relation to the trade.

Spreading of transition profits

72 (1) This paragraph applies if the trader has transition profits for the tax year 2023-24 (see Step 5 of the calculation in paragraph 70(2)).

(2) The amount of the transition profits is spread over five tax years as follows.

(3) In each of the four tax years beginning with the tax year 2023-24, an amount equal to 20% of the amount of the transition profits is treated as arising and chargeable to income tax under Chapter 2 of Part 2 of ITTOIA 2005.

(4) In the fifth tax year, the balance of the amount of the transition profits is treated as arising and chargeable to income tax under Chapter 2 of Part 2 of ITTOIA 2005.

(5) Sub-paragraph (6) applies if, before the whole of the amount of the transition profits has been charged to income tax, the trader permanently ceases to carry on the trade.

(6) The balance of the amount of the transition profits is treated as arising, and chargeable to income tax under Chapter 2 of Part 2 of ITTOIA 2005, for the tax year in which the trader permanently ceases to carry on the trade.

Election to accelerate charge

73 (1) If the trader is liable to a charge to income tax for a tax year on an amount of the transition profits for the tax year 2023-24 (see Step 5 of the calculation in paragraph 70(2) and paragraph 72), the trader may elect for an additional amount of those profits to be treated as arising in the tax year.

(2) The election must be made on or before the first anniversary of the normal self-assessment filing date for the tax year to which it relates.

(3) The election must specify the amount of the transition profits to be treated as arising in the tax year (which may be any amount of those profits not previously charged to tax).

(4) If an election is made, paragraph 72 applies in relation to any subsequent tax year as if the amount of the transition profits (as reduced by any previous application of this paragraph) were reduced by the amount given by the following formula—

$$A \times \frac{5}{T}$$

where—

A is the additional amount of the transition profits treated as arising in the tax year for which the election is made;

T is the number of tax years remaining after that tax year in the period of five tax years referred to in paragraph 72.

Transition profits ignored in averaging of profits of farmers and creative artists

74 No amount of the transition profits for the tax year 2023-24 treated as arising and chargeable to income tax in a tax year (see Step 5 of the calculation in paragraph 70(2) and paragraphs 72 and 73) is to be taken into account in determining "the relevant profits" for the purposes of Chapter 16 of Part 2 of ITTOIA 2005 (averaging profits of farmers and creative artists).

Calculation of income tax liability on amount of transition profits

75 (1) This paragraph applies for determining the trader's liability to income tax for a tax year in which an amount of the transition profits for the tax year 2023-24 is chargeable to income tax under Chapter 2 of Part 2 of ITTOIA 2005 (see Step 5 of the calculation in paragraph 70(2) and paragraphs 72 and 73).

(2) To find the trader's liability to income tax for the tax year, section 23 of ITA 2007 applies as if—

(a) the amount of the transition profits chargeable to income tax were a separate component of total income ("the transition component"),

(b) the transition component were relieved in accordance with Step 2,

(c) the amount of the transition component left after Step 2 were left out of the calculation of net income (and subsequent Steps), and

(d) for the purposes of Steps 5 to 7, the amount (if any) given by sub-paragraph (3) were treated as an amount of tax calculated at Step 4.

(3) The amount given by this sub-paragraph is the difference between—

(a) the total amount of tax that would be calculated at Step 5 if Steps 1 to 4 were applied in accordance with sub-paragraph (2)(a) to (c) (ignoring sub-paragraph (2)(d)), and

(b) the total amount of tax that would be calculated at Step 5 if Steps 1 to 4 were applied in accordance with sub-paragraph (2)(a) and (b) (ignoring sub-paragraph (2)(c) and (d)).

(4) The Steps mentioned in sub-paragraphs (2) and (3) are Steps of the calculation in section 23 of ITA 2007.

Other modifications

76 (1) For the purposes of this Part of this Schedule, the following provisions apply subject to the following modifications.

(2) Section 24A of ITA 2007 (limit on deductions at Step 2 of the calculation in section 23) applies as if, in subsection (7)(c), the reference to a deduction allowed under section 205 or 220 of ITTOIA 2005 includes a deduction made under paragraph 69(2), or Step 3 of the calculation in paragraph 70(2), of this Schedule.

(3) Section 24 of TIOPA 2010 (claw-back of relief under section 22(2)) applies as if, in subsections (1)(b) and (3), references to an amount deducted under section 205 or 220 of ITTOIA 2005 included an amount deducted under paragraph 69(2), or Step 3 of the calculation in paragraph 70(2), of this Schedule.

PART 7

TRANSITIONAL PROVISION: NOTIONAL BUSINESSES

Application of this Part of this Schedule

77 This Part of this Schedule applies in relation to a partner in a firm who—

(a) is treated, in accordance with sections 854 to 855A of ITTOIA 2005, as carrying on a notional business in the tax year 2023-24, and

(b) is not treated as having started or permanently ceased to carry on the notional business in that tax year.

Basis period for tax year 2023-24

78 The basis period for the partner's notional business for the tax year 2023-24 is the same as the basis period for the partner's notional trade for that tax year given by paragraph 65(1)(a) of this Schedule.

Deductions for overlap profit allowed under this Part of this Schedule

79 (1) In calculating the profits of the notional business of the tax year 2023-24 for the purposes of Part 3, 4 or 5 of ITTOIA 2005—

(a) ignore section 220 of that Act,

(b) make any deduction for overlap profit that would be allowed under section 205 of that Act (deduction for overlap profit in final tax year), were the partner treated as having permanently ceased to carry on the notional business on 5 April 2024, and

(c) make any deduction for overlap profit allowed under section 220 of that Act (deduction for overlap profit on change of accounting date) for a tax year before the tax year 2023-24 but not made for that earlier tax year (or any amount of such a deduction not made).

Deducted overlap profits in excess of other profits of tax year 2023-24

80 (1) Sub-paragraph (2) applies where—

(a) a deduction is to be made under paragraph 79, and

(b) the amount to be deducted (or the sum of the amounts to be deducted) exceeds the amount which would otherwise be the amount of the profits of the notional business of the tax year 2023-24.

(2) The amount of the excess is to be deducted in calculating the partner's income for the tax year 2023-24.

SCHEDULE 2

Section 14

QUALIFYING ASSET HOLDING COMPANIES

PART 1

INTRODUCTION AND CONDITIONS FOR BEING A QAHC

Introduction

1 (1) This Part of this Schedule (after this paragraph) sets out the conditions that must be met for a company to be a qualifying asset holding company (a "QAHC").

(2) Parts 2 and 3 of this Schedule—

(a) set out how a company becomes, and ceases to be, a QAHC, and

(b) set out some of the consequences of becoming or ceasing to be a QAHC (for example, the effect on a company's accounting periods).

(3) Part 4 makes provision about groups of companies that include QAHCs.

(4) Part 5 makes provision about the application of provisions about close companies, exchange gains and basis of accounting to QAHCs.

(5) Part 6 makes provision about the application of transfer pricing rules and corporate interest restriction rules to QAHCs.

(6) Part 7 makes provision about the treatment of certain amounts payable by a QAHC.

(7) Part 8 makes provision in relation to an overseas property business of a QAHC.

(8) Part 9 makes provision about the taxation of disposals by QAHCs of overseas land and certain shares.

(9) Part 10 provides for an exemption from stamp duty and stamp duty reserve tax on the repurchase by an QAHC of its own shares or loan capital.

(10) Part 11 amends ITA 2007 to provide for an exemption from the duty to deduct under section 874 of that Act (withholding tax).

(11) Part 12 makes supplementary provision (including provision about the meaning of terms used in this Schedule).

Conditions for being a qualifying asset holding company

2 (1) A company is a qualifying asset holding company if—

(a) it is UK resident,

(b) it meets the ownership condition set out in paragraph 3,

(c) it meets the activity condition set out in paragraph 13,

(d) it meets the investment strategy condition set out in that paragraph,

(e) it is not a UK REIT,

(f) no equity securities of the company are listed or traded on a recognised stock exchange or any other public market or exchange, and

(g) an entry notification is in force in relation to the company (see paragraph 14).

(2) But see—

(a) paragraph 16, which allows a company to treated as meeting the ownership condition in its first two years of being a QAHC, and

(b) paragraph 29, which contains provision about when a company that was a QAHC ceases to be a QAHC (and see also paragraphs 27(3) to (5) and 28 which make provision about cure periods and wind-down periods).

Ownership condition

3 (1) The ownership condition is met in relation to a company if—

(a) the sum of relevant interests in it held by persons who are not category A investors does not exceed 30%, and

(b) where the company has issued securities that entitle their holders to a greater proportion of profits or assets of a particular class ("an enhanced class") than to other profits or assets of the company, the sum of relevant interests in that class of profits or assets held by persons who are not category A investors does not exceed 30%.

(2) A person has a relevant interest in a company if, as a result of a direct or indirect interest the person has in the company, the person—

(a) is beneficially entitled to a proportion of the profits available for distribution to equity holders of the company,

(b) is beneficially entitled to a proportion of the assets of the company for distribution to its equity holders on a winding up, or

(c) has a proportion of the voting power in the company,

and the amount of that relevant interest, for the purposes of the calculation in sub-paragraph (1)(a), is the greatest of such of those proportions as arise as a result of that interest.

(3) A person has a relevant interest in an enhanced class of a company if, as a result of a direct or indirect interest the person has in the company, the person—

(a) is beneficially entitled to a proportion of the profits that fall within that class that are available for distribution to equity holders of the company, or

(b) is beneficially entitled to a proportion of the assets of the company that fall within that class for distribution to its equity holders on a winding up,

and the amount of that relevant interest, for the purposes of the calculation in sub-paragraph (1)(b), is the greatest of such of those proportions as arise as a result of that interest.

(4) Paragraphs 4 to 7 set out how to determine the amounts of relevant interests.

(5) Those amounts are to be expressed as percentages, but there is no need to adjust any of those amounts if the application of the rules in those paragraphs has the result that the total amount of relevant interests in a company or an enhanced class of a company is more than 100% (as may sometimes be the case).

(6) In this paragraph—

"securities" means—

(a) ordinary shares within the meaning of section 160 of CTA 2010 (meaning of ordinary shares for the purposes of section 158(1)(a) of that Act), and

(b) loans, other than normal commercial loans;

"normal commercial loan" is to be construed in accordance with section 162 of that Act (meaning of normal commercial loan for the purposes of sections 158(1)(b) and 159(4)(b) of that Act).

Only direct and certain indirect interests to constitute "relevant interests"

4 (1) An interest of a person ("T") only constitutes a relevant interest in a company, or in an enhanced class of that company, if as a result of that interest T is—

(a) beneficially entitled to profits or assets directly,

(b) beneficially entitled to profits or assets—

(i) partly directly or through a company ("C"), other than a QAHC, that is beneficially entitled to those profits or assets directly and is connected to T, and

(ii) partly through another person that is not a QAHC or through other persons that are not QAHCs, or

(c) beneficially entitled to profits or assets solely through one or more QAHCs.

(2) But where T has an interest falling within sub-paragraph (1)(b) partly as a result of an entitlement through C, in determining the amount of that interest for the purposes of paragraph 3(2) or (3), ignore any amount attributable to the entitlement through C.

(3) For the purposes of sub-paragraph (1)(b)(ii), where—

(a) T is connected to a person ("U"), other than C, who is not a category A investor,

(b) U has an indirect beneficial entitlement to profits or assets of the company through another person that is not a QAHC, or through other persons that are not QAHCs, and

(c) that entitlement would not otherwise be included in the determination of relevant interests in the company, or in an enhanced class of the company for the purposes of paragraph 3(2) or (3),

that entitlement is to be treated as an entitlement of T.

(4) In this paragraph, "connected", in relation to two persons being connected with one another, is to be read in accordance with sections 1122 and 1123 of CTA 2010, but for the purposes of this paragraph section 1122(7) has effect as if any reference to a partnership did not include a partnership that is a qualifying fund.

Determining relevant interests

5 (1) This paragraph applies for the purpose of determining, at any time, the proportion of profits or assets available for distribution that a person ("the relevant person") with a relevant interest in a company ("the relevant company"), or with a relevant interest in an enhanced class of the relevant company, is beneficially entitled to.

(2) When making a determination in relation to a relevant interest in the relevant company, only include—

(a) profits that are, or would be if the relevant company were a QAHC, profits of its QAHC ring fence business (see paragraph 20), and

(b) assets that are, or would be, used wholly or partially for the purposes of that business.

(3) When making a determination in relation to a relevant interest in an enhanced class of the relevant company, only include profits or assets falling within that class that fall within sub-paragraph (2)(a) or (b).

(4) Sections 165 and 166 of CTA 2010 (calculation of proportion of assets and profits for distribution) and sections 169 to 178 of that Act (shares or securities with limited or temporary rights and options) apply for the purpose of determining the proportion of profits or assets available for distribution as if—

(a) any reference to company A were to the relevant person,

(b) any reference to company B were to the relevant company,

(c) the references to the relevant accounting period were to the accounting period of the relevant company within which the determination is made,

(d) references in section 165 to "total profits" were to the total profits included in the determination as a result of sub-paragraph (2) or (as the case may be) (3),

(e) references in section 166 to the "assets amount" only included assets of the relevant company included in the determination as a result of sub-paragraph (2) or (3),

(f) references in that section to the "liabilities amount" only included—

(i) where determining relevant interests in the relevant company, such of its liabilities as are, or would be if the relevant company were a QAHC, attributable (on a just and reasonable basis) to its QAHC ring fence business, and

(ii) where determining relevant interests in an enhanced class of the relevant company, such of those liabilities as are also attributable (on a just and reasonable basis) to that class,

(g) subsection (4) of section 165 were omitted,

(h) in section 169(1) for "182" there were substituted "178",

(i) in section 170, subsection (6) were omitted,

(j) in sections 170(4) and 172(4), for ", 178 and 180" there were substituted "and 178",

(k) in section 174(3), "and 180" were omitted, and

(l) in sections 173 and 174, references to the participating equity holders were—

(i) where determining relevant interests in the relevant company, to persons who have a relevant interest in the relevant company, or

(ii) where determining relevant interests in an enhanced class of the relevant company, to persons who have a relevant interest in that class.

(5) Where a person has a beneficial entitlement to profits that arises under investment management profit-sharing arrangements, use the maximum proportional entitlement that could arise over the life of the arrangements, instead of the actual proportion at any particular time.

(6) For the purposes of sub-paragraph (5) "investment management profit-sharing arrangements" means arrangements under which a person has a variable entitlement to a proportion of the profits of investments in connection with the provision of investment management services in relation to those investments.

(7) Where a person is entitled to a dividend which amounts to a fee for administrative services provided in connection with investment in the relevant company, that entitlement is treated as not amounting to a relevant interest.

Determining relevant interests: transparent entities

6 (1) The normal rule is that transparent entities do not have relevant interests in a company or in an enhanced class of a company (in their own right).

(2) But where a beneficial entitlement to profits or assets of a company, or of an enhanced class of the company, arises as a result of a person's participation in a transparent qualifying fund—

(a) where the beneficial entitlement arises partly as described in paragraph 4(1)(b)(i), the entitlement arising as a result of that participation is to be treated as an entitlement of that person described in paragraph 4(1)(b)(ii) (entitlement partly through another person), and

(b) otherwise, is to be treated as an entitlement of the fund (rather than of that person).

And references to a person in this paragraph, and in paragraphs 3 to 5, are to be treated as including any such fund that is not a person.

(3) Where securities of a company held through a transparent qualifying fund confer voting power in that company, that voting power is to be treated as power of the fund.

(4) Sub-paragraphs (5) and (6) apply when making a determination in relation to the relevant interests in a company or in an enhanced class of a company of—

(a) a partner of a partnership, or

(b) a beneficiary of a trust under which the beneficiary is absolutely entitled to the property which is the subject of the trust and any profits arising from that property,

unless the partnership or trust constitutes a transparent qualifying fund.

(5) Where—

(a) such a partner or a trustee of such a trust has a priority entitlement, over other partners or trustees, to profits or gains arising from the partnership or trust, and

(b) that priority entitlement arises as a result of contractual arrangements relating to the management of the investments of the partnership or trust,

those profits or gains are to be ignored in making any determination of any person's relevant interest in a company or in an enhanced class of a company to the extent the entitlement is related to those arrangements.

(6) Where securities of a company held through such a partnership or trust confer voting power in that company, that power is to be treated as the power of the partners, or (as the case may be) the beneficiaries, divided between them in the same proportions as they would be entitled to profits arising from those securities.

(7) In this paragraph—

"securities" has the same meaning it has in paragraph 3;

an entity ("E") is "transparent" if investments of E would be regarded, for the purposes of corporation tax on chargeable gains, as the investments of another entity (such as a member or partner of E or the beneficiary of a trust).

References to voting power

7 (1) References to "voting power" in paragraphs 3 to 6 are to be construed in accordance with this paragraph.

(2) The amount of voting power a person has in a company is to be determined by reference to the proportion of the voting power that person has in the case of a vote at a forum of the company's members (for example, in the case of a company incorporated in the United Kingdom, at its annual general meeting) on a standard resolution.

(3) The reference in sub-paragraph (2) to a standard resolution is to a resolution in relation to which there are no rules specific to resolutions of that type which vary the voting power of members in relation to a resolution of that type as compared to other types of resolutions.

Category A investors

8 (1) The following are category A investors—

(a) a QAHC;

(b) a qualifying fund (see paragraph 9);

(c) a relevant qualifying investor (see paragraph 10);

(d) an intermediate company (see paragraph 11);

(e) a public authority falling within sub-paragraph (2).

(2) Those public authorities are—

(a) any Minister of the Crown (within the meaning of the Ministers of the Crown Act 1975);
(b) any United Kingdom government department;
(c) the Scottish Ministers;
(d) any Northern Ireland department;
(e) the Welsh Ministers;
(f) any local authority or local authority association in the United Kingdom;
(g) the Education Authority of Northern Ireland;
(h) the Northern Ireland Housing Executive;
(i) any health service body (within the meaning given by section 985 of CTA 2010);
(j) any public authority who exercises public functions in connection with the coordination or provision of public transport for a region of the United Kingdom (for example, Transport for London or an executive for an integrated transport area, a combined authority area or a passenger transport area).

(3) The Treasury may by regulations provide that any other public authority specified, or falling within a description specified, in the regulations is also a category A investor.

Qualifying funds

9 (1) In this Schedule "qualifying fund" means a fund that meets the diversity of ownership condition.

(2) The diversity of ownership condition is met if—
(a) the fund is a collective investment scheme and—
(i) it meets the conditions in regulation 75(2), (3) and (4)(a) of the Offshore Funds (Tax) Regulations 2009 (S.I. 2009/3001) (genuine diversity of ownership condition), or
(ii) it would meet the condition in regulation 75(5) of those regulations, if regulation 75(4)(b) were omitted,
(b) the fund is not close (whether or not it is a collective investment scheme), or
(c) the fund is 70% controlled by category A investors.

(3) For the purpose of applying the conditions referred to in sub-paragraph (2)(a)(i) and (ii)—
(a) the condition in regulation 75(2) of the Offshore Funds (Tax) Regulations 2009 (S.I. 2009/3001) is to be treated as met in relation to a fund marketed before 1 April 2022 if the fund has produced, and made available to HMRC, a statement prepared by the manager of the fund which—
(i) specifies the intended categories of investor when the fund was marketed,
(ii) confirms that, and describes how, the interests in the fund were made widely available, and
(iii) confirms that, and describes how, interests in the vehicle were marketed and made available in accordance with the requirements of regulation 75(4)(a) of those regulations (and that provision is to be read accordingly);

(b) the fact that (for any reason) the capacity of a fund to receive investments is limited does not prevent regulation 75(3) of those regulations (including as it applies for the purposes of regulation 75(5) of those regulations) from being met.

(4) Sub-paragraph (3)(b) does not apply if—

(a) the limited capacity of the fund to receive investments is fixed by the documents of the fund (or otherwise), and

(b) a pre-determined number of specific persons, or specific groups of connected persons (within the meaning of section 1122 of CTA 2010 ("connected" persons)), make investments in the fund that collectively exhausts all, or substantially all, of that capacity.

(5) To determine if a fund is close—

(a) in the case of a company, determine whether it is a close company in accordance with the rules in Chapter 2 of Part 10 of CTA 2010 but—

(i) any person who would be regarded as a participator (for the purposes of that Part) only as a result of being a creditor of the fund in respect of a normal commercial loan (within the meaning it has in paragraph 3) is not to be regarded as a participator,

(ii) any interest a participator has as a creditor of the fund in respect of a normal commercial loan is not to be regarded as an interest of that participator,

(iii) as if paragraph (a) of section 450(3) of that Act were omitted,

(iv) paragraphs 5(5) and 6(5) and (6) of this Schedule apply for the purposes of determining the rights of participators in the fund as they apply for the purposes of determining relevant interests in a QAHC, and

(v) subject to the modifications set out in paragraph 46(2)(a) to (e) of Schedule 5AAA to TCGA 1992 (meaning of close company etc), or

(b) in the case of any other fund, make that same determination—

(i) as if the fund were a company, and

(ii) as if the rights of the participants in the fund were shares in a company.

(6) In making a determination under sub-paragraph (5)(b), neither a manager of a fund nor a general partner in a limited partnership that is a collective investment scheme is to be regarded as having control of that fund or scheme unless that manager or partner would be treated as having control of it as result of satisfying a condition in section 450(3)(b) to (d) of CTA 2010 (whether alone or with other persons).

(7) A fund is 70% controlled by category A investors if a category A investor, or more than one category A investor between them, directly or indirectly possesses—

(a) 70% or more of the voting power in the fund,

(b) so much of the fund as would, on the assumption that the whole of the income of the fund were distributed among persons with interests in the fund, entitle that investor or those investors to receive 70% or more of the amount so distributed, and

(c) such rights as would entitle that investor or those investors, in the event of the winding up of the fund or in any other circumstances, to receive 70% or more of the assets of the fund which would then be available for distribution among persons with interests in it.

(8) For the purposes of sub-paragraph (7)—

(a) a category A investor indirectly possesses something if the investor possesses it through a body corporate or a series of bodies corporate;

(b) the interests of the participants in a category A investor that is a collective investment scheme that is transparent (within the meaning given by paragraph 6(7)) are to be treated as interests of the investor (instead of its participants) if that investor meets the diversity of ownership condition as a result of sub-paragraph (2)(a);

(c) in determining, for the purposes of sub-paragraph (7)(b) or (c), proportions of income or assets persons with an interest in the fund would be entitled to, ignore any interest any person has as a creditor of the fund in respect of a normal commercial loan (within the meaning it has in paragraph 3);

(d) paragraphs 5(5) and 6(5) and (6) apply for the purposes of determining the interests of persons in a fund as they apply for the purposes of determining relevant interests in a QAHC.

(9) For the purposes of sub-paragraphs (5)(a)(i) and (ii) (as they apply by virtue of sub-paragraph (5)(b)) and (8)(c), references to a creditor of a fund are to be treated, in the case of a fund that is a partnership, as not including any creditor who is a partner of that fund.

(10) In this paragraph—

"fund" means a collective investment scheme or an AIF;

"manager", in relation to a fund, means—

(a) any person who is the manager of the property that is the subject of or held by the fund, or

(b) any other person who has, or is expected to have, day-to-day control of that property.

Relevant qualifying investors

10 The following persons are relevant qualifying investors—

(a) a person acting in the course of a long-term insurance business (that is, the activity of effecting or carrying out contracts of long-term insurance within the meaning of the Financial Services and Markets (Regulated Activities) Order 2001 (S.I. 2001/544)) who—

(i) is authorised under FISMA 2000 to carry on such business, or

(ii) has an equivalent authorisation under the law of a territory outside the United Kingdom to carry on such business;

(b) a person who cannot be liable for corporation tax or income tax (as relevant) on the ground of sovereign immunity;

(c) a UK REIT;

(d) a person who is resident in a territory outside the United Kingdom in accordance with the law of that territory relating to taxation and is the equivalent of a UK REIT;

(e) a company that is a collective investment vehicle for the purposes of Schedule 5AAA to TCGA 1992 as a result of any of paragraphs (d), (e) or (f) of paragraph 1(1) of that Schedule (non-UK resident company meeting property income condition);

(f) the trustee or manager of a pension scheme (within the meaning given by section 150(1) of FA 2004) other than an investment-regulated pension scheme (within the meaning given by paragraphs 1 and 2 of Schedule 29A to that Act);

(g) a charity, unless—

(i) the main source of donations to that charity is—

(a) individuals involved in the management of the company in respect of which the charity would otherwise be a relevant qualifying investor, and

(b) persons connected (within the meaning of section 1122 of CTA 2010 ("connected" persons)) with such individuals, or

(ii) the charity is controlled (within the meaning of section 450 of that Act) by such individuals or persons.

Intermediate company

11 (1) For the purposes of this Part of this Schedule, a company is an "intermediate company" if—

(a) it meets the activity condition in paragraph 13(1), and

(b) it is wholly or almost wholly owned by another category A investor, other than a QAHC, or by other category A investors who are not QAHCs.

(2) For the purposes of sub-paragraph (1), a company is wholly or almost wholly owned by a category A investor, or by category A investors, if that investor has, or those investors between them have, a 99% investment in the company.

(3) Whether a category A investor has, or category A investors between them have, a 99% investment in a company is determined by applying paragraph 9 of Schedule 1A to TCGA 1992 (meaning of "25% investment") as if—

(a) in sub-paragraph (1) of that paragraph—

(i) for the words before paragraph (a) there were substituted "A category A investor or category A investors together ("P") has or have a 99% investment in a company ("C") if all of the following conditions are met—";

(ii) paragraph (a) were omitted;

(iii) in each of paragraphs (b), (c) and (d), for "25%" there were substituted "99%";

(iv) for the "or" at the end of paragraph (c) there were substituted "and";

(b) in sub-paragraph (7), "or indirect" were omitted in both places it occurs;

(c) sub-paragraphs (8) and (9) were omitted;

(d) any reference to a person, other than the references in sub-paragraph (11) of that paragraph, included a qualifying fund that is transparent (within the meaning given by paragraph 6(7)), and any interests of its participants that are held through the fund were interests of the fund itself;

(e) paragraph 10 of that Schedule were omitted.

Requirement of QAHC to monitor compliance with ownership condition

12 A QAHC must take reasonable steps to monitor whether the ownership condition is met in relation to it.

Activity condition and investment strategy condition

13 (1) The activity condition is met if—

(a) the main activity of the company is the carrying on of an investment business, and

(b) the other activities of the company (if any)—

(i) are ancillary to the carrying on of that business, and

(ii) are not carried on to any substantial extent.

(2) The investment strategy condition is met if the company's investment strategy does not involve—

(a) the acquisition of equity securities that are listed or traded on a recognised stock exchange or any other public market or exchange otherwise than for the purpose of facilitating a change in control of the issuer of those securities with the result that its securities are no longer so listed or traded, or

(b) other interests that derive their value from such securities.

PART 2

BECOMING A QAHC

Entry notification

14 (1) This paragraph makes provision about the making of a notification to HMRC by a company that intends to be a QAHC (an "entry notification").

(2) An entry notification must—

(a) state the name and (where it has one) the Unique Taxpayer Reference of the company,

(b) specify the date on which it is intended that the company should become a QAHC, and

(c) include one of the following declarations—

(i) that on that date, the company will meet all of the conditions in paragraph 2(1), or

(ii) that on that date the company will meet all of those conditions except for the ownership condition, but it intends to rely on paragraph 16(4) (ownership condition treated as met for first two years of entry into QAHC regime).

(3) The date specified may be no earlier than the later of—

(a) the day after the day on which the entry notification is made to HMRC, and

(b) 1 April 2022.

(4) Where an entry notification is made by a company that, at the time of making it, is resident in a territory outside the United Kingdom, the notification must also—

(a) state the territory in which the company is currently resident,

(b) state any registration number the company has in that territory,

(c) state the date on which it is intended the company will become UK resident.

(5) Where a company makes the declaration mentioned in sub-paragraph (2)(c)(ii) in an entry notification, the notification must also include a declaration that the company

reasonably expects the ownership condition to be met within 2 years of becoming a QAHC.

(6) An entry notification comes into force in relation to the company at the beginning of the date specified in accordance with sub-paragraph (2)(b) and continues in force until an exit notification under paragraph 25 comes into force.

(7) Where a company has ceased to be a QAHC, a new entry notification must be made for it to become a QAHC again, other than as a result of paragraph 27(2) (retrospective curing of non-deliberate breach of the activity condition).

Entry into regime

15 (1) A company becomes a QAHC at the beginning of the first day on which all of the relevant conditions are met.

(2) The "relevant conditions" are—

(a) where the company has made an entry notification that includes the declaration mentioned in paragraph 14(2)(c)(i), the conditions in paragraph 2(1), or

(b) where the company has made an entry notification that includes the declaration mentioned in paragraph 14(2)(c)(ii), all of those conditions apart from the ownership condition.

Ownership condition treated as met for initial period

16 (1) Sub-paragraph (4) applies in relation to a company that has made an entry notification that includes the declaration mentioned in paragraph 14(2)(c)(ii).

(2) Sub-paragraph (4) also applies in relation to a company if—

(a) the company meets the ownership condition on becoming a QAHC,

(b) within the first 2 years of its becoming a QAHC, it ceases to meet that condition, and

(c) as soon as reasonably practicable after ceasing to meet that condition the QAHC has notified HMRC of its intention to rely on that sub-paragraph.

(3) A notification under sub-paragraph (2)(c) must—

(a) include a declaration by the QAHC that it reasonably expects the ownership condition to be met before the end of the period of 2 years beginning with the day on which the QAHC became a QAHC;

(b) set out details of the steps (if any) the QAHC has taken, or expects to take, in order to secure the meeting of the ownership condition before the end of that period.

(4) Where this sub-paragraph applies in relation to a company—

(a) the ownership condition is treated as being met in relation to that company for the period of 2 years, or such longer period as HMRC may in writing agree to, beginning with the day on which the company became a QAHC, and

(b) any breach of that condition that occurred before this sub-paragraph applied is treated has having not occurred.

(5) But if, at any time during that period, it becomes apparent to the QAHC that there is no reasonable expectation of the ownership condition being met by the end of that period—

(a) the QAHC must notify HMRC of that fact as soon as reasonably practicable, and

(b) sub-paragraph (4) ceases to apply from the time when it became so apparent.

Corporation tax consequences of becoming a QAHC

17 (1) For the purposes of corporation tax, when a company becomes a QAHC—

(a) a new accounting period begins at the beginning of the day on which it becomes a QAHC, and

(b) accordingly, its previous accounting period ends at the end of the day before it became a QAHC.

(2) The following are to be treated, for the purposes of corporation tax, as sold by a company immediately before becoming a QAHC and reacquired immediately after so becoming—

(a) any overseas land it holds;

(b) any loan relationship or derivative contract the company is party to for the purposes of an overseas property business of the company, to the extent (apportioned on a just and reasonable basis)—

(i) the relationship or contract is attributable to those purposes, and

(ii) profits arising from that relationship or contract will be exempt from corporation tax as a result of paragraph 52(4);

(c) any qualifying shares (see paragraph 53) it holds.

(3) The sale and reacquisition deemed under sub-paragraph (2) is to be treated as being for a consideration equal to the market value of the assets.

(4) Where—

(a) a company ("C") becomes a QAHC,

(b) C holds a substantial shareholding in another company (see Schedule 7AC to TCGA 1992) as a result of holding qualifying shares,

(c) those shares were subject to a deemed sale and reacquisition under sub-paragraph (2),

(d) at the time of the deemed sale, the shares had been held by C for less than 12 months,

(e) C continues to hold those shares until they have been held for a period of 12 months (whether or not C remains a QAHC at the end of that period), and

(f) if C were to dispose of them immediately after the end of that period, any gain on that disposal would not be a chargeable gain as a result of an exemption under Part 1 of Schedule 7AC to TCGA 1992 (exemptions for disposals by companies with substantial shareholding),

any gain accruing to C on the deemed sale of the shares is not a chargeable gain.

(5) But for the purposes of sub-paragraph (4)(f), Schedule 7AC to TCGA 1992 has effect as if—

(a) paragraph 9 of that Schedule (aggregation of holdings of group companies) were omitted, and

(b) in paragraph 19(1), the references to the time of the disposal were instead to the end of the 12 month period referred to in sub-paragraph (4)(e).

(6) Paragraph 11 of Schedule 7AC to TCGA 1992 (effect of deemed disposal and reacquisition) has effect as if any reference to a "deemed disposal and reacquisition" did not include a deemed sale and reacquisition under sub-paragraph (2) of this paragraph.

Application of paragraph 17(2) to formerly non-resident companies

18 Paragraph 17(2) does not apply to assets held by a company that was previously resident in a territory outside the United Kingdom and became UK resident within the 30 days before it became a QAHC if those assets were held immediately before it became UK resident.

Adjustment of gains to avoid double charge

19 Where—

(a) a chargeable gain (the "relevant gain") accrues to a company on a deemed sale of qualifying shares as a result of paragraph 17(2), and

(b) the value of those shares reflects the value of an asset in respect of which a chargeable gain ("the underlying gain") accrues, or would accrue if paragraph 18 were ignored, to another company as a result of paragraph 17(2) on the same day as, or before, the relevant gain accrued,

the relevant gain is to be reduced (on a just and reasonable basis and not to below nil) by an amount reflecting the amount of the underlying gain.

Ring fencing of QAHC business

20 (1) For the purposes of this Schedule "QAHC ring fence business" in relation to a QAHC means the business of carrying out its main activity (see paragraph 13(1)(a)) in relation to—

(a) overseas land, to the extent income generated from that land is exempt from corporation tax as a result of paragraph 52(1) (exemption for overseas property income of a QAHC);

(b) qualifying shares (see paragraph 53);

(c) any creditor relationship of the QAHC to the extent the QAHC is not party to it for the purposes of a trade or a UK property business;

(d) any derivative contract to the extent that the underlying subject matter of the contract is overseas land falling within paragraph (a), qualifying shares or debt;

(e) any derivative contract to the extent that the QAHC is party to it for the purposes of carrying out its main activity in relation to any of the things mentioned in paragraphs (a) to (d).

(2) A QAHC ring fence business of a QAHC is to be treated for corporation tax purposes as separate and distinct from—

(a) all other activities carried on by the QAHC,

(b) any activity carried on by the QAHC before it became a QAHC, and

(c) any activity carried on by the company after it has ceased to be a QAHC.

(3) For the purposes of calculating the amount of corporation tax payable by a QAHC, the QAHC's ring fence business is to be treated as a separate company distinct from the QAHC carrying on any other activity (including any activity carried on before or after it is a QAHC).

(4) Accordingly—

(a) no loss of a QAHC arising outside its QAHC ring fence business may be set off against profits of that business (including any loss made by a company before it became a QAHC), and

(b) no loss arising within a QAHC ring fence business may be set off against profits of any other activity carried on by the QAHC (including any activity carried on by it before it became, or after it has ceased to be, a QAHC).

(5) But despite sub-paragraph (3) a QAHC is to provide a single company tax return relating to its QAHC ring fence business and any other activities carried on while it is a QAHC.

(6) Where any asset, receipt (including any credit), loss or gain relates to both the QAHC ring fence business and to the other activities of the QAHC (whether they are carried on while it is a QAHC or not) that asset, receipt, loss or gain is to be apportioned (on a just and reasonable basis) between the QAHC ring fence business and the other activities of the QAHC.

(7) In sub-paragraphs (4) and (6) references to a loss include references to a deficit, expense, charge or allowance.

(8) Losses or other amounts surrendered under Part 5 or 5A of CTA 10 (group relief)—

(a) that arise within the QAHC ring fence business of a QAHC may only be set off against profits of another company if that company is a QAHC and those profits arose within the QAHC ring fence business of that company;

(b) that do not arise within a QAHC ring fence business of the company surrendering them may not be set off against profits of a QAHC that arise within its QAHC ring fence business.

(9) Where a company and a QAHC have, in accordance with section 171A(4) of TCGA 1992, elected to transfer a chargeable gain or an allowable loss to the QAHC, that gain or loss arises outside its QAHC ring fence business.

(10) A distribution received by a QAHC that, as a result of Chapter 6 of Part 12 of CTA 2010 (Real Estate Investment Trusts), is treated as profits of a UK property business is received outside its QAHC ring fence business.

(11) In this paragraph "creditor relationship" has the meaning it has in Part 5 of CTA 2009 (see section 302 of that Act).

Disapplication of Part 7ZA of CTA 2010

21 In determining the profits of a QAHC ring fence business, Part 7ZA of CTA 2010 (restrictions on obtaining certain deductions) is to be ignored.

Assets entering and leaving the ring fence

22 (1) Sub-paragraph (2) applies to an asset held by a QAHC outside its QAHC ring fence business if that asset enters that ring fence business (whether because of a change of use or status of the asset or otherwise) and the asset is one of the following—

(a) overseas land;

(b) a loan relationship or derivative contract the QAHC is party to for the purposes of an overseas property business of the QAHC, to the extent (apportioned on a just and reasonable basis)—

(i) the relationship or contract is attributable to those purposes (including any such relationship or contract that the QAHC was not party to for those purposes before it entered the ring fence business), and

(ii) profits arising from that relationship or contract are exempt from corporation tax as a result of paragraph 52(4);

(c) qualifying shares (including anything that was not a "qualifying share" before it entered the ring fence business).

(2) Where this sub-paragraph applies to an asset, that asset is treated, for the purposes of corporation tax, as sold by the QAHC immediately before it entered the QAHC ring fence business and reacquired immediately after it entered that ring fence business.

(3) Any chargeable gain or allowable loss accruing to a QAHC on a deemed sale under paragraph (2) arises outside its QAHC ring fence business.

(4) Sub-paragraph (5) applies to an asset held by a QAHC within its QAHC ring fence business if that asset leaves that ring fence business (whether because of a change of use or status of the asset or otherwise) and the asset is one of the following—

(a) overseas land;

(b) a loan relationship or derivative contract that, when it was held within the ring fence business, the QAHC was party to for the purposes of an overseas property business of the QAHC, to the extent (apportioned on a just and reasonable basis)—

(i) the relationship or contract was attributable to those purposes, and

(ii) profits arising from that relationship or contract are exempt from corporation tax as a result of paragraph 52(4);

(c) anything that was a "qualifying share" (see paragraph 53) when it was held within the ring fence business.

(5) Where this sub-paragraph applies to an asset, that asset is treated, for the purposes of corporation tax, as sold by the QAHC immediately before it left the QAHC ring fence business and reacquired immediately after it left that ring fence business.

(6) Any chargeable gain or allowable loss accruing to a QAHC on a deemed sale under paragraph (5) arises within its QAHC ring fence business.

(7) A sale and reacquisition deemed under sub-paragraph (2) or (5) is to be treated as being for a consideration equal to the market value of the assets.

(8) Paragraph 11 of Schedule 7AC to TCGA 1992 has effect as if any reference to a "deemed disposal and reacquisition" did not include a deemed sale and reacquisition under sub-paragraph (2) or (5) of this paragraph.

Adjustment of gains to avoid double charge on assets crossing the ringfence

23 Where—

(a) a chargeable gain (the "relevant gain") accrues to a QAHC under paragraph 22(2) on a deemed sale of shares,

(b) the extent of that gain reflects the proceeds of a disposal of another asset in respect of which a chargeable gain ("the taxed gain") has accrued to any person,

the relevant gain is to be reduced (on a just and reasonable basis and not to below nil) by an amount reflecting the amount of the taxed gain.

Information to be provided for accounting periods

24 (1) A company that is, or has been, a QAHC must send a return to HMRC in relation to each accounting period for which it is a QAHC containing the following information (whether or not that information is included in its company tax return)—

(a) the name and Unique Taxpayer Reference of the QAHC,

(b) the name, Unique Taxpayer Reference (if any) and address of any person who has provided investment management services to the QAHC during the course of that accounting period,

(c) an estimate of the market value of the assets of the QAHC's ring fence business as at the end of that accounting period, and

(d) statements of—

(i) the gross proceeds arising from disposals of assets from the ring fence business during the accounting period, and

(ii) the amounts of any payments made by the QAHC on the redemption, repayment or purchase of its own shares.

(2) Where investment management services are provided to the QAHC by a partnership, the reference in sub-paragraph (1)(b) to a person providing investment management services is to the partnership and not to any partner who may be providing those services in the course of the partnership's business.

(3) The Treasury may by regulations amend sub-paragraph (1) so as to add to, vary or omit items in the list of information to be contained in a return under this paragraph.

(4) A return under this paragraph must be provided before the end of the filing date for the company tax return for the accounting period to which the return relates.

(5) Where a QAHC fails to provide a return under this paragraph by that time, the QAHC is liable to a penalty of £300.

(6) Paragraphs 18 to 23 of Schedule 55 to FA 2009 (penalty for failure to make returns etc) apply to a penalty under sub-paragraph (5) as they apply to a penalty under a paragraph of that Schedule as if—

(a) in paragraph 18, sub-paragraphs (4) to (7) were omitted,

(b) in paragraph 19—

(i) in sub-paragraph (1), for "on or before the later of date A and (where it applies) date B" there were substituted "before the end of the period of 6 years beginning with the date on which the QAHC became liable to the penalty", and

(ii) sub-paragraphs (2) to (5) were omitted,

(c) in paragraph 20, sub-paragraph (2) were omitted,

(d) in paragraph 22, sub-paragraphs (2) to (4) were omitted, and
(e) in paragraph 23(1), paragraph (b) were omitted.

PART 3

CEASING TO BE A QAHC

Exit notification

25 (1) If a QAHC decides that an entry notification is to cease to be in force in relation to it, it may make a notification to HMRC (an "exit notification").

(2) An exit notification must—
(a) state the name and Unique Taxpayer Reference of the QAHC;
(b) specify the date on which the entry notification no longer has effect.

(3) The date specified may be no earlier than the day after the day on which the exit notification is made.

(4) An exit notification comes into force on that specified date.

Requirement to notify when conditions no longer met

26 (1) A QAHC must notify HMRC if a relevant condition ceases to be met in relation to it as soon as reasonably practicable after becoming aware of the breach of the condition.

(2) In sub-paragraph (1) "relevant condition" means any of the conditions in paragraph 2(1), other than the condition in paragraph 2(1)(g) (requirement for entry notification to be in force).

(3) A notification under sub-paragraph (1) must set out—
(a) a description of the breach,
(b) the date on which it occurred,
(c) the date on which the QAHC first became aware of it, and
(d) where the breach is a breach of the ownership condition to which a cure period could apply (see paragraph 27(3))—
(i) whether the QAHC intends to rely on that period, and
(ii) if so, what steps (if any) the QAHC has taken, or expects to take, in order to secure the meeting of the ownership condition before the end of that period.

Curing of certain breaches

27 (1) Sub-paragraph (2) applies to a breach by a QAHC of the activity condition (see paragraph 13(1)) if—
(a) the breach is not deliberate,
(b) the QAHC has given HMRC a notification in relation to the breach in accordance with paragraph 26, and
(c) the QAHC has secured that the breach has ceased as soon as reasonably practicable.

(2) Where this sub-paragraph applies to a breach of the activity condition, the breach is treated, for the purposes of this Part of this Schedule, as if it had not occurred.

(3) A cure period applies to a breach of the ownership condition (see paragraph 3) in relation to a QAHC if—

(a) the sum of relevant interests in the QAHC or in an enhanced class of the QAHC held by persons who are not category A investors does not exceed 50% (whether as a result of the breach or at any time afterwards),

(b) the breach is not deliberate,

(c) the QAHC has complied with paragraph 12 (requirement to take reasonable steps to monitor compliance), and

(d) the QAHC has given HMRC a notification in relation to the breach in accordance with paragraph 26 that states the QAHC intends to rely on the cure period.

(4) Where—

(a) a cure period applies to a breach of the ownership condition, and

(b) before the end of the cure period, the QAHC meets that condition,

the breach is treated, for the purposes of this Part of this Schedule, as if had not occurred.

(5) The "cure period" in relation to a breach of the ownership condition is—

(a) the period of 90 days beginning with the day on which the QAHC became aware of the breach, or

(b) such longer period beginning with that day as HMRC may in writing agree.

(6) A breach of a condition is deliberate if—

(a) it occurred as a result of anything done by any of the persons mentioned in sub-paragraph (7),

(b) that person knew that one of the consequences of doing that thing would be a breach of that condition, and

(c) it would have been reasonable for the person to avoid doing that thing.

(7) Those persons are—

(a) the QAHC;

(b) a director, or any other person involved in the management, of the QAHC;

(c) a person with relevant interests in the QAHC, or in an enhanced class of the QAHC, of 25% or more;

(d) a director, or any other person involved in the management, of a person referred to in paragraph (c).

Wind-down period

28 (1) A wind-down period applies to a breach of the ownership condition in relation to a QAHC where—

(a) the breach is a result of—

(i) a qualifying fund with a relevant interest in the QAHC, or in an enhanced class of the QAHC, ceasing to be a category A investor, or

(ii) the purchase or redemption by the QAHC of a relevant interest in the QAHC, or a relevant interest in an enhanced class of the QAHC,

(b) at the time the QAHC becomes aware of the breach it intends to cease its QAHC ring fence business as soon as reasonably practicable, and

(c) the QAHC has notified HMRC of that intention as soon as reasonably practicable after it becomes aware of the breach.

(2) A notification under sub-paragraph (1)(c) must—

(a) state the date on which the ownership condition was breached,

(b) state the date on which the QAHC first became aware of the breach,

(c) include a declaration by the QAHC that it reasonably expects to have sold all of its assets in the QAHC ring fence business within two years of the QAHC becoming aware of the breach.

(3) The "wind-down period" in relation to a breach of the ownership condition is—

(a) the period of 2 years beginning with the day on which the QAHC became aware of the breach, or

(b) such longer period beginning with that day as HMRC may in writing agree.

(4) But a wind-down period ceases to apply to a breach of the ownership condition immediately on the acquisition of any assets, or the raising of any capital (whether by the issuing of securities or otherwise), by a QAHC during that period.

(5) Sub-paragraph (4) does not apply to—

(a) the acquisition of assets where those assets are reasonably required in connection with the ceasing of the QAHC's ring fence business, or

(b) the acquisition of assets, or the raising of capital, if that acquisition or raising of capital is reasonably necessary to prevent the insolvency of the QAHC or a person in which the QAHC has an interest.

(6) A QAHC must notify HMRC of any acquisition of assets, or raising of capital during a wind-down period (whether capable of causing the wind-down period to cease or not).

Exiting the regime

29 (1) A QAHC ceases to be a QAHC as a result of ceasing to meet any of the conditions mentioned in paragraph 2.

(2) The general rule is that a breach of a condition will cause a QAHC to cease to be a QAHC immediately after the condition ceases to be met.

But sub-paragraphs (3) to (7) contain different rules in relation to certain types of breach.

(3) A breach of the activity condition causes a QAHC to cease to be a QAHC immediately after the time at which the QAHC becomes aware of the breach (but see paragraph 27(1) and (2) which may allow a breach to be retrospectively cured).

(4) A breach of the ownership condition to which a cure period applies will cause a QAHC to cease to be a QAHC at the end of the last day of that period (if the breach was not cured during the period).

(5) But where a breach of the ownership condition was subject to a cure period and the cure period ceases to apply as a result of paragraph (a) of paragraph 27(3) (sum of relevant interests held by persons other than category A investors exceeds 50%) no

longer being satisfied, the QAHC ceases to be a QAHC immediately after the time at which that paragraph ceases to be satisfied.

(6) A breach of the ownership condition to which a wind-down period applies will cause a QAHC to cease to be a QAHC at the end of the last day of that period.

(7) But where a wind-down period ceases to apply to a breach of the ownership condition as a result of paragraph 28(4) (no acquisition of assets or raising of capital during wind-down), the QAHC ceases to be a QAHC immediately after the time at which the wind-down period ceases to apply.

Timings of transactions that lead to breach of ownership condition

30 (1) For the purposes of determining whether the ownership condition is breached, a transfer of relevant interests in a QAHC, or in an enhanced class of a QAHC, is to be treated as effective at the earlier of—

(a) the time when the obligations of the parties to the transfer necessary to effect the transfer have been met, and

(b) the time when any of the substantive consideration for the transfer has been provided,

(instead of at any earlier time when the transfer is effective).

(2) In sub-paragraph (1)(b) the reference to "substantive consideration" means any amount of the consideration for the transfer other than any amount provided before the transfer which would not be refundable if the transfer did not take place as a result of the transferee not meeting its obligations under the arrangements to make the transfer.

(3) But sub-paragraph (1) does not apply if—

(a) one or more of the parties to the transfer have acted in connection with the transfer with the aim of securing a tax advantage that arises as a result of the application of sub-paragraph (1) (for example by delaying the point at which consideration is provided), and

(b) it is reasonable to conclude that to act in that fashion is contrived, is abnormal or lacks a genuine commercial purpose.

(4) For the purposes of sub-paragraph (3) "tax advantage" is to be construed in accordance with section 1139 of CTA 2010.

Corporation tax consequences of ceasing to be a QAHC

31 (1) For the purposes of corporation tax, when a QAHC ceases to be a QAHC—

(a) a new accounting period begins on at the beginning of the day after the day on which it ceased to be a QAHC, and

(b) accordingly, its previous accounting period ended at the end of the day on which it ceased to be a QAHC.

(2) The following are to be treated, for the purposes of corporation tax, as sold by a QAHC immediately before it ceased to be a QAHC and reacquired by that company immediately after the start of that new accounting period—

(a) any overseas land it holds;

(b) any loan relationship or derivative contract the QAHC is party to for the purposes of an overseas property business of the QAHC, to the extent (apportioned on a just and reasonable basis)—

(i) the relationship or contract is attributable to those purposes, and

(ii) profits arising from that relationship or contract were exempt from corporation tax as a result of paragraph 52(4);

(c) any qualifying shares it holds.

(3) The sale and reacquisition deemed under sub-paragraph (2) is to be treated as being for a consideration equal to the market value of the assets immediately before the QAHC ceased to be a QAHC.

(4) Paragraph 11 of Schedule 7AC to TCGA 1992 has effect as if any reference to a "deemed disposal and reacquisition" did not include a deemed sale and reacquisition under sub-paragraph (2) of this paragraph.

Certain interest payments made around exit to be treated as made by a QAHC

32 Where—

(a) interest is payable under securities of a company in connection with arrangements for a transfer of relevant interests in that company, or in an enhanced class of that company, and

(b) that company ceased to be a QAHC as a result of that transfer,

any payment of that interest made on the same day as the company ceased to be a QAHC after it ceased being a QAHC is to be treated as a payment of interest by a QAHC.

PART 4

GROUPS

Acquisition of assets into and out of QAHC ring fence business from other member of group

33 (1) This paragraph applies to a disposal by a company to a QAHC of any of the following at a time when the company and the QAHC are members of the same group, other than a disposal from any QAHC ring fence business of the company—

(a) any overseas land;

(b) any loan relationship or derivative contract the QAHC will, following its acquisition, be party to for the purposes of an overseas property business of the QAHC, to the extent (apportioned on a just and reasonable basis)—

(i) the relationship or contract is attributable to those purposes, and

(ii) profits arising from that relationship or contract will be exempt from corporation tax as a result of paragraph 52(4);

(c) any qualifying shares;

(d) any other asset that will, as a result of the disposal, be within the QAHC ring fence business of the QAHC.

(2) This paragraph also applies to the disposal by a QAHC of any assets within its QAHC ring fence business to a company at a time when the QAHC and the company are members of the same group, unless the assets will, as a result of the transfer, be within a QAHC ring fence business of the company.

(3) The following do not apply to a disposal to which this paragraph applies—

(a) section 171 of TCGA 1992 (transfers within a group: general provisions);

(b) section 336 of CTA 2009 (transfers of loans on group transactions);

(c) section 625 of CTA 2009 (group member replacing another as party to derivative contract).

Continuity of substantial shareholdings between group members

34 (1) Where—

(a) A QAHC ("Q") holds a substantial shareholding in a company as a result of a disposal of qualifying shares to it from a company ("G") made at a time when Q and G are members of the same group,

(b) immediately before the disposal, G held a substantial shareholding in that company as a result of holding the shares that were disposed of,

(c) at that time, those shares had been held by G for less than 12 months,

(d) following the disposal Q holds those shares until they have been held by G and Q between them for a total period of 12 months (whether or not Q remains a QAHC at the end of that period), and

(e) if the shares had instead been held by Q throughout that entire period and Q were to dispose of them immediately after the end of that period, any gain on that disposal would not be a chargeable gain as a result of an exemption under Part 1 of Schedule 7AC to TCGA 1992 (exemptions for disposals by companies with substantial shareholding),

any gain accruing to G on the disposal to Q is not a chargeable gain.

(2) But in determining, for the purposes of sub-paragraph (1)(e), whether a gain on a disposal would not be a chargeable gain as a result of an exemption under Part 1 of Schedule 7AC to TCGA 1992, that Schedule has effect as if—

(a) paragraph 9 of that Schedule (aggregation of holdings of group companies) were omitted,

(b) paragraph 11 of that Schedule were omitted, and

(c) in paragraph 19(1), the references to the time of the disposal were instead to the end of the 12 month period referred to in sub-paragraph (1)(d).

(3) Where—

(a) a company that has ceased to be a QAHC ("C") acquired (when it was a QAHC) shares from a company ("G") as a result of a transfer described in paragraph 33(1) (disposal to QAHC by member of same group),

(b) immediately before the disposal, G held a substantial shareholding in a company as a result of holding the shares that were disposed of,

(c) at that time, those shares had been held by G for less than 12 months, and

(d) following the disposal C holds those shares until they have been held by G and the C between them for a total period of 12 months,

C is, for the purposes of paragraph 7 of Schedule 7AC to TCGA 1992, to be deemed to have held the shares for that entire period.

Meaning of "group" in paragraphs 33 and 34

35 In paragraphs 33 and 34, references to a company being a member of a group of companies are to be read in accordance with section 170 of TCGA 1992 (interpretation of sections 171 to 181 of that Act: groups).

Gain or loss arising where section 179 of TCGA 1992 applies in relation to transfer of assets

36 (1) This paragraph applies where—

(a) section 179 of TCGA 1992 (company ceasing to be a member of group) applies in relation to the acquisition of an asset ("the relevant asset"), other than an exempt asset, by a company ("A") from another company ("B"),

(b) a chargeable gain or an allowable loss would have accrued to B on a disposal of qualifying shares, but did not as B was a QAHC at the time of the disposal of those shares (see paragraph 53), and

(c) that gain or loss would have been adjusted as a result of subsection (3D) or (3E) of that section by reference to a chargeable gain or an allowable loss that would, in the absence of subsection (3A), have accrued to A under subsection (3) in relation to the relevant asset.

(2) Where a chargeable gain would have accrued to A, a chargeable gain in the same amount is treated as accruing to B outside its QAHC ring fence business.

(3) Where an allowable loss would have accrued to A, an allowable loss in the same amount is treated as accruing to B outside its QAHC ring fence business.

(4) Assets are exempt assets if a gain accruing to a QAHC on a disposal of such assets would not be a chargeable gain as a result of paragraph 53 (no chargeable gain on disposal of overseas land or qualifying shares).

PART 5

CLOSE COMPANIES, EXCHANGE GAINS AND BASIS OF ACCOUNTING

Non-close QAHCs treated as close companies for certain purposes

37 Chapters 3 to 3B of Part 10 of CTA 2010 (charge to tax in case of loan to participator etc) apply to a QAHC that is not a close company as if the QAHC were a close company.

Exchange gains

38 (1) The Loan Relationships and Derivative Contracts (Exchange Gains and Losses using Fair Value Accounting) Regulations 2005 (S.I. 2005/3422) are amended as follows.

(2) In regulation 2 (interpretation), after the definition of "loan relationship" insert—

""QAHC" has the same meaning as in Schedule 2 to FA 2022;".

(3) In regulation 5 (exchange gain or loss arising from loan relationship assets or liabilities), after paragraph (3) insert—

"(4) But where paragraph (1) applies in relation to loan relationship assets or liabilities of a QAHC and—

(a) an amount is recognised in the QAHC's accounts which arises from comparing at different times the fair value of the asset or liability (or in the case of regulation 5(1)(b) any part of it), and

(b) the change in fair value is attributable to any extent to fluctuations in the spot rate of exchange between the base currency of the QAHC and—

(i) the currency in which the asset or liability is denominated, or

(ii) another currency which is relevant to the value of the asset or liability,

the exchange gain or loss is instead calculated as set out in paragraph (5).

(5) The exchange gain or loss for any accounting period is the change in fair value between the earlier and the later time in that period that is attributable only to fluctuations in the spot rate of exchange between that currency, or those currencies, and the base currency of the QAHC."

Amortised cost basis not required for certain connected companies relationships

39 (1) Section 349 of CTA 2009 (application of amortised cost basis to connected companies relationships) does not apply to a debtor relationship that is a connected companies relationship of a QAHC to the extent the money received under it is used to lend money under, or is used on the acquisition of, loan relationships falling within sub-paragraph (2).

(2) A loan relationship falls within this sub-paragraph if—

(a) it is a creditor relationship of the QAHC,

(b) it is dealt with in the QAHC's accounts on the basis of fair value accounting,

(c) credits and debits which are to be brought into account for the purposes of Part 5 of CTA 2009 in respect of the relationship are not determined on an amortised cost basis of accounting.

(3) In this paragraph "creditor relationship", "debtor relationship", "fair value accounting", "amortised cost basis of accounting" and "connected companies relationship" have the meanings they have in Part 5 of CTA 2009 (see sections 302, 313 and 348 of that Act).

PART 6

TRANSFER PRICING AND CORPORATE INTEREST RESTRICTION RULES

Transfer pricing: participation condition always met for investors in a QAHC etc

40 (1) For the purposes of section 147(1) of TIOPA 2010 (basic pre-condition), where the affected persons are—

(a) a QAHC, and

(b) a person with a sufficient connection to the QAHC,

the participation condition in section 148 of that Act is treated as met.

(2) An affected person ("A") has a sufficient connection to the QAHC if—

(a) A has a relevant interest in the QAHC or in an enhanced class of the QAHC, or

(b) any of the persons with such an interest has a relationship with A such that the participation condition in that section would have been met had the affected persons been A and that person (instead of A and the QAHC).

(3) In this paragraph, and in paragraph 41, "affected person" is to be construed in accordance with Part 4 of that Act.

Transfer pricing: no small and medium-sized enterprise exemption

41 (1) Section 166(1) of TIOPA 2010 (exemption for small and medium-sized enterprises from basic transfer pricing rule) does not apply to a potentially advantaged person if that person or the other affected person is a QAHC.

(2) In this paragraph "potentially advantaged person" is to be construed in accordance with Part 4 of that Act.

Application of corporate interest restriction rules (non-consolidation of certain subsidiaries)

42 (1) Sub-paragraph (2) applies where—

(a) a QAHC is a member of a worldwide group,

(b) the QAHC has a subsidiary ("S") which it holds as a market value investment,

(c) apart from that sub-paragraph, S would be a member of the group, and

(d) the management of S and its subsidiaries is not coordinated to any extent with the management by any person of any other entity.

(2) For the purposes of Part 10 of TIOPA 2010 (corporate interest restriction), this paragraph and paragraph 43—

(a) the group does not include S or its subsidiaries, and

(b) accordingly, neither S nor any of its subsidiaries is regarded as a consolidated subsidiary of any member of the group.

(3) For the purposes of this paragraph and paragraph 43, a QAHC holds an interest in an entity as "a market value investment" if—

(a) the QAHC holds the interest as an investment, and

(b) the QAHC judges the value that the interest has to it wholly or mainly by reference to the market value of the interest.

(4) Expressions used in this paragraph or in paragraph 43 that are defined for the purposes of Part 10 of TIOPA 2010 have the same meaning they have in that Part.

(5) In this paragraph, and in paragraph 43, "subsidiary" has the meaning given by international accounting standards (but see section 494 of TIOPA 2010 for the definition of "wholly-owned subsidiary").

Application of corporate interest restriction rules (consolidation of QAHC stacks)

43 (1) Sub-paragraph (2) applies where—

(a) a QAHC ("P") would not, apart from that sub-paragraph, be a member of a multi-company worldwide group,

(b) P has a wholly-owned subsidiary ("W") which it does not hold as a market value investment,
(c) W is a QAHC, and
(d) P is either—
(i) not a wholly-owned subsidiary of another QAHC, or
(ii) is such a subsidiary but is held as a market value investment.

(2) For the purposes of Part 10 of TIOPA 2010, paragraph 42 and this paragraph—
(a) P is the ultimate parent of a worldwide group, and
(b) W, and any consolidated subsidiary of W—
(i) is a member of that group and not of any other worldwide group, and
(ii) is a consolidated subsidiary of P.

(3) Sub-paragraph (4) applies where—
(a) a QAHC ("M") is a member of a multi-company worldwide group ("G") (including as a result of the application of sub-paragraph (2) or the previous application of this sub-paragraph),
(b) M has a wholly-owned subsidiary ("N") which it does not hold as a market value investment,
(c) N is a QAHC, and
(d) apart from that sub-paragraph, N would not be a member of G.

(4) For the purposes of Part 10 of TIOPA 2010, paragraph 42 and this paragraph, N, and any consolidated subsidiary of N—
(a) is a member of G and not of any other worldwide group, and
(b) is a consolidated subsidiary of M and any other member of G in relation to which M is a consolidated subsidiary.

PART 7

Treatment of certain amounts payable by a QAHC

Treatment of certain distributions

44 (1) A relevant distribution out of assets of a QAHC in respect of a security of the QAHC is not to be treated as a distribution for the purposes of the Corporation Tax Acts if the QAHC is party to the security for the purposes of its QAHC ring fence business.

(2) Accordingly, among other things, section 465 of CTA 2009 (exclusion of distributions from being taken into account for the purposes of Part 5 of that Act) does not apply to a relevant distribution.

(3) A "relevant distribution" is any interest or distribution in respect of a security of a QAHC if it would, ignoring this paragraph, be a distribution for the purposes of the Corporation Tax Acts only as a result of the security being a relevant security.

(4) In sub-paragraph (3) "relevant security" means a security that—
(a) meets Condition B, C or D, or any combination of those conditions, in section 1015 of CTA 2010 (meaning of "special securities") and does not meet Condition A or E in that section, or
(b) is a non-commercial security within the meaning of section 1005 of that Act.

(5) Where a QAHC is party to a security partly for the purposes of its QAHC ring fence business and partly for another purpose, only the proportion of a relevant distribution in respect of that security that is attributable to the QAHC ring fence business (apportioned on a just and reasonable basis) is not to be treated as a distribution for the purposes of the Corporation Tax Acts.

Application of hybrid and other mismatches rules where paragraph 44 applies

45 (1) For the purposes of subsection (2) of section 259CB of TIOPA 2010 (hybrid or otherwise impermissible deduction/non-inclusion mismatches and their extent), so far as the excess referred to in that subsection arises by reason of a qualified distribution, it is to be taken not to arise by reason of the terms, or any other feature, of the security in respect of which the qualified distribution is made (whether or not it would have arisen by reason of the terms, or any other feature, of the security regardless).

(2) For the purposes of subsection (7) of section 259CB of TIOPA 2010 (hybrid or otherwise impermissible deduction/non-inclusion mismatches and their extent), so far as an amount of ordinary income is under taxed by reason of a qualified distribution, it is to be taken not to be under taxed by reason of the terms, or any other feature, of the security in respect of which the qualified distribution is made (even if it would have been under taxed for another reason regardless of the terms, or any other feature, of the security).

(3) That section has effect as if in subsections (4) and (8) after "(9)" there were inserted "and paragraph 45(1) and (2) of Schedule 2 to FA 2022".

(4) Where a QAHC is obliged to make a qualified distribution as a result of a payment to it, so much of that payment as gives rise to the obligation is to be treated as ordinary income of the QAHC for the purposes of Chapter 3 of Part 6A of TIOPA 2010 (hybrid and other mismatches from financial instruments).

(5) In this paragraph—

"qualified distribution" means a relevant distribution (see paragraph 44) that is not treated as a distribution for the purposes of the Corporation Tax Acts as a result of paragraph 44;

"payment", "ordinary income" and "under taxed" have the meanings they have in Part 6A of TIOPA 2010 (see sections 259BB, 259BC and 259CC of that Act).

Payments of distributions etc to individual to whom the remittance basis applies

46 (1) This paragraph applies in relation to income or a chargeable gain arising to an individual in a tax year if—

(a) section 809B, 809D or 809E of ITA 2007 applies to the individual for that tax year,

(b) the income or gain arises as a result of—

(i) the payment of interest by a QAHC,

(ii) the making of a distribution or a qualified distribution by a QAHC, or

(iii) the disposal by the individual of shares in a QAHC,

(c) in the case of a payment of interest or the making of a distribution or qualified distribution, the individual provided investment management services in connection with investment arrangements to which the QAHC is party, and

(d) in the case of a disposal of shares, the shares were acquired by the individual during the course of the individual providing investment management services in relation to such arrangements.

(2) The foreign proportion of the amount of any such income is to be treated, for the purposes of income tax, as relevant foreign income.

(3) The foreign proportion of the amount of any such gain is to be treated, for the purposes of capital gains tax, as a gain accruing on the disposal of foreign assets.

(4) For the purposes of this paragraph, the "foreign proportion" of an amount of income or of a gain is equal to the proportion of the profits of the QAHC in the relevant period that was derived from foreign sources, apportioned on a just and reasonable basis in accordance with sub-paragraph (6).

(5) The "relevant period" means—

(a) where the QAHC has been a QAHC for at least three accounting periods, the three most recent complete accounting periods of the QAHC, or

(b) otherwise, the period beginning with beginning of the day on which the QAHC became a QAHC and ending with—

(i) where the income or chargeable gain arose to the individual on that day, the end of that day, or

(ii) otherwise, the end of the day before the income or chargeable gain arose to the individual.

(6) For the purposes of determining the proportion of profits of a QAHC that were derived from foreign sources in the relevant period—

(a) include any profits that would have arisen had the QAHC disposed of all of its assets for a consideration equal to the market value of the assets immediately before the end of the period, and

(b) whether profits are derived from foreign sources is to be determined by reference to the ultimate underlying income or assets to which the profits relate (so, for example, the extent to which profits arising from an interest in another company are derived from foreign sources depends on the extent to which the profits of that company are derived from income arising outside the United Kingdom or the disposal of assets outside the United Kingdom).

(7) In this paragraph—

"foreign asset" has the meaning it has in Schedule 1 to TCGA 1992 (see paragraph 5 of that Schedule);

"profits", in relation to a company, means income and chargeable gains;

"qualified distribution" has the meaning given by paragraph 45(5).

Purchase of own shares

47 (1) A payment made by a QAHC on the redemption, repayment or purchase of its own shares is not a distribution for the purposes of the Corporation Tax Acts.

(2) But sub-paragraph (1) does not apply to payments in relation to qualifying employment-related securities.

(3) "Qualifying employment-related securities" means employment-related securities acquired by a person, other than a fund manager in relation to the QAHC, where the right or opportunity to acquire the securities or interest is available by reason of an employment of that person or any other person by—

(a) the QAHC, or

(b) a company in which the QAHC has at least a 25% interest.

(4) To determine for the purposes of sub-paragraph (3)(b) whether a QAHC has at least a 25% interest in a company, apply the rules for determining whether a company is a 75% subsidiary of another company for the purposes of Part 5 of CTA 2010 (see section 151 and Chapter 3 of Part 24 of that Act) as if references to "75%" were to "25%".

(5) In this paragraph—

"employment-related securities" has the meaning given by section 421B of ITEPA 2003;

"fund manager", in relation to a QAHC, means an individual who provides investment management services in relation to the QAHC ring fence business of the QAHC;

"own shares", in relation to a company, means shares of the company.

Disapplication of paragraph 47 during cure period for certain non-category A investors

48 (1) Where a QAHC has breached the ownership condition and a cure period applies to the breach, paragraph 47(1) does not apply to payments made to a person who is not a category A investor if—

(a) where the sum of relevant interests in the QAHC held by persons who are not category A investors exceeds 30%, the person has increased their relevant interests in the QAHC on or after the day on which that limit was exceeded, or

(b) where the sum of relevant interests in an enhanced class of the QAHC held by persons who are not category A investors exceeds 30%, the person has increased their relevant interests in that class on or after the day on which that limit was exceeded.

(2) Where —

(a) after the breach the QAHC meets the ownership condition, and

(b) as a result of paragraph 27(4) the breach is treated as having not occurred for the purposes of Part 3 of this Schedule,

sub-paragraph (1) continues to apply to payments made before the QAHC met the ownership condition (despite the fact the breach is treated as not having occurred for the purposes of that Part).

Transactions in securities rules

49 Section 684 of ITA 2007 (person liable to counteraction of income tax advantage) does not apply to a person if—

(a) that section would (ignoring this paragraph) only apply to the person as a result of the person being a party to a transaction in securities, or two or more transactions in securities, where the securities in question are securities of a QAHC, and

(b) the securities are not qualifying employment-related securities (within the meaning given by paragraph 47(3)) in relation to the person.

Late interest

50 (1) Section 373(1) of CTA 2009 (late interest treated as not accruing until paid in some cases) does not apply to a qualifying debit.

(2) For the purpose of this paragraph, a debit is "qualifying" if—

(a) it relates to interest payable under a debtor relationship of a QAHC,

(b) the QAHC is party to the relationship for the purposes of its QAHC ring fence business, and

(c) the interest to which the debit relates accrues at a time when the QAHC is a QAHC.

(3) Where a QAHC is party to a debtor relationship partly for the purposes of its QAHC ring fence business and partly for another purpose, sub-paragraph (1) applies only to the proportion of the qualifying debit that is attributable to the QAHC ring fence business (apportioned on a just and reasonable basis).

(4) In this paragraph "debit" and "debtor relationship" are to be construed in accordance with Part 5 of CTA 2009.

Deeply discounted securities

51 (1) Section 409(2) of CTA 2009 (postponement until redemption of debits for close companies' deeply discounted securities) does not apply to a qualifying debit.

(2) For the purposes of this paragraph, a debit is "qualifying" if—

(a) it is a debit in respect of a deeply discounted security of the QAHC that relates to the amount of the discount,

(b) the QAHC is party to the security for the purposes of its QAHC ring fence business, and

(c) the discount to which the debit relates is referable to an accounting period during which the QAHC is a QAHC.

(3) Where a QAHC is party to a deeply discounted security partly for the purposes of its QAHC ring fence business and partly for another purpose, sub-paragraph (1) applies only to the proportion of the qualifying debit that is attributable to the QAHC ring fence business (apportioned on a just and reasonable basis).

(4) In this paragraph—

"debit" is to be construed in accordance with Part 5 of CTA 2009;

"deeply discounted security" has the meaning it has in Chapter 8 of Part 4 of ITTOIA 2005 (profits from deeply discounted securities) (see section 430 of that Act);

"the discount" has the meaning given by section 406(3) of CTA 2009.

PART 8

OVERSEAS PROPERTY INCOME

Overseas property income of a QAHC

52 (1) No liability to corporation tax arises in respect of QAHC overseas property profits to the extent those profits are taxable in a foreign jurisdiction.

(2) "QAHC overseas property profits" means any profits that would, ignoring this paragraph, be chargeable to tax under Chapter 3 of Part 4 of CTA 2009 (profits of property businesses) as profits of an overseas property business of a QAHC.

(3) Profits are taxable in a foreign jurisdiction if they are chargeable to tax (and are neither subject to any exemption or relief from tax nor chargeable at a nil rate) under the law of a territory outside the United Kingdom so far as that tax—

(a) is charged on income and corresponds to United Kingdom income tax, or

(b) is charged on income and corresponds to the United Kingdom charge to corporation tax on income.

(4) No liability to corporation tax arises in respect of profits that arise from loan relationships and derivative contracts that a QAHC is party to for the purposes of an overseas property business of that QAHC to the extent (apportioned on a just and reasonable basis) those profits relate to profits that are exempt from corporation tax as a result of sub-paragraph (1).

(5) Where a QAHC is party to a loan relationship or a derivative contract partly for the purposes of an overseas property business and partly for another purpose, sub-paragraph (4) only applies to the proportion of profits arising from that relationship or contract that are attributable to the overseas property business (apportioned on a just and reasonable basis).

PART 9

DISPOSALS OF OVERSEAS LAND AND CERTAIN SHARES

No chargeable gain on disposal of overseas land or certain shares

53 (1) A gain accruing to a QAHC on a disposal of overseas land or qualifying shares is not a chargeable gain.

(2) "Qualifying shares" means any shares apart from shares whose disposal would, in accordance with Part 2 of Schedule 1A to TCGA 1992 (whether asset derives at least 75% of its value from UK land), be regarded as a disposal of an asset deriving at least 75% of its value from UK land.

(3) For the purposes of sub-paragraph (2), "shares" includes—

(a) stock;

(b) any other interest of a member in a company (including a company that has no share capital);

(c) any interest as co-owner of shares (whether the shares are owned jointly or in common and whether or not the interests of the co-owners are equal);

(d) rights of unit holders in unit trust schemes that are treated as if they were shares for the purposes of TCGA 1992 as a result of section 99(1) of that Act;

(e) units in tax transparent funds that are treated as assets for the purposes of that Act as a result of section 103D(3) of that Act;

(f) any derivative contract to the extent that the underlying subject matter of the contract is shares.

(4) In this paragraph—

"unit trust scheme" and "unit holder" have the meaning they have in section 99 of TCGA 1992;

"tax transparent fund" and "units" in relation to such a fund have the meaning they have in section 103D of that Act.

PART 10

STAMP DUTY AND STAMP DUTY RESERVE TAX

Stamp duty and SDRT exemption for repurchase of own shares or loan capital

54 (1) A transfer to a QAHC of its own shares or own loan capital is exempt from all stamp duties if—

(a) the transfer does not form part of disqualifying arrangements,

(b) the transfer does not take place at a time when there exist arrangements for a substantial sale of the QAHC, and

(c) in the case of a transfer of own shares, the QAHC delivers a return in relation to the transfer of the shares to the registrar of companies in accordance with section 707 of the Companies Act 2006 (return on purchase of own shares).

(2) In this paragraph "own loan capital", in relation to a company, means loan capital issued by that company.

(3) For the purpose of determining whether a company was a QAHC at the time a transfer of its own shares or own loan capital was made to it, the transfer is to be treated as taking place—

(a) in a case where the agreement to make the transfer is conditional, on the day on which the condition is satisfied, or

(b) in any other case, the day on which the agreement is made.

(4) But a transfer of own shares or own loan capital to a company that ceased being a QAHC as a result of that transfer is to be treated as a transfer to a QAHC.

(5) A transfer of a QAHC's own shares or own loan capital to it forms part of disqualifying arrangements if it is reasonable to assume that—

(a) that transfer is made in connection with the issue by the QAHC of new shares or new loan capital to a person ("P") other than the transferor of the QAHC's own shares or own loan capital, and

(b) the main purpose, or one of the main purposes, of the making of the transfer and the issuing of those shares or loan capital is to secure an outcome which is substantially economically equivalent to a transfer of the QAHC's own shares or own loan capital, or a part of those shares or that capital, from the transferor to P.

(6) There are arrangements for a substantial sale of the QAHC if—

(a) arrangements exist for the disposal of shares or loan capital, or a mixture of both, that represent at least 90% of relevant interests in the QAHC (determined in accordance with the rules in paragraphs 3 to 6 for determining whether a person has a relevant interest in a QAHC), and

(b) those arrangements will include the acquisition by a person of shares or loan capital that represent a relevant interest in the QAHC.

(7) In this paragraph "loan capital" has the meaning given by section 78(7) of FA 1986, and reference to the issue of loan capital includes the issuing of any rights in connection with the raising of capital.

PART 11

EXEMPTION FROM SECTION 874 OF ITA 2007 (WITHHOLDING TAX)

55 In Part 15 of ITA 2007 (deduction of income tax at source), after section 888D insert—

"**888DA Payments of interest by a QAHC**

The duty to deduct a sum representing income tax under section 874 does not apply to a payment of interest (however the interest arises) by a QAHC (within the meaning of Schedule 2 to FA 2022)."

PART 12

SUPPLEMENTARY

Minor and consequential amendments

56 (1) In section 212 of TCGA 1992 (annual deemed disposal of certain holdings of insurance companies), in subsection (1), at the end of paragraph (c) insert "or,

(d) shares in a company which is, or is a member of, a QAHC within the meaning of Schedule 2 to the Finance Act 2022 (qualifying asset holding companies),".

(2) In section 830(4) of ITTOIA 2005 (meaning of "relevant foreign income") omit the "and" before paragraph (i) and after that paragraph insert ", and

(j) paragraph 46(2) of Schedule 2 to FA 2022 (qualifying asset holding companies)."

(3) In section 465(3) of CTA 2009 (exclusion of distributions except in tax avoidance cases) omit the "and" before paragraph (d) and after that paragraph insert ", and

(e) paragraph 44 of Schedule 2 to FA 2022 (distributions under certain securities issued by qualifying asset holding companies)."

Making of notifications and returns

57 (1) HMRC may require that any information required to be given to HMRC by virtue of this Schedule is to be given in such form and manner (including by specified means of electronic communication) as may be specified in a notice published by HMRC.

(2) A notice under sub-paragraph (1) may be amended or withdrawn by HMRC by publication of a further notice.

Interpretation

58 (1) In this Schedule—

"AIF" has the meaning given by regulation 3 of the Alternative Investment Fund Managers Regulations 2013 (S.I. 2013/1773);

"category A investor" is to be construed in accordance with paragraph 8;

"collective investment scheme" has the meaning given by section 235 of FISMA 2000;

"company tax return" has the meaning it has in Schedule 18 to FA 1998;

"cure period" is to be construed in accordance with paragraph 27(3) to (5);

"enhanced class" is to be construed in accordance with paragraph 3(3);

"entry notification" is to be construed in accordance with paragraph 14;

"equity holder" has the meaning it has in Part 5 of CTA 2010 (see section 158 of that Act);

"equity securities" has the meaning given by section 560 of the Companies Act 2006;

"exit notification" is to be construed in accordance with paragraph 25;

"fund" and "qualifying fund" are to be construed in accordance with paragraph 9;

"HMRC" means Her Majesty's Revenue and Customs;

"land" includes—

(a) buildings and structures;

(b) any estate, interest or right in or over land;

(c) land under the sea or otherwise covered by water;

"market value" has the meaning it has in TCGA 1992 (see sections 272 and 273 of that Act);

"own shares" is to be construed in accordance with paragraph 47(5);

"overseas land" means land outside the United Kingdom;

"QAHC ring fence business" has the meaning given by paragraph 20(1);

"qualifying shares" is to be construed in accordance with paragraph 53;

"participant", in relation to a qualifying fund, means a person who takes part in the arrangements constituting the fund, whether by becoming the owner of, or of any part of, the property that is the subject of the arrangements or otherwise;

"relevant distribution" has the meaning given by paragraph 44(3);

"relevant interest" is to be construed in accordance with paragraph 3;

"substantial shareholding" is to be construed in accordance with Schedule 7AC to TCGA 1992 (see, in particular, paragraphs 8 and 8A of that Schedule);

"UK REIT" means—

(a) a company UK REIT within the meaning of Part 12 of CTA 2010 (see section 524 of that Act), or

(b) a company that is a member of a group UK REIT within the meaning of that Part (see sections 523 and 606 of that Act);

"underlying subject matter", in relation to a derivative contract, is to be construed in accordance with section 583 of CTA 2009 (meaning of "underlying subject matter");

"wind-down period" is to be construed in accordance with paragraph 28.

(2) References in this Schedule to "investment management services" are to be construed in accordance with the definition of that term in section 809EZE of ITA 2007 as if—

(a) references in that definition to an investment scheme included a QAHC, and

(b) references to participants were, in relation to a QAHC, to persons with a relevant interest in the QAHC.

SCHEDULE 3

Section 15

Real Estate Investment Trusts

1 The amendments made by this Schedule are to Part 12 of CTA 2010 (real estate investment trusts) unless otherwise stated.

Conditions for companies in relation to UK REITs

2 (1) In section 527 (being a UK REIT in relation to an accounting period)—

(a) in subsection (2)(aa), at the end insert "(but see subsection (3A))";

(b) in subsection (3)(aa), at the end insert "(but see subsection (3A))";

(c) after subsection (3) insert—

"(3A) Subsections (2)(aa) and (3)(aa) do not apply in relation to a period, or to any part of a period, in respect of which condition C in section 528 is met as a result of subsection (3)(b) of that section."

(2) In section 528 (conditions for company)—

(a) in subsection (3)—

(i) the words from "the shares" to the end become paragraph (a), and

(ii) after that paragraph insert ", or

(b) at least 70% of the shares forming the company's ordinary share capital are owned by one or more institutional investors (see sections 528ZA and 528ZB).";

(b) after subsection (3) insert—

"(3A) Subsection (3B) applies where condition C ceases to be met in relation to a company UK REIT or the principal company of a group UK REIT as a result of subsection (3)(b) ceasing to apply in relation to that company.

(3B) The company is to be treated as if condition C continued to be met in relation to that company as a result of that subsection for the period

of 12 months beginning with the day on which this subsection begins to apply.";

(c) in subsection (4A)(j) omit ", under the law of that territory,".

(3) After section 528 insert—

"**528ZA Listing requirement: ownership by institutional investors**

(1) This section applies for the purposes of section 528(3)(b) (listing requirement where at least 70% of shares are owned by institutional investors).

(2) A person "owns" ordinary share capital if the person owns it—

(a) directly,

(b) indirectly, or

(c) partly directly and partly indirectly.

(3) Sections 1155 to 1157 (meaning of "indirect ownership" and calculation of amounts owned indirectly) apply for the purposes of subsection (2).

(4) For the purposes of sections 1155 to 1157 as applied by subsection (3), treat references to a body corporate as including—

(a) an exempt unauthorised unit trust,

(b) anything which is included in references to a body corporate for the purposes of paragraph 46 of Schedule 5AAA to the TCGA 1992 (UK property rich collective investment vehicles etc) (see sub-paragraph (12) of that paragraph), and

(c) an authorised contractual scheme which is a co-ownership scheme,

and, in relation to an entity within paragraph (a), (b) or (c), references to ordinary share capital are to be treated as references to units or other corresponding interests in the entity concerned.

(5) A person is also to be regarded as owning ordinary share capital in a company in circumstances where the person would be regarded as holding shares in a company under paragraphs 12 and 13 of Schedule 7AC to TCGA 1992 (exemptions for disposals by companies with substantial shareholding).

(6) Where the assets of a partnership include ordinary share capital of a company, each partner is to be regarded as owning a proportion of that share capital equal to the partner's proportionate interest in that ordinary share capital.

(7) But subsection (6) does not apply in relation to a limited partnership which is a collective investment scheme as mentioned in section 528(4A)(c) at any time when the partnership meets the genuine diversity of ownership condition (see section 528ZB(2)).

(8) In subsection (4)—

"authorised contractual scheme" and "co-ownership scheme" have the meanings given by sections 237(3) and 235A, respectively, of FISMA 2000;

"exempt unauthorised unit trust" has the same meaning as in the Unauthorised Unit Trusts (Tax) Regulations 2013 (S.I. 2013/2819).

528ZB Listing requirement: collective investment schemes

(1) For the purposes of section 528(3)(b) (listing requirement where at least 70% of shares are owned by institutional investors), where shares are owned by a person acting on behalf of a limited partnership which is a collective investment scheme as mentioned in section 528(4A)(c), the person is to be treated as an institutional investor only if the collective investment scheme meets the genuine diversity of ownership condition.

(2) A collective investment scheme meets the genuine diversity of ownership condition at any time if, at that time, it meets—

(a) the conditions in regulation 75(2), (3) and (4)(a) of the Offshore Funds (Tax) Regulations 2009 (S.I. 2009/3001), or

(b) the condition in regulation 75(5) of those Regulations (assuming for this purpose that regulation 75(4)(b) is omitted),

and those Regulations apply for the purposes of this subsection as if any collective investment scheme which is not an offshore fund were regarded as an offshore fund.

(3) For the purposes of determining whether a collective investment scheme meets the genuine diversity of ownership condition as mentioned in subsection (2), the fact that (for any reason) the capacity of the vehicle to receive investments is limited does not prevent regulation 75(3) of the Offshore Funds (Tax) Regulations 2009 (including as it applies for the purposes of regulation 75(5) of those Regulations) from being met.

(4) Subsection (3) does not apply if—

(a) the limited capacity of the scheme to receive investments is fixed by the documents of the vehicle (or otherwise), and

(b) a pre-determined number of specific persons, or specific groups of connected persons, make investments in the vehicle that collectively exhaust all, or substantially all, of that capacity.

(5) For the purposes of determining whether a collective investment scheme constituted before 1 April 2022 meets the genuine diversity of ownership condition as mentioned in subsection (2), it is to be assumed that regulation 75(2) of the Offshore Funds (Tax) Regulations 2009 (including as it applies for the purposes of regulation 75(5) of those Regulations) has effect as if it referred to a statement prepared by the manager of the scheme, available to HMRC, which—

(a) specifies the intended categories of investor when the scheme was marketed,

(b) confirms that the interests in the scheme were made widely available, and

(c) confirms that interests in the scheme were marketed and made available in accordance with the requirements of regulation 75(4)(a) of those Regulations (and that provision is to be read accordingly).”

Requirements for financial statements

3 (1) In section 531 (conditions as to balance of business)—

(a) in subsection (2)—

(i) in paragraph (a) omit "(as shown in the financial statement under section 532(2)(a))";

(ii) in paragraph (b) omit "(as shown in the financial statement under section 532(2)(c))";

(b) after subsection (2) insert—

"(2A) Where the matters mentioned in section 533(1)(a) to (ca) must be specified in a financial statement under section 532(2)(a) or (c) in relation to each member of a group (see section 533(1C))—

(a) the reference in subsection (2)(a) to the profits of property rental business of members of the group are to those profits as shown in the financial statement under section 532(2)(a), and

(b) the reference in subsection (2)(b) to the profits of residual business of members of the group are to those profits as shown in the financial statement under section 532(2)(c).";

(c) in subsection (6), in the words before paragraph (a), after "group" insert ", where the matters mentioned in section 533(1)(d) must be specified in a financial statement under section 532(2)(a) and (c) in relation to each member of the group (see section 533(1G))".

(2) In section 533 (financial statements: supplementary)—

(a) in subsection (1)—

(i) in the words before paragraph (a), omit "each member of";

(ii) omit the "and" at the end of paragraph (c);

(iii) after paragraph (c) insert—

"(ca) the items specified in section 531(4)(b) to (d), and";

(iv) in paragraph (d), in the words before sub-paragraph (i), after "assets" insert ", including assets within subsection (1ZA),";

(b) after subsection (1) insert—

"(1ZA) Assets are within this subsection if they are held solely—

(a) in connection with the items mentioned in section 531(4)(b) and (c), or

(b) as a result of compliance with planning obligations entered into as mentioned in section 531(4)(d).";

(c) after subsection (1A) insert—

"(1B) Subsection (1C) applies where in the accounting period for which statements are prepared under section 532(2) profits of the group's property rental business are less than 80% of the sum of—

(a) the profits of property rental business of the group, and

(b) the profits of residual business of the group.

(1C) In addition to being specified in relation to the group, the matters mentioned in subsection (1)(a) to (ca) must be specified in a financial statement under section 532(2)(a) or (c) in relation to each member of the group.

(1D) For the purposes of establishing whether subsection (1C) applies—

(a) the references to profits in subsection (1B) are to profits determined in the same way as profits are determined in accordance with section 531(4);

(b) any expenses relating to both property rental business and residual business are to be apportioned on a just and reasonable basis.

(1E) Where the effect of subsections (1B) and (1C) is that there is no requirement to specify in a financial statement for an accounting period under section 532(2)(a) or (c) the matters mentioned in subsection (1)(a) to (ca) in relation to each member of a group, it is to be assumed that the group meets condition A in section 531(1) in relation to that accounting period.

(1F) Subsection (1G) applies where, at the beginning of the accounting period for which statements are prepared under section 532(2), the sum of—

(a) the value of the assets relating to property rental business, and

(b) the value of the assets relating to residual business so far as consisting of cash or relevant UK REIT shares,

is less than 80% of the total value of assets held by the group.

(1G) In addition to being specified in relation to the group, the matters mentioned in subsection (1)(d) must be specified in a financial statement under section 532(2)(a) or (c) in relation to each member of the group.

(1H) For the purposes of establishing whether subsection (1G) applies, references to assets in subsection (1F) are to the assets excluding—

(a) assets held solely in connection with the items mentioned in section 531(4)(b) and (c), and

(b) assets held solely as a result of compliance with planning obligations entered into as mentioned in section 531(4)(d).

(1I) Where the effect of subsections (1F) and (1G) is that there is no requirement to specify in a financial statement for an accounting period under section 532(2)(a) or (c) the matters mentioned in subsection (1)(d) in relation to each member of a group, it is to be assumed that the group meets condition B in section 531(5) in relation to that accounting period."

Balance of business test

4 (1) In section 531 (conditions as to balance of business)—

(a) in subsection (4)—

(i) in the words before paragraph (a) omit "In the case of a company,";

(ii) in the words before paragraph (a), for "(1) and (3)" substitute "(1) to (3)";

(iii) omit the "and" at the end of paragraph (b);

(iv) at the end of paragraph (c) insert ", and

(d) profits of residual business of the company or, as the case may be, group resulting from compliance with planning obligations entered into in accordance with section 106 of the Town and Country Planning Act 1990 in the course of the property rental business of the company or group.";

(b) after subsection (7) insert—

"(7A) References in subsections (5) to (7) to assets are to assets excluding—

(a) assets held solely in connection with the items mentioned in subsection (4)(b) and (c), and

(b) assets of residual business of members of the group or of the company held solely as a result of compliance with planning obligations entered into as mentioned in subsection (4)(d)."

(2) In consequence of the amendments made by sub-paragraph (1), in the Real Estate Investment Trusts (Financial Statements of Group Real Estate Investment Trusts) Regulations 2006 (S.I. 2006/2865), omit regulation 7.

Holders of excessive rights

5 In section 553 (meaning of "holder of excessive rights"), in subsection (1), after paragraph (b) insert ",

other than a person to whom a payment of a distribution must be made without deduction of income tax in accordance with regulation 7 of the Real Estate Investment Trusts (Assessment and Recovery of Tax) Regulations 2006 (S.I. 2006/2867) (gross payment of distributions)."

Application and commencement

6 (1) The amendments made by paragraphs 2 to 4 have effect in relation to accounting periods (within the meaning of Part 12 of CTA 2010) that begin on or after 1 April 2022.

(2) Paragraph 5 comes into force on 1 April 2022.

SCHEDULE 4

Section 24

CROSS-BORDER GROUP RELIEF

PART 1

CONSEQUENTIAL AMENDMENTS

CTA 2010

1 (1) CTA 2010 is amended as follows.

(2) Omit section 129(3).

(3) Omit sections 135 and 136 together with the heading before section 135.

(4) In section 137(1) (deduction from total profits), omit "or 135".

(5) In section 142 (meaning of "the overlapping period")—

(a) in subsection (1) omit the words from "or" to the end;

(b) in subsection (3) for "consortium condition 3" to the end substitute "or, consortium condition 3."

(6) In section 168 (meaning of "the relevant accounting period"), omit subsections (2) and (3).

(7) In section 179(3) (cases in which surrendering or claimant company is non-UK resident), omit the words from "But" to the end.

(8) In section 188(1) (other definitions)—

(a) in the definition of "the claimant company" omit the words from "or" to the end;

(b) in the definition of "the claim period" omit the words from "or" to the end;

(c) in the definition of "the surrenderable amounts" omit the words from "or" to the end;

(d) in the definition of "surrendering company" omit the words from "or" to the end;

(e) in the definition of "the surrender period" omit the words from "or" to the end.

(9) In section 269DB (meaning of "non-banking group relief")—

(a) in subsection (1) omit paragraph (b) and the "or" preceding it;

(b) omit subsections (2) to (8).

(10) In Schedule 4 (index of defined expressions) omit the following entries—

(a) "EEA accounting period";

(b) "EEA amount";

(c) "EEA related company";

(d) "EEA territory".

FA 2013

2 Omit section 30 of FA 2013 (loss relief surrenderable by non-UK resident established in EEA state).

Taxes (Amendments) (EU Exit) Regulations 2019 (S.I. 2019/689)

3 In the Taxes (Amendments) (EU Exit) Regulations 2019, omit regulation 17(2), (3) and (4).

PART 2

COMMENCEMENT

4 (1) The amendments made by section 24(3) and paragraph 1 of this Schedule, and section 24(5) and paragraph 3 of this Schedule so far as they relate to those amendments, have effect—

(a) in relation to any accounting period of a claimant company beginning on or after the commencement day, and

(b) in relation to any period ("the loss period") beginning on or after the commencement day in which any loss or other amount arises to a non-UK resident company.

(2) If an accounting period (a "straddling period") of a claimant company begins before the commencement day and ends on or after that day—

(a) so much of the straddling period as falls before the commencement day, and

(b) so much of the straddling period as falls on or after that day,

are to be treated as separate periods for the purposes of the provisions mentioned in sub-paragraph (1).

(3) The amount of the claimant company's profits for the straddling period is to be attributed, on an apportionment in accordance with this paragraph, to those separate accounting periods.

(4) If the loss period of the non-UK resident company begins before the commencement day and ends on or after that day—

(a) so much of the loss period as falls before the commencement day, and

(b) so much of the loss period as falls on or after that day,

are to be treated as separate periods for the purposes of the provisions mentioned in sub-paragraph (1).

(5) The amount of the loss or other amount of the non-resident company for the loss period is to be attributed, on an apportionment in accordance with this paragraph, to those separate accounting periods.

(6) Any apportionment under this paragraph is to be made—

(a) on a time basis according to the respective lengths of the periods, or

(b) if that method produces a result that is unjust or unreasonable, on a just and reasonable basis.

5 (1) The amendments made by section 24(2) and paragraph 2 of this Schedule, and section 24(5) and paragraph 3 of this Schedule so far as they relate to those amendments, have effect in relation to accounting periods beginning on or after the commencement day.

(2) If an accounting period (a "straddling period") of a surrendering company begins before the commencement day and ends on or after that day—

(a) so much of the straddling period as falls before the commencement day, and

(b) so much of the straddling period as falls on or after that day,

are to be treated as separate periods for the purposes of the provisions mentioned in sub-paragraph (1).

(3) Any apportionment under this paragraph is to be made—

(a) on a time basis according to the respective lengths of the periods, or

(b) if that method produces a result that is unjust or unreasonable, on a just and reasonable basis.

6 (1) The amendments made by section 24(4), and section 24(5) and paragraph 3 of this Schedule so far as they relate to those amendments, have effect in relation to accounting periods beginning on or after the commencement day.

(2) If an accounting period (a "straddling period") of a surrendering company begins before the commencement day and ends on or after that day—

(a) so much of the straddling period as falls before the commencement day, and

(b) so much of the straddling period as falls on or after that day,

are to be treated as separate periods for the purposes of the provisions mentioned in sub-paragraph (1).

(3) Where the surrendering company surrenders any amount of loss that has been carried forward to the straddling period, it may determine how much (if any) of the loss is surrendered in relation to each of the separate accounting periods.

7 In this Part—

"claimant company" has the meaning given by section 135(2) of CTA 2010;

"commencement day" means 27 October 2021;

"surrendering company" has the meaning given by section 99(7) of CTA 2010.

SCHEDULE 5

Section 29

INSURANCE CONTRACTS: CHANGE IN ACCOUNTING STANDARDS

PART 1

POWER TO MAKE PROVISION IN CONNECTION WITH IFRS 17

1 (1) The Treasury may by regulations make such provision as they consider appropriate for the purposes of corporation tax in connection with the introduction of or any amendment to International Financial Reporting Standard 17 (insurance contracts) issued by the International Accounting Standards Board.

(2) Regulations under sub-paragraph (1) may (among other things)—

(a) make different provision for different purposes,

(b) make incidental, supplementary, consequential, transitional, transitory and saving provision, and

(c) make provision subject to an election or other specified circumstances.

PART 2

AMENDMENTS IN CONNECTION WITH IFRS 17

2 In FA 2012 omit section 79 (spreading of acquisition expenses).

3 (1) In consequence of the amendment made by paragraph 2 the following amendments are made.

(2) In FA 2012—

(a) in section 76 (meaning of "adjusted BLAGAB management expenses")—

(i) omit Step 2;

(ii) in Step 4 omit "(adjusted, where relevant, in accordance with step 2)";

(b) in section 77 (meaning of "ordinary BLAGAB management expenses" etc)—

(i) in subsection (2), in paragraph (a) omit "(but see subsection (3))";

(ii) omit subsection (3) (acquisition expenses falling to be debited in successive accounting periods);

(c) in section 78—

(i) in subsection (3) (meaning of "deemed BLAGAB management expense for the accounting period") omit "section 79 or";

(ii) in subsection (4) (meaning of "expenses reversed in the accounting period"), in paragraph (a) omit the words in brackets;

(d) omit section 80 (section 79: meaning of "acquisition expenses");

(e) in section 81 (amounts treated as ordinary BLAGAB management expenses) omit subsection (5);

(f) in section 82(2) (restrictions in relation to ordinary BLAGAB management expenses) omit the words from "; but" to the end;

(g) in section 108(3) (meaning of a "BLAGAB matter") omit paragraph (b);

(h) in section 128 (relief for transferee in respect of transferor's BLAGAB expenses)—

(i) in the heading, after "transferor's" insert "excess";

(ii) omit subsections (2) to (4);

(i) in Part 3 of Schedule 16 (minor and consequential amendments), in paragraph 210 (amendment of section 1297 of CTA 2009) omit sub-paragraph (3).

(3) In section 1297 of CTA 2009 (basic life assurance and general annuity business) omit subsections (2) and (3).

4 This Part comes into force on such day as the Treasury may by regulations appoint (and different days may be appointed for different purposes).

5 The Treasury may by regulations make transitional, transitory or saving provision in connection with the coming into force of this Part.

6 Regulations under paragraph 5 may make different provision for different purposes.

SCHEDULE 6

Section 31

DORMANT ASSETS

Amendment to TCGA 1992

1 For section 26A of TCGA 1992 (transfer of dormant bank or building society account) substitute—

"**26A Transfers in respect of dormant assets**

(1) This section applies where there is a transfer in respect of a dormant asset.

(2) There is a transfer in respect of a dormant asset where an amount is transferred by an institution in respect of an asset—

(a) to an authorised reclaim fund, with the result that section 1 of the 2008 Act or section 2, 5, 8, 12 or 14 of the 2022 Act applies in relation to the asset, or

(b) to an authorised reclaim fund and one or more charities, with the result that section 2 of the 2008 Act applies in relation to the asset.

(3) For the purposes of this Act—

(a) the transfer is not to be treated as involving any acquisition or disposal of the asset, and

(b) rights which a person ("P") acquires under Part 1 of the 2008 Act or Part 1 or sections 22 to 25 of the 2022 Act (as the case may be) after the transfer are to be treated as the same asset as the original rights, acquired as the original rights were acquired and having the same characteristics as those rights.

(4) In this section—

"the 2008 Act" means the Dormant Bank and Building Society Accounts Act 2008;

"the 2022 Act" means the Dormant Assets Act 2022;

"asset" means an asset within the scope of the dormant assets scheme (see section 1(6) of the 2022 Act);

"authorised reclaim fund" has the same meaning as in the Dormant Assets Acts 2008 to 2022;

"the original rights" are P's rights against the institution immediately before the transfer."

Amendment to FA 2008

2 For section 39 of FA 2008 (dormant bank and building society accounts) substitute—

"**39 Dormant assets**

(1) The Commissioners for Her Majesty's Revenue and Customs may by regulations—

(a) modify Chapters 2 and 3 of Part 15 of ITA 2007 (deduction of income tax on interest payments at source) in relation to interest paid or credited in respect of a relevant dormant asset, and

(b) provide that, for the purposes of Chapter 2 of Part 4 of ITTOIA 2005 (charge to income tax on interest), such interest is to be treated as not being paid until the time (if any) at which the balance of the dormant asset is paid out following a claim made by virtue of—

(i) section 1(2)(b) or 2(2)(b) of the 2008 Act, or

(ii) section 2(2)(b), 5(2)(b), 5(3)(b), 8(2)(b), 12(2)(b), 14(2)(b) or 22(1) of the 2022 Act.

(2) A relevant dormant asset is an asset in respect of which an amount is to be, or has been, transferred by an institution—

(a) to an authorised reclaim fund, with the result that section 1 of the 2008 Act or section 2, 5, 8, 12 or 14 of the 2022 Act applies in relation to the asset, or

(b) to an authorised reclaim fund and one or more charities, with the result that section 2 of the 2008 Act applies in relation to the asset.

(3) Interest paid or credited in respect of a relevant dormant asset includes interest paid or credited by a person who administers the asset on behalf of an authorised reclaim fund after the balance has been transferred.

(4) In this section—

"the 2008 Act" means the Dormant Bank and Building Society Accounts Act 2008;

"the 2022 Act" means the Dormant Assets Act 2022;

"asset" means an asset within the scope of the dormant assets scheme (see section 1(6) of the 2022 Act);

"authorised reclaim fund" has the same meaning as in the Dormant Assets Acts 2008 to 2022."

Amendments to the Income Tax (Deposit-takers and Building Societies) (Interest Payments) Regulations 2008 (S.I. 2008/2682)

3 (1) The Income Tax (Deposit-takers and Building Societies) (Interest Payments) Regulations 2008 (S.I. 2008/2682) are amended in accordance with sub-paragraphs (2) to (4).

(2) In regulation 2 (interpretation)—

(a) the existing text becomes paragraph (1);

(b) in that paragraph, before the definition of "certificate" insert—

""authorised reclaim fund" has the same meaning as in the Dormant Assets Acts 2008 to 2022;";

(c) in that paragraph, for the definition of "relevant dormant account" substitute—

""relevant dormant asset" means—

(a) a dormant account the balance of which is to be, or has been, transferred—

(i) to an authorised reclaim fund, with the result that section 1 of the Dormant Bank and Building Society Accounts Act 2008 applies in relation to the account, or

(ii) to an authorised reclaim fund and one or more charities, with the result that section 2 of the Dormant Bank and Building Society Accounts Act 2008 applies in relation to the account, or

(b) a dormant asset (within the meaning of section 1(6) of the Dormant Assets Act 2022) the balance of which is to be, or has been, transferred to an authorised reclaim fund with the result that section 2, 8, 12 or 14 of that Act applies in relation to it;";

(d) in that paragraph, for the definition of "repayment claim" substitute—

""repayment claim" means a claim made by virtue of—

(a) section 1(2)(b) or 2(2)(b) of the Dormant Bank and Building Society Accounts Act 2008, or

(b) section 2(2)(b), 8(2)(b), 12(2)(b) or 14(2)(b) of the Dormant Assets Act 2022.";

(e) after that paragraph insert—

"(2) Terms used in regulations 4A and 4B and in the Dormant Assets Acts 2008 to 2022 (apart from "repayment claim") have the same meaning in those regulations as in those Acts."

(3) In regulation 4A (dormant accounts - postponement of obligation to deduct sum representing income tax)—

(a) in the heading, for "accounts" substitute "asset";

(b) in each place it occurs, for "account" substitute "asset".

(4) In regulation 4B, in both places it occurs for "account" substitute "asset".

Exemption for reclaim amounts in respect of individual investment plans

4 (1) An amount is exempt from income tax and capital gains tax if and to the extent that—

(a) it is paid out of an authorised reclaim fund in respect of a relevant dormant asset, and

(b) the amount transferred to the fund in respect of the asset was an amount owing to a person by virtue of an investment to which regulations under Chapter 3 of Part 6 of ITTOIA 2005 (exemption for income from individual investment plans) applied.

(2) In this paragraph—

"authorised reclaim fund" has the same meaning as in the Dormant Assets Acts 2008 to 2022;

"relevant dormant asset" has the same meaning as in section 39(2) of FA 2008 (as substituted by paragraph 2).

Power to make provision for the purposes of the Income Tax Acts and TCGA 1992 in relation to dormant assets

5 (1) The Treasury may by regulations make provision for the purposes of any provision of the Income Tax Acts or TCGA 1992 in relation to the dormant assets scheme (within the meaning of the Dormant Assets Acts 2008 to 2022).

(2) Regulations under sub-paragraph (1) may, among other things—

(a) amend any provision of the Income Tax Acts or TCGA 1992 (including section 26A of that Act as substituted by paragraph 1);
(b) disapply any provision made by or under those Acts;
(c) provide for any provision made by or under those Acts to have effect with modifications specified in the regulations.

(3) Regulations under sub-paragraph (1) may make provision having effect in relation to times before the regulations are made.

(4) Regulations under sub-paragraph (1) may—
(a) make different provision for different purposes, and
(b) make supplementary, incidental, consequential or transitional or saving provision.

(5) The power conferred by sub-paragraph (1) is not exercisable after 31 December 2023.

Commencement

6 This Schedule comes into force on such day as the Treasury may by regulations appoint.

SCHEDULE 7

Section 41

RPDT RELIEFS

PART 1

RPDT LOSS RELIEF

Introduction

1 This Part of this Schedule provides that if a company makes an adjusted trading loss in an accounting period the company is to be given relief from RPDT in a subsequent accounting period.

Carry forward of a trading loss to next accounting period

2 (1) Sub-paragraph (2) applies if—
(a) in an accounting period ("the loss-making period") an RP developer has an adjusted trading loss,
(b) relief is not given for an amount of the loss ("the unrelieved amount") under Part 2 or 3 of this Schedule (RPDT group reliefs), and
(c) the RP developer is an RP developer in the next accounting period ("the later period").

(2) The unrelieved amount is carried forward to the later period and relief for the RP developer is given in accordance with sub-paragraph (3).

(3) The relief is to be given effect in the later period in accordance with section 38 as "allowable RPDT loss relief".

(4) But sub-paragraph (3) is subject to sub-paragraphs (5) and (6) and section 42.

(5) Sub-paragraph (6) applies in relation to any amount of the unrelieved amount that is greater than the maximum deduction for the later period permitted by section 42 ("the excess amount").

(6) The excess amount is carried forward to the accounting period after the later period ("the further period") instead of being given effect in the later period (see paragraph 3).

Carry forward of trading losses to subsequent accounting periods

3 (1) Sub-paragraph (2) applies if—

(a) an amount of an adjusted trading loss is carried forward to a later period under paragraph 2(2),

(b) the RP developer has an excess amount, and

(c) the RP developer is an RP developer in the further period.

(2) Paragraph 2(2) to (6) apply as if—

(a) references to the unrelieved amount were to the excess amount, and

(b) references to the later period were to the further period.

PART 2

RPDT GROUP RELIEF

Introduction

4 (1) This Part of this Schedule allows—

(a) a company ("the surrendering company") to surrender an adjusted trading loss it has for an accounting period to another company ("the claimant company") that is part of the same relief group, and

(b) enables the claimant company to claim relief from RPDT for that loss.

(2) The relief mentioned in sub-paragraph (1) is called "RPDT group relief".

5 In this Part of this Schedule, in relation to an adjusted trading loss that a company has for an accounting period—

"surrender period" means an accounting period for which the surrendering company has the loss;

"surrenderable amounts" means an adjusted trading loss so far as eligible for surrender under this Part of this Schedule.

6 In this Part of this Schedule, "company" means any body corporate.

Surrender of company's losses for an accounting period

7 (1) Sub-paragraph (2) applies if—

(a) a surrendering company has an adjusted trading loss for a surrender period, and

(b) the company is part of a relief group.

(2) The surrendering company may surrender the loss.

Claims for RPDT group relief

8 (1) This paragraph applies in relation to the surrendering company's surrenderable amounts for the surrender period under paragraph 7.

(2) The claimant company may make a claim for RPDT group relief for an accounting period ("the claim period") in relation to those amounts (in whole or in part) if—

(a) the surrendering company consents to the claim,

(b) there is a period ("the overlapping period") that is common to the claim period and the surrender period, and

(c) at a time during the overlapping period the surrendering company and the claimant company are part of the same relief group.

(3) More than one company may make a claim for RPDT group relief in relation to any surrenderable amounts (but the giving of RPDT group relief in relation to any claim is subject to the provisions of this Part of this Schedule).

(4) Paragraph 70(3) and (4) of Schedule 18 to FA 1998 apply for the purposes of any consent given under this paragraph.

Giving of RPDT group relief

9 (1) If a claimant company makes a claim under paragraph 8, the relief is to be given effect in accordance with section 38 as "allowable RPDT group relief".

(2) The amount of the relief is—

(a) an amount equal to the surrendering company's surrenderable amounts for the surrender period, or

(b) if the claim is in relation to only part of those amounts, an amount equal to that part.

But this is subject to section 42 and paragraph 10.

(3) The deduction of the relief under section 38 is to be made after the deduction of any relief under Part 1 of this Schedule but before the deduction of any relief under Part 3 of this Schedule.

Limitation on amount of RPDT group relief to be given

10 (1) Paragraph 9(2) is subject to the limitation in sections 138 to 142 of CTA 2010 (general limitation on amount of group relief to be given) as if those sections applied to RPDT group relief under this Part of this Schedule as they apply to group relief under Part 5 of that Act.

(2) For the purposes of sub-paragraph (1)—

(a) section 140 of CTA 2010 (unrelieved part of claimant company's available total profits) has effect as if—

(i) in subsection (7), for the words from "references to its" to the end there were substituted "references to its adjusted trading profits (within the meaning of section 39 of FA 2022) after the deduction of any relief given under Part 1 of Schedule 7 to FA 2022.";

(ii) subsection (8) were omitted;

(b) section 142 of CTA 2010 (meaning of the "overlapping period") has effect as if—

(i) in subsection (1) for the words in parenthesis there were substituted "(see paragraph 8(2)(b) of Schedule 7 to FA 2022)";

(ii) in subsection (3), for the words from "group relief condition is the" to the end there were substituted "requirement in paragraph 8(2)(c) of Schedule 7 to FA 2022".

Arrangements for transfer of companies

11 Sections 154 and 155A to 156 of CTA 2010 (arrangements for transfer of member of group of companies etc) apply for the purposes of this Part of this Schedule as they apply for the purposes of Part 5 of that Act, but as if the references in sections 155A(1) and 155B(1) to "or 155(3)" were omitted.

PART 3

RPDT GROUP RELIEF FOR CARRIED-FORWARD LOSSES

Introduction

12 (1) This Part of this Schedule—

(a) allows a company ("the surrendering company") to surrender an adjusted trading loss that has been carried forward to an accounting period of the company (see Part 1 of this Schedule) to another company ("the claimant company") that is part of the same relief group, and

(b) enables the claimant company to claim relief from RPDT for those losses.

(2) The relief mentioned in sub-paragraph (1) is called "RPDT group relief for carried-forward losses".

13 In this Part of this Schedule, in relation to losses that a company has carried forward to an accounting period—

"surrender period" means an accounting period to which the surrendering company has carried forward losses;

"surrenderable amounts" means an adjusted trading loss so far as eligible for surrender under this Part of this Schedule.

14 In this Part of this Schedule, "company" means any body corporate.

Surrender of company's carried-forward losses for an accounting period

15 (1) Sub-paragraph (2) applies if—

(a) an adjusted trading loss is carried forward to a surrender period of a surrendering company under Part 1 of this Schedule,

(b) relief under that Part is not given for an amount of the loss ("the unrelieved amount"), and

(c) the company is part of a relief group.

(2) The surrendering company may surrender the unrelieved amount.

Claims for RPDT group relief for carried-forward losses

16 (1) This paragraph applies in relation to the surrendering company's surrenderable amounts for a surrender period under paragraph 15.

(2) The claimant company may make a claim for group relief for carried-forward losses for an accounting period ("the claim period") if in relation to those amounts (in whole or in part)—

(a) the surrendering company consents to the claim,

(b) there is a period ("the overlapping period") that is common to the claim period and the surrender period, and

(c) at a time during the overlapping period the surrendering company and the claimant company are part of the same relief group.

(3) More than one company may make a claim for group relief for carried-forward losses in relation to any surrenderable amounts (but the giving of group relief in relation to any claim is subject to the provisions of this Part of this Schedule).

(4) Paragraph 70(3) and (4) of Schedule 18 to FA 1998 apply for the purposes of any consent given under this paragraph.

Giving of RPDT group relief for carried-forward losses

17 (1) If a claimant company makes a claim under paragraph 16, the relief is to be given effect in accordance with section 38 as "allowable RPDT group relief for carried-forward losses".

(2) The amount of the relief is—

(a) an amount equal to the surrendering company's surrenderable amounts for the surrender period, or

(b) if the claim is in relation to only part of those amounts, an amount equal to that part.

But this is subject to section 42 and paragraph 18.

(3) The deduction of the relief under section 38 is to be made after the deduction of any relief under Part 1 or 2 of this Schedule.

Limitation on amount of group relief for carried-forward losses to be given

18 (1) Paragraph 17(2) is subject to the limitation in sections 188DB to 188DG of CTA 2010 (general limitation on amount of group relief for carried-forward losses to be given) as if those sections applied to RPDT group relief for carried-forward losses under that paragraph as they apply to group relief for carried-forward losses under section 188CB of that Act.

(2) For the purposes of sub-paragraph (1)—

(a) section 188DC of CTA 2010 (unused part of the surrenderable amounts) has effect as if subsection (4)(a)(ii) were omitted;

(b) section 188DD of CTA 2010 (claimant company's relevant maximum for overlapping period) has effect as if—

(i) in subsection (1), in Step 1, for "section 269ZD(4)" there were substituted "section 42 of FA 2022";

(ii) in subsection (1), for Step 2 there were substituted—

"Step 2

Deduct from that amount the sum of any deductions made by the company for the claim period under paragraphs 2(3) and 9(1) of Schedule 7 to FA 2022.";

(iii) subsections (2), (3), (3A) and (5) were omitted;

(c) section 188DE of CTA 2010 (previously claimed group relief for carried-forward losses) has effect as if in subsection (2)(a) "or 188CC" were omitted;

(d) section 188DG of CTA 2010 (meaning of the "overlapping period") has effect as if—

(i) in subsection (1) for the words in parenthesis there were substituted "(see paragraph 16(2)(b) of Schedule 7 to FA 2022)";

(ii) in subsection (3), for the words from "group relief condition is the" to the end there were substituted "requirement in paragraph 16(2)(c) of Schedule 7 to FA 2022".

PART 4

SUPPLEMENTARY PROVISION

Payments for relief

19 (1) This paragraph applies if—

(a) a surrendering company and a claimant company (within the meaning of Part 2 or 3 of this Schedule) have an agreement between them in relation to adjusted trading losses of the surrendering company ("the agreed loss amounts"),

(b) RPDT group relief, or RPDT group relief for carried-forward losses, is given to the claimant company in relation to the agreed loss amounts, and

(c) as a result of the agreement the claimant company makes a payment to the surrendering company that does not exceed the total amount of the agreed loss amounts.

(2) The payment is not to be taken into account in determining the profits or losses of either company under section 39 (adjusted trading profits and losses).

Change in company ownership

20 Part 14 of CTA 2010 (change in company ownership) applies, with any necessary modifications, in relation to RPDT group relief under Part 2 of this Schedule, and RPDT group relief for carried-forward losses under Part 3 of this Schedule, as it applies in relation to loss relief under Parts 5 and 5A to that Act (group reliefs).

Meaning of "relief group"

21 For the purposes of this Schedule, two companies are part of the same "relief group" if—

(a) one is the 75% subsidiary of the other, or

(b) both are 75% subsidiaries of a third company.

Meaning of "adjusted trading loss"

22 For the purposes of this Schedule, references to an RP developer's "adjusted trading loss" for an accounting period include—

(a) any amount by which joint venture losses that are attributable to that RP developer for period in accordance with section 40 exceed any adjusted trading profits that the RP developer has for that period;

(b) the sum of—

(i) any adjusted trading losses that the RP developer has for that period, and

(ii) any joint venture losses that are attributable to the RP developer for that period in accordance with section 40.

SCHEDULE 8

Section 45

MANAGEMENT OF RPDT

Amendments of TMA 1970

1 (1) Part 5A of TMA 1970 (payment of tax) is amended as follows.

(2) In section 59E (further provision as to when corporation tax is due and payable), in subsection (11) after paragraph (d) insert—

"(e) to any sum chargeable on a company under section 33 of FA 2022 (residential property developer tax) as if it were an amount of corporation tax chargeable on the company."

(3) In section 59F (arrangements for paying corporation tax on behalf of group members), in subsection (6)—

(a) omit "and" at the end of paragraph (b);

(b) after paragraph (c) insert ", and

(d) to any sum chargeable on a company under section 33 of FA 2022 (residential property developer tax) as if it were an amount of corporation tax chargeable on the company."

Amendments of FA 1998

2 (1) Schedule 18 to FA 1998 (company tax returns, assessments and related matters) is amended as follows.

(2) In paragraph 1 (meaning of "tax")—

(a) omit the "and" at the end of the paragraph beginning "section 330(1)";

(b) omit the "and" at the end of the paragraph beginning "step 5 in section 371BC(1)";

(c) at the end of the paragraph beginning "paragraphs 50 and 51" insert ", and

section 33 of the Finance Act 2022 (residential property developer tax)."

(3) After paragraph 7 insert—

"Residential property developer tax

7A (1) A residential property developer must include in its company tax return for an accounting period a statement of—

(a) its RPD profits in relation to the accounting period,

(b) its adjusted trading profits or adjusted trading losses for that period,

(c) the amount of any joint venture profits that are attributable to the developer for that period,

(d) any allowable RPDT loss relief which the developer is given for that period,

(e) any allowable RPDT group relief claimed by the developer for that period,

(f) any allowable RPDT group relief for carried-forward losses claimed by the developer for that period, and

(g) its allowance for that period,

unless sub-paragraph (2) applies in relation to the accounting period.

(2) This sub-paragraph applies where it is reasonable to assume that the developer would have no liability to residential property developer tax in relation to the accounting period if no amount were deducted in the calculation at section 38 of the Finance Act 2022 in relation to that accounting period in respect of any—

(a) allowable RPDT loss relief,

(b) allowable RPDT group relief, or

(c) allowable RPDT group relief for carried-forward losses.

(3) Terms used in Part 2 of the Finance Act 2022 have the same meaning in this paragraph as in that Part (unless the contrary intention appears)."

(4) In paragraph 8(1) (calculation of tax payable), under the heading "Third step", at the end insert—

"4. Any amount of residential property developer tax chargeable by virtue of section 33 of the Finance Act 2022."

SCHEDULE 9

Section 49

MISCELLANEOUS PROVISION

Residential property developer tax to be ignored for corporation tax purposes

1 In calculating profits or losses for corporation tax purposes, no deduction is allowed in respect of RPDT.

Payments made for RPDT reliefs to be ignored for corporation tax purposes

2 An amount which is, as a result of section 40(5) or paragraph 19 of Schedule 7, not to be taken account in determining profits or losses under section 39 (adjusted trading profits and losses)—

(a) is also not to be taken into account in calculating profits or losses for the corporation tax purposes, and

(b) is not to be regarded for those purposes as a distribution.

Provision made or imposed between RPD activities and other activities of the same company

3 Chapters 1 and 3 to 6 (read in accordance with Chapters 2 and 8) of Part 4 of TIOPA 2010 (transfer pricing) apply to provision made or imposed as between an RP developer's RPD activities and other activities carried on by it as if—

(a) those activities were carried on by two different persons,

(b) the provision were made or imposed between those persons by means of a transaction, and

(c) the two persons were both controlled by the same person at the time of the making or imposition of the provision.

Provision made or imposed between an RP developer and another person under the same control

4 (1) Chapters 1 and 3 to 6 (read in accordance with Chapters 2 and 8) of Part 4 of TIOPA 2010 apply to provision made or imposed as between an RP developer and a relevant company by means of a transaction or series of transactions that—

(a) in relation to the RP developer, falls to be regarded as made or imposed in the course of, or with respect to, the RP developer's RPD activities, and

(b) in relation to the relevant company, does not fall to be regarded as made or imposed in the course of, or with respect to, RPD activities carried on by that company.

(2) A company is a relevant company if it and the RP developer are under the same control at the time when the provision was made or imposed.

SCHEDULE 10

Section 67

PUBLIC INTEREST BUSINESS PROTECTION TAX

PART 1

CHARGE

Charge on value of assets held for qualifying purposes

1 (1) Where—

(a) a person ("P") takes disqualifying steps in relation to an asset in disqualifying circumstances, and

(b) the £100 million threshold condition is met in relation to the person (whether before, at the same time as or after those steps were taken),

P is liable to pay a tax equal to 75% of the asset's adjusted value (see paragraph 3).

(2) The tax is to be known as public interest business protection tax and the Commissioners for Her Majesty's Revenue and Customs are responsible for its collection and management.

(3) P takes disqualifying steps in relation to an asset in disqualifying circumstances if—

(a) it is reasonable to conclude that the asset was held by P wholly or partly for the purposes of it being used or being available for use for the benefit of a public interest business carried on by P or by a person connected to P,

(b) steps are taken by P, or by P together with others, that result in the asset not being used to some extent, or being no longer available for use to some extent, for the benefit of the business,

(c) the business becomes subject to special measures (whether before, at the same time as, or after those steps were taken),

(d) the taking of those steps materially contributes to—

(i) the business becoming subject to special measures, or

(ii) a significant increase in the costs of carrying on the business, and

(e) P was aware, or ought reasonably to have been aware, that the asset not being used, or being available for use, by the business would have the effect mentioned in paragraph (d)(i) or (ii).

(4) In this Schedule—

(a) "qualifying purposes" means the purposes described in sub-paragraph (3)(a), and

(b) "disqualifying steps" means steps described in sub-paragraph (3)(b), and steps may fall within that description whether or not—

(i) P or any other person receives any consideration in connection with, or otherwise in consequence of, the taking of the steps, or

(ii) P directly participates in all of the steps.

(5) Disqualifying steps include (for example)—

(a) one or more steps that result in the disposal of the asset where some or all of the proceeds of that disposal are (to any extent) not applied for the benefit of the public interest business (including where some of those proceeds are so applied for a time, but subsequently cease to be);

(b) one or more steps that result in the public interest business being deprived in substance of the benefit of the asset to some extent (including where the benefit of the asset is provided to the business at a greater cost to the business than would have reasonably been expected);

(c) one or more steps that facilitate a person benefiting from the asset or its disposal to the detriment of the public interest business;

(d) entering into arrangements which result in the asset no longer being held, or which result in it being held to a lesser extent, for qualifying purposes in relation to the public interest business (including arrangements that include transactions to which the person is not party);

(e) directing, encouraging or causing another person to do something which results in the asset no longer being held, or which result in it being held to a lesser extent, for qualifying purposes in relation to the public interest business.

(6) Steps taken in contemplation of the taking of disqualifying steps (which might include steps taken in relation to the residence of P) are to be treated as disqualifying steps.

(7) Where the taking of a disqualifying step was delayed by the action of a public authority, that step is to be treated as having been taken at the time at which it would, but for that action, have been taken.

(8) In determining, for the purposes of sub-paragraph (3)(d)(ii) whether there has been an increase in the costs of carrying on the public interest business—

(a) those costs are to be taken to include the costs of any person who, as a result of the special measures, takes over (in substance) the carrying on of any of the activities comprised in the carrying on of the business (such as the costs of a person to whom the customers of the business are transferred), and

(b) whether costs have increased is to be determined by reference to what the costs of carrying on the activities comprised in the carrying on of the business would have been—

(i) had those activities all been carried on by the business, and

(ii) had the asset been available for use (including its being used to avoid or offset a cost) in connection with the carrying on of those activities on the same basis it had been available before the taking of the first disqualifying step.

(9) The £100 million threshold condition is met in relation to P if the combined underlying value (as determined in accordance with paragraph 3(2) and (3)) of all assets in respect of which disqualifying steps were taken in disqualifying circumstances by P and by any person who is connected to P exceeds £100 million.

(10) In this Schedule—

"asset" includes a part of an asset;

"disposal" includes anything which would be a disposal for the purposes of TCGA 1992.

Meaning of "public interest business" and "special measures"

2 (1) For the purposes of this Schedule, a business is a "public interest business" if it is—

(a) an energy supply business, or

(b) a business of a description specified in regulations made by the Treasury.

(2) Regulations may only specify a description of business if a special administration regime exists for persons carrying on businesses of that description.

(3) For the purposes of this Schedule a business is subject to special measures if—

(a) the person carrying on the business enters special administration,

(b) it is subject to arrangements, imposed in connection with the insolvency of the person carrying it on by or under an enactment (including by virtue of any licence required by or under an enactment), for the transfer of customers of the business to another business, or

(c) such other circumstances relating to insolvency as may be specified in regulations made by the Treasury exist in relation to the business or the person carrying it on.

(4) In this paragraph—

"energy supply business" means the business of making supplies required to be authorised under—

(a) a licence granted under section 7A(1) of the Gas Act 1986 (gas supply licences), or

(b) a licence granted under section 6(1)(d) of the Electricity Act 1989 (electricity supply licences);

"special administration" means an insolvency procedure—

(a) that is similar or corresponds to ordinary administration, and

(b) under which the administrator has one or more special objectives instead of or in addition to the objectives of ordinary administration;

"special administration regime" means provision made by an enactment that provides for special administration;

"ordinary administration" means the insolvency procedure provided for by—

(a) Schedule B1 to the Insolvency Act 1986, or

(b) Schedule B1 to the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)).

Adjusted value of assets

3 (1) To determine the adjusted value of an asset, take the following steps—

Step 1 - value the asset

Determine the underlying value of the asset.

Step 2 - apply reduction to reflect potential losses as a result of taking steps

Deduct an amount equal to 10% of the underlying value from that value.

(2) The underlying value of the asset is the greater of—

(a) the fair value of the asset immediately before the first disqualifying step was taken in relation to it, and

(b) the amount or value of any consideration paid directly or indirectly in connection with, or otherwise in consequence of, the taking of the disqualifying steps (whether paid to the person taking them or to any other person).

(3) Where it is reasonable to conclude that an asset was held partly for qualifying purposes in relation to the public interest business in question and partly for other purposes, reduce the underlying value so that it reflects the proportion of the asset that can be attributed (on a just and reasonable basis) to its being held for qualifying purposes in relation to the business.

PART 2

JOINT AND SEVERAL LIABILITY

Liability of associated companies

4 (1) This paragraph applies to any company, other than a company that is subject to special measures, that was associated, at any point during the disqualifying period,

with a company ("the principal taxpayer") that is liable to public interest business protection tax as a result of paragraph 1.

(2) A company is associated with another if—

(a) one of the two has control of the other, or

(b) both are under the control of the same person or persons.

(3) A company to which this paragraph applies is, together with the principal taxpayer, jointly and severally liable to public interest business protection tax.

(4) In this Schedule the "disqualifying period" means the period commencing with the day on which the first disqualifying step was taken and ending with the last day of the period in which the principal taxpayer must make a return under paragraph 8(1).

Joint and several liability of connected persons and others who may benefit

5 (1) This paragraph applies to a person ("R") and any person connected to R if—

(a) R or a person connected to R receives the proceeds (whether directly or indirectly) of any consideration paid directly or indirectly in connection with, or otherwise in consequence of, the taking of disqualifying steps by a person liable to public interest business protection tax as a result of paragraph 1 ("the principal taxpayer"), and

(b) the sum of amounts received by R and persons connected to R is equal to or exceeds 5% of the adjusted value of the asset.

(2) This paragraph also applies to a person ("S") and any person connected to S if—

(a) S or a person connected to S had a qualifying interest in a company, partnership or unincorporated association liable to public interest business protection tax as a result of paragraph 1 ("the principal taxpayer") during the disqualifying period, and

(b) the sum of qualifying interests S and persons connected to S had in the principal taxpayer during that period was equal to or exceeded 5% (see paragraph 6(1) which defines "qualifying interest" as a proportion).

(3) This paragraph does not apply to a person if the person is liable to tax as a result of paragraph 4 in relation to the same asset.

(4) A person to whom this paragraph applies is, together with the principal taxpayer, jointly and severally liable to public interest business protection tax.

(5) But the liability of a person liable to tax as a result of this paragraph is limited to—

(a) in the case of a person to whom this paragraph applies only as a result of sub-paragraph (1), the amount equal to the sum of the proceeds of consideration received (directly or indirectly) by R and persons connected to R,

(b) in the case of a person to whom this paragraph applies only as a result of sub-paragraph (2), the amount equal to the proportion of the principal taxpayer's liability that is the same as the sum of qualifying interests S and persons connected to S had during the disqualifying period, and

(c) in the case of a person to whom this paragraph applies as a result of both sub-paragraphs (1) and (2), the greater of the amounts described in paragraphs (a) and (b).

(6) References in this paragraph to the receipt of the proceeds of consideration do not include the receipt of any amount pursuant to a loan if—

(a) the parties to that loan are not connected,
(b) the creditor carries on a business of lending money,
(c) the loan was made by the creditor in the ordinary course of that business, and
(d) the terms of the loan were agreed between parties dealing at arm's length.

Qualifying interests in company, partnership or unincorporated association

6 (1) A person ("the qualifying person") had a qualifying interest in a company, partnership or unincorporated association liable to tax ("the taxed entity") during the disqualifying period if at any point during the period—

(a) the qualifying person was beneficially entitled to a proportion of the profits available for distribution to equity holders of the taxed entity, or
(b) the qualifying person was beneficially entitled to a proportion of the assets of the taxed entity for distribution to its equity holders on a winding up,

and the qualifying interest of the person is, for the purposes of paragraph 5(2)(b) and (5)(b), to be treated as the greatest of the proportions that applied at any point during the period.

(2) Chapter 6 of Part 5 of CTA 2010 applies for the purposes of determining the proportions of profits or assets of the taxed entity that the qualifying person is beneficially entitled to as it applies for the purposes of determining the proportions of profits or assets of a company that another company is beneficially entitled to (see, in particular, sections 165 and 166 of that Act).

(3) That Chapter has effect for the purposes of sub-paragraph (1) as if—

(a) in sections 170(3) and 172(3) (shares or securities with limited or temporary rights), for "less than" there were substituted "more than",
(b) in section 174 (option arrangements)—
(i) in subsection (1), in Step 4, for "lowest proportion" there were substituted "highest proportion", and
(ii) in subsection (2), for "less than" there were substituted "more than",
(c) in sections 175(3), 176(3), 177(3) and 178(3) (cases in which more than one of sections 170, 172, and 174 apply), for "lowest proportion" there were substituted "highest proportion", and
(d) sections 179 to 182 were omitted.

(4) That Chapter is to be read, for those purposes, with all modifications necessary to ensure that—

(a) it applies to a company which does not have share capital or to a partnership or unincorporated association, and to holders of corresponding ordinary holdings in such a company, partnership or unincorporated association, in a way which corresponds to the way they apply to companies with ordinary share capital and holders of ordinary shares in such companies,
(b) it applies in relation to ownership through any trust or other arrangement, in a way which corresponds to the way it applies to ownership through a company, and
(c) for the purposes of achieving paragraphs (a) and (b), profits or assets are attributed to holders of corresponding ordinary holdings in partnerships, unincorporated associations, trusts or other arrangements in a manner which corresponds to the way profits or assets are attributed to holders of ordinary shares in a company which is a body corporate.

(5) In this paragraph "corresponding ordinary holding" means a holding or interest which provides the holder with economic rights corresponding to those provided by a holding of ordinary shares.

Claim for relief

7 (1) This paragraph applies to a person who is liable to tax as a result of paragraph 5 if the person can demonstrate that the potential benefit to the person in connection with the taking of disqualifying steps is less than the amount to which the person would otherwise be liable to tax.

(2) References in this paragraph to the potential benefit to the person are to the maximum amount or value by which the person has or could have benefitted, or could benefit, in connection with the taking of those steps, which may (for example) include by—

(a) receiving, or being entitled (whether absolutely or conditionally) to receive, any amount in connection with the taking of the steps;

(b) being entitled (whether absolutely or conditionally) to any assets, or distribution out of assets, whose value is affected by the taking of the steps;

(c) being a person in respect of whom a power or other discretion may be exercised resulting in the receipt of any such amount, assets or distribution;

(d) disposing of, or being able to dispose of, any such assets.

(3) A person to whom this paragraph applies may make a claim to an officer of Revenue and Customs for relief by way of a reduction of the amount to which the person is liable to secure that the amount does not exceed the potential benefit to the person.

(4) No account is to be taken in a claim under this paragraph of—

(a) any amount of costs that may be incurred in connection with the realisation of a potential benefit unless that amount has been paid before making the claim, or

(b) any losses associated with the taking of the disqualifying steps (as the underlying tax has already been reduced as a result of the application of step 2 in paragraph 3(1)).

(5) An officer of Revenue and Customs to whom a claim is made under this paragraph must determine the claim and make so much (if any) of the reduction claimed as the officer considers is just and reasonable.

(6) A reduction may be made by way of an assessment or the modification of an assessment, or otherwise.

(7) The officer must notify their determination of the claim to the person making it.

(8) A person who has made a claim under this paragraph that has not been determined by an officer of Revenue and Customs may apply to the tribunal for a direction requiring an officer of Revenue and Customs to make that determination within a specified period.

(9) Any such application is subject to the relevant provisions of Part 5 of TMA 1970 (see, in particular, section 48(2)(b) of that Act).

(10) The tribunal must give the direction applied for unless satisfied that there are reasonable grounds for not determining the claim within a specified period.

PART 3

ADMINISTRATION

Requirement to file return and pay tax chargeable under paragraph 1

8 (1) A person liable to tax as a result of paragraph 1 must make and deliver a return to an officer of Revenue and Customs before the end of the period of 30 days beginning with later of—

(a) the day on which the person became liable,

(b) the day on which the public interest business to which the tax relates entered special measures,

(c) the day on which the £100 million threshold condition is met (see paragraph 1(9)), and

(d) the day on which this Act is passed.

(2) References in this Schedule to the day on which a person became liable to tax as a result of paragraph 1 (however framed) are to the date on which the first of the disqualifying steps to which the tax relates was taken.

(3) A return under this paragraph must contain—

(a) such information, accounts, statements and documents as are relevant to the person's liability to tax, and

(b) an assessment of the amount (a "self-assessment"), on the basis of the information contained in the return, the person is liable to pay.

(4) The Commissioners for Her Majesty's Revenue and Customs may by notice, published by the Commissioners in such manner as they consider appropriate, specify descriptions of information, accounts and documents that are relevant to a person's liability to tax (and which accordingly must be contained in a return).

(5) A self-assessment may not be made and delivered under this paragraph after the end of the period of 4 years beginning with the day on which the person became liable to tax.

(6) Where a return is made under this paragraph, the amount assessed is payable on the day after the end of the period of 15 days beginning with the day after the end of the period referred to in sub-paragraph (1).

Notice to file return in respect of joint and several liability under paragraph 4 or 5

9 (1) An officer of Revenue and Customs may by notice require a person liable to public interest business protection tax as a result of paragraph 4 or 5—

(a) to make and deliver to the officer a return containing such information as may reasonably be required in pursuance of the notice, and

(b) to deliver with the return such accounts, statements and documents, relating to information contained in the return as may reasonably be so required.

(2) A notice may only be given to a person under this paragraph if the officer considers that there is a risk that the full amount of tax due from the principal taxpayer (see paragraphs 4 and 5) will not be recovered from the principal taxpayer.

(3) A notice under this paragraph must state the amount the officer determines is the liability of the principal taxpayer.

(4) A return required as a result of a notice given under this paragraph must contain an assessment of the amount (a "self-assessment"), on the basis of the information contained in the return and the amount stated in the notice in accordance with sub-paragraph (3), the person is liable to pay.

(5) A return required as a result of a notice given under this paragraph must be made and delivered before the end of the period of 30 days beginning with the day on which the notice was given.

(6) A person who has paid an amount of tax under or in pursuance of a notice under this paragraph may recover that amount from the principal taxpayer.

(7) Where a return is made under this paragraph, the amount assessed is payable on the day after the end of the period of 45 days beginning with the day on which the notice to which it relates was given.

Time limits in relation to assessment under paragraph 9

10 (1) A notice under paragraph 9(1) may not be given after the end of the period of 3 years beginning with the latest date provided for by whichever of sub-paragraphs (2), (3) and (4) apply.

(2) Where the liability of the principal taxpayer is determined under paragraph 12(1) (HMRC to determine tax where no return made in time), the date provided for by this sub-paragraph is the date on which the determination was made.

(3) Where a return has been made by the principal taxpayer, including where the return supersedes a determination under paragraph 12(1), the date provided for by this sub-paragraph is the latest of—

(a) the last date on which notice of enquiry (see paragraph 13) may be given in relation to the return,

(b) if a notice of enquiry is given, 30 days after the closure notice is issued,

(c) if an appeal is brought against any conclusion stated or amendment made by the closure notice, 30 days after the appeal is finally determined.

(4) Where a discovery assessment (see paragraph 18) is made in relation to the liability of the principal taxpayer, the date provided for by this sub-paragraph is—

(a) where there is no appeal against the assessment, the date when the tax becomes due and payable, and

(b) where there is such an appeal, the date on which the appeal is finally determined.

(5) A self-assessment may not be made and delivered under paragraph 9 after the later of the end of the period of—

(a) 3 years beginning with the latest date provided for by whichever of sub-paragraphs (2), (3) or (4) applies, and

(b) 3 months beginning with the day on which the notice was given.

Amendments and corrections of return

11 (1) A person who makes a return under paragraph 8 or 9 may amend that return by notice to an officer of Revenue and Customs.

(2) An amendment under sub-paragraph (1) may not be made more than twelve months after the end of the period in which the return must be delivered (see paragraphs 8(1) and 9(5)).

(3) An officer of Revenue and Customs may amend a return under paragraph 8 or 9 so as to correct—

(a) obvious errors or omissions in the return (whether errors of principle, arithmetical mistakes or otherwise), and

(b) anything else in the return that the officer has reason to believe is incorrect in the light of information available to the officer.

(4) A correction under sub-paragraph (3) is made by notice to the person whose return it is.

(5) No such correction may be made more than nine months after—

(a) the day on which the return was delivered, or

(b) if the correction is required in consequence of an amendment of the return under sub-paragraph (1), the day on which that amendment was made.

(6) A correction under sub-paragraph (3) is of no effect if the person whose return it is gives notice rejecting the correction.

(7) A notice under sub-paragraph (6) must be given—

(a) to the officer who gave the notice under sub-paragraph (4), and

(b) before the end of the period of 30 days beginning with the day on which the notice under sub-paragraph (4) was issued.

HMRC to determine tax where no return made in time

12 (1) Where a person required to make a return as a result of paragraph 8 or 9 has not delivered that return, an officer of Revenue and Customs may determine to the best of the officer's information and belief the amount of tax payable by the person.

(2) The power to make a determination under this paragraph becomes exercisable if no return is delivered before the end of the period in which the return must be delivered.

(3) The officer must give notice of a determination under this paragraph to the person, and that notice must state the date on which the determination is issued.

(4) A determination under this paragraph is to have effect as if it were a self-assessment contained in a return under (as the case may be) paragraph 8 or 9.

(5) But if a return is subsequently made containing a self-assessment of the tax, that determination is superseded by the self-assessment provided that return is made and delivered—

(a) no more than 12 months after the date of the determination, and

(b) no later than the end of the period within which a self-assessment may be made as a result of paragraph 8(5) or 10(5) (as the case may be).

(6) Where—

(a) proceedings have been commenced for the recovery of any tax charged by a determination under this paragraph, and

(b) before those proceedings are concluded, the determination is superseded by an assessment as a result of sub-paragraph (5),

those proceedings may be continued as if they were proceedings for the recovery of so much of the tax charged by the self-assessment as is due and payable and has not been paid.

(7) No determination under this paragraph may be made after—

(a) in the case of a determination in relation to a person required to make a return under paragraph 8, the end of the period of 4 years beginning with the day on which the person became liable to tax, or

(b) in the case of a determination in relation to a person required to make a return under paragraph 9, the end of the period referred to in paragraph 10(1).

(8) Where a determination is made under this paragraph, the amount determined is payable on the day after the end of the 14 day period beginning with the day on which an officer of Revenue and Customs notifies the person of the determination.

Enquiry into return

13 (1) An officer of Revenue and Customs may enquire into a return under paragraph 8 or 9 if the officer gives notice that the officer intends to do so (a "notice of enquiry") to the person whose return it is ("the taxpayer").

(2) The normal rule is that a notice of enquiry may only be given up to the end of the period of twelve months after the day on which the return was delivered.

(3) But if the taxpayer has amended the return under paragraph 11(1), a notice of enquiry may be given up to the end of the period of twelve months after the amendment was made.

(4) A return which has been the subject of one notice of enquiry may not be the subject of another.

(5) An enquiry extends to anything contained in the return, or required to be contained in the return, subject to the following limitations.

(6) Where a notice of enquiry is given as a result of an amendment of the return under paragraph 11(1) and that notice is given—

(a) after the end of the period referred to in sub-paragraph (2), or

(b) after a closure notice has been issued in relation to an enquiry into the return,

the enquiry into the return is limited to matters to which the amendment relates or which are affected by the amendment.

Completion of enquiry

14 (1) The enquiry is completed when an officer of Revenue and Customs informs the taxpayer by notice ("a closure notice") that the officer's enquiries have been completed.

(2) A closure notice must state the officer's conclusions and—

(a) state that in the officer's opinion no amendment of the return is required, or

(b) make the amendments of the return required to give effect to the officer's conclusions.

(3) A closure notice takes effect when it is issued.

(4) The taxpayer may apply to the tribunal for a direction requiring an officer of the Board to issue a closure notice within a specified period.

(5) Any such application is subject to the relevant provisions of Part 5 of TMA 1970 (see, in particular, section 48(2)(b) of that Act).

(6) The tribunal must give the direction applied for unless satisfied that there are reasonable grounds for not issuing the closure notice within a specified period.

Amendment of return by taxpayer during enquiry

15 (1) This paragraph applies if a return is amended under paragraph 11(1) at a time when an enquiry into the return is in progress in relation to any matter to which the amendment relates or which is affected by the amendment.

(2) The amendment does not restrict the scope of the enquiry but may be taken into account (together with any matters arising) in the enquiry.

(3) So far as the amendment affects the amount stated in the self-assessment included in the return as the amount of tax payable, it does not take effect while the enquiry is in progress in relation to any matter to which the amendment relates or which is affected by the amendment.

(4) If an officer of Revenue and Customs states in a closure notice that the officer has taken account of the amendment and that—

(a) the amendment has been taken into account in formulating the amendments contained in the notice, or

(b) the officer has concluded that the amendment is incorrect,

the amendment does not take effect.

(5) Otherwise, the amendment takes effect when a closure notice is issued.

(6) For the purposes of this paragraph and paragraph 16, the period during which an enquiry is in progress in relation to any matter is the whole of the period—

(a) beginning with the day on which notice of enquiry is given, and

(b) ending with the day on which a closure notice is issued.

Amendment of return during enquiry by HMRC to prevent loss of tax

16 (1) This paragraph applies where an enquiry into a return is in progress in relation to any matter.

(2) If the officer forms the opinion—

(a) that the amount stated in the self-assessment contained in the return as the amount of tax payable is insufficient, and

(b) that unless the self-assessment is immediately amended there is likely to be a loss of tax to the Crown,

the officer may by notice to the taxpayer amend the self-assessment to make good the deficiency so far as it relates to the matter.

(3) In the case of an enquiry which, as a result of paragraph 13(6), is limited to matters arising from an amendment of the return, sub-paragraph (2) only applies so far as the deficiency is attributable to the amendment.

Date by which payment to be made after amendment or correction of self-assessment

17 Paragraphs 2 to 5 of Schedule 3ZA to TMA 1970 apply for the purpose of determining when an amount of tax is payable or repayable as a result of an amendment or correction of a self-assessment under this Schedule as if—

(a) the reference in paragraph 2(1) of that Schedule to section 9ZA of that Act were to paragraph 11(1) of this Schedule,

(b) in paragraph 2(3) of that Schedule—

(i) the reference to section 9B(3) of that Act were to paragraph 15(3) of this Schedule,

(ii) the reference to section 9B(3)(a)(i) of that Act were to paragraph 15(4)(a) of this Schedule, and

(iii) the reference to section 9B(3)(b) of that Act were to paragraph 15(5) of this Schedule,

(c) in paragraph 2(4) of that Schedule—

(i) in paragraph (a), for "partial or final closure notice" there were substituted "closure notice", and

(ii) for paragraph (b) there were substituted—

"(b) in the case of an amount that is repayable, the day on which the closure notice relating to the enquiry was given.",

(d) the reference in paragraph 3(1) of that Schedule to section 9ZB of that Act were to paragraph 11(3) of this Schedule,

(e) the reference in paragraph 4(1) of that Schedule to section 9C of that Act were to paragraph 16 of this Schedule, and

(f) the reference in paragraph 5(1) of that Schedule to section 28A of that Act were to paragraph 14 of this Schedule.

Discovery assessment

18 (1) If an officer of Revenue and Customs discovers—

(a) that a person who ought to have been assessed to tax has not been assessed to tax,

(b) that an assessment to tax is or has become insufficient, or

(c) that any relief from tax which has been given is or has become excessive,

the officer may make an assessment (a "discovery assessment") in the amount, or the further amount, which ought in the officer's opinion to be charged in order to make good to the Crown the loss of tax.

(2) Where a person has made and delivered a return under paragraph 8 or 9 a discovery assessment may not be made in respect of the tax to which the return relates unless condition A or B is met.

(3) Condition A is that the situation mentioned in sub-paragraph (1) was brought about carelessly or deliberately by the person or a person acting on that person's behalf.

(4) Condition B is that at the time when an officer of Revenue and Customs—

(a) ceased to be entitled to give a notice of enquiry to the person, or

(b) in a case where a notice of enquiry was given in relation to the return, issued a closure notice,

the officer could not have been reasonably expected, on the basis of the information made available to the officer before that time, to be aware of the situation mentioned in sub-paragraph (1).

(5) For the purposes of sub-paragraph (4), information is made available to an officer of Revenue and Customs if—

(a) it is contained in the person's return under paragraph 8 or 9, or in any accounts, statements or documents accompanying the return;

(b) it is contained in any claim made under this Schedule by the person, or in any accounts, statements or documents accompanying any such claim;

(c) it is contained in any documents, accounts or particulars which, for the purposes of any enquiries into the return or any such claim by an officer of Revenue and Customs, are produced or furnished by the person to the officer;

(d) it is information the existence of which, and the relevance of which as regards the situation mentioned in sub-paragraph (1)—

(i) could reasonably be expected to be inferred by an officer of Revenue and Customs from information falling within paragraphs (a) to (c), or

(ii) are notified in writing by the person to an officer of Revenue and Customs.

(6) An objection to the making of an assessment under this paragraph on the ground that neither condition A nor B is fulfilled may only be made on an appeal against the assessment.

(7) Where an amount of tax is assessed under this paragraph, that amount is payable on the day after the end of the 14 day period beginning with the day on which the notice of assessment is issued.

Assessment procedure

19 (1) Notice of an assessment to tax on a person must be served on the person stating—

(a) the date on which the notice is issued, and

(b) the time within which any appeal against the assessment may be made.

(2) After that notice has been served on the person, the assessment may not be altered except in accordance with any express provision of this Schedule or of any provision of the Taxes Acts that applies to public interest business protection tax.

Time limits for assessments

20 (1) The normal rule is that an assessment of a person to tax (other than a self-assessment) may be made at any time within the period of 4 years beginning with the day ("the relevant day") after the end of the period in which the person was required to make and deliver a return.

(2) But an assessment on a person in a case involving a loss of public interest business protection tax brought about carelessly by the person may be made at any time within the period of 6 years beginning with the relevant day.

(3) And an assessment on a person in a case involving a loss of public interest business protection tax brought about deliberately by the person may be made at any time within the period of 20 years beginning with the relevant day.

Appeals

21 (1) An appeal may be brought against—

(a) any amendment of a self-assessment under paragraph 16 (amendment by HMRC during enquiry to prevent loss of tax),

(b) any conclusion stated or amendment made by a closure notice, or

(c) any assessment to tax which is not a self-assessment.

(2) An appeal may also be brought against a determination by an officer of Revenue and Customs of a claim for a reduction under paragraph 7, but only on the ground that it was not open to the officer to consider the reduction determined by the officer (including a determination not to make any reduction) was just and reasonable.

(3) Sections 47C to 57 of TMA 1970 (appeals) apply (subject to the other provisions of this Schedule) to an appeal under this paragraph as they apply to an appeal under the Taxes Acts.

(4) But in the case of section 55 (recovery of tax not postponed), that section has effect as if—

(a) in subsection (1) for paragraphs (a) and (aa) there were substituted—

"(a) an amendment of a self-assessment under paragraph 16 of Schedule 10 to the Finance Act 2022,

(aa) a conclusion stated or an amendment made by a closure notice,",

(b) after subsection (3) there were inserted—

"(3ZA) But the payment of any amount of public interest business protection tax is not to be postponed unless HMRC or the tribunal (as the case may be) determines that the circumstances of the appellant are exceptional such that it would not be just to refuse postponement of the payment of that amount.", and

(c) in subsection (6), after "overcharged to tax" there were inserted "to the extent the postponement of the amount is not prevented by subsection (3ZA)".

(5) If an appeal under sub-paragraph (1)(a) against an amendment of a self-assessment is made while an enquiry is in progress in relation to any matter to which the amendment relates or which is affected by the amendment none of the steps mentioned in section 49A(2)(a) to (c) of TMA 1970 may be taken in relation to the appeal until a closure notice is issued.

(6) Notice of an appeal must—

(a) be given in writing;

(b) specify the grounds of appeal;

(c) be given within 30 days after the specified date to the relevant officer of Revenue and Customs.

(7) In relation to an appeal under sub-paragraph (1)(a)—

(a) the specified date is the date on which the notice of amendment was issued, and

(b) the relevant officer of Revenue and Customs is the officer by whom the notice of amendment was given.

(8) In relation to an appeal under sub-paragraph (1)(b)—

(a) the specified date is the date on which the closure notice was issued, and

(b) the relevant officer of Revenue and Customs is the officer by whom that notice was given.

(9) In relation to an appeal under sub-paragraph (1)(c)—

(a) the specified date is the date on which the notice of assessment was issued, and

(b) the relevant officer of Revenue and Customs is the officer by whom the notice of assessment was given.

(10) In relation to an appeal under sub-paragraph (2)—

(a) the specified date is the date on which the notice under paragraph 7(7) was issued, and

(b) the relevant officer of Revenue and Customs is the officer by whom that notice was given.

Duty to preserve records

22 (1) A person liable to tax must—

(a) keep such records as may be needed to enable the person to deliver a correct and complete return in respect of the tax, and

(b) preserve those records in accordance with this paragraph.

(2) The records must be preserved until the end of the relevant day.

(3) In this paragraph "relevant day" means–

(a) in relation to a person liable to tax as a result of paragraph 1, the later of—

(i) the sixth anniversary of the day on which the person became liable to tax,

(ii) the day on which any enquiry into a return made and delivered by the person is completed, and

(iii) the day on which an officer of Revenue and Customs no longer has power to enquire into such a return,

(b) in relation to a person liable to tax as a result of paragraph 4 or 5, the later of—

(i) the sixth anniversary of the day on which the person was given a notice under paragraph 9(1),

(ii) the day on which an officer of Revenue and Customs no longer has power to give such a notice (see paragraph 10(1)),

(iii) the day on which any enquiry into a return made and delivered by the person is completed, and

(iv) the day on which an officer of Revenue and Customs no longer has power to enquire into such a return, and

(c) such earlier day as may be specified in writing by the Commissioners for Her Majesty's Revenue and Customs (and different days may be specified for different cases).

(4) The Commissioners for Her Majesty's Revenue and Customs may by regulations—

(a) provide that the records required to be kept and preserved under this paragraph include, or do not include, records specified in the regulations, and

(b) provide that those records include supporting documents (including accounts, books, deeds, contracts, vouchers and receipts) so specified.

(5) Regulations under this paragraph may—

(a) make different provision for different cases, and

(b) make provision by reference to things specified in a notice published by the Commissioners for Her Majesty's Revenue and Customs in accordance with the regulations (and not withdrawn by a subsequent notice).

(6) The duty under this paragraph to preserve records may be discharged—

(a) by preserving them in any form and by any means, or

(b) by preserving the information contained in them in any form and by any means,

subject to any conditions or exceptions specified in writing by the Commissioners for Her Majesty's Revenue and Customs.

(7) A person who fails to comply with this paragraph is liable to a penalty not exceeding £3,000.

(8) But no penalty is incurred if the records which the person fails to keep or preserve are records which might have been needed only for the purposes of a claim under this Schedule.

(9) Sections 100 to 103 of TMA 1970 apply to a penalty under this paragraph as they apply to a penalty under a provision of the Taxes Acts to which those sections apply.

Collection and recovery

23 Part 6 of TMA 1970 applies to public interest business protection tax as it applies to tax within the meaning of that Act as if in section 69(1) (recovery of penalty or interest), before paragraph (c) there were inserted—

"(ba) penalties imposed under Schedule 56 to the Finance Act 2009 as a result of the modifications made by paragraph 28 of Schedule 10 to the Finance Act 2022;".

Overpaid tax

24 (1) Paragraphs 51 to 51G of Schedule 18 to FA 1998 (overpaid tax) apply, as those provisions apply in relation to a claim for repayment or discharge of corporation tax, for the purposes of making a claim for repayment or discharge of an amount of public interest business protection tax (an "overpayment claim") where the person believes the tax is not due.

(2) Those provisions have effect for the purposes of an overpayment claim as if—

(a) in paragraph 51—

(i) in sub-paragraph (4), the reference to Part 7 of Schedule 18 to FA 1998 were to paragraph 25 of this Schedule, and

(ii) in sub-paragraph (6), for paragraphs (a) and (b) there were substituted—

"(a) by provision made by or under Schedule 10 to the Finance Act 2022, or

(b) by provision having effect for the purposes of public interest business protection tax as a result of provision made by or under that Schedule.",

(b) in paragraph 51A(3), for "the Corporation Tax Acts" there were substituted "—

"(a) provision made by or under Schedule 10 to the Finance Act 2022, or

(b) provision having effect for the purposes of public interest business protection tax as a result of provision made by or under that Schedule",

(c) in paragraph 51B—

(i) in sub-paragraph (1), for "more than 4 years after the end of the relevant accounting period" there were substituted "after the last day on which a self-assessment may be made and delivered in relation to the tax (see paragraphs 8(5) and 10(5) of Schedule 10 to the Finance Act 2022)",

(ii) sub-paragraphs (2) and (3) were omitted, and

(iii) in sub-paragraph (4), for "company tax return" there were substituted "return under paragraph 8 or 9 of Schedule 10 to the Finance Act 2022",

(d) in paragraph 51BA(1)—

(i) in paragraph (a), for "paragraph 36 or 37" there were substituted "paragraph 12 of Schedule 10 to the Finance Act 2022", and

(ii) in paragraph (b) for sub-paragraph (iii) there were substituted—

"(iii) the last day on which a self-assessment may be made and delivered in relation to the tax (see paragraphs 8(5) and 10(5) of Schedule 10 to the Finance Act 2022) has passed, and",

(e) paragraphs 51C and 51D were omitted,

(f) in paragraph 51E—

(i) references to a discovery assessment were to a discovery assessment under this Schedule (see paragraph 18),

(ii) references to a discovery determination were omitted, and

(iii) in sub-paragraph (2)(a), for "restrictions in paragraphs 42 to 45" there were substituted "restriction in paragraph 18(2) of Schedule 10 to the Finance Act 2022",

(g) paragraph 51F were omitted, and

(h) in paragraph 51G—

(i) in sub-paragraph (1), for "company" there were substituted "person", and

(ii) in sub-paragraph (3)(c), the reference to paragraph 51F(1)(b) were omitted.

Claims under this Schedule

25 (1) A claim under paragraph 7 or 24 (for relief from, or repayment or discharge of, tax) must be for an amount which is quantified at the time when the claim is made.

(2) A claim must be made within 4 years from the day on which the person whose claim it is became liable to the tax to which the claim relates.

(3) A person who has made a claim under this Schedule and subsequently discovers that a mistake has been made in it may make a supplementary claim within the time allowed for making the original claim.

(4) Paragraphs 2 and 2A of Schedule 1A to TMA 1970 (making of claims and keeping and preserving of records) apply to a claim under paragraph 7 of this Schedule but as if in paragraph 2A of that Schedule—

(a) in sub-paragraph (1) "in relation to a year of assessment or other period" were omitted, and

(b) the relevant day for the purposes of that sub-paragraph were the day on which an officer of Revenue and Customs has issued a notice under paragraph 7(7) of this Schedule in relation to the claim.

(5) Schedule 1A to TMA 1970 (claims etc not included in returns) applies to a claim under paragraph 24 of this Schedule but as if in paragraph 2A(1) of that Schedule "in relation to a year of assessment or other period" were omitted.

Penalty for failure to submit return

26 (1) Schedule 55 to FA 2009 (penalty for failure to make returns) has effect with the following modifications.

(2) Paragraph 1(2) of that Schedule has effect as if for the words before paragraph (a) there were substituted "Paragraphs 2 to 13P set out—".

(3) The Table in that paragraph has effect as if at the end there were inserted—

"30	Public interest business protection tax	(a) Return under paragraph 8 or 9 of Schedule 10 to FA 2022 (b) Accounts, statement or document required under either of those paragraphs."

(4) That Schedule has effect as if before paragraph 14 there were inserted—

"Amount of penalty: public interest business protection tax

13K Paragraphs 13L to 13P apply in the case of a return falling within item 30 in the Table.

13L P is liable to a penalty under this paragraph of £10,000.

13M (1) P is liable to a penalty under this paragraph if (and only if) P's failure continues after the end of the period of 30 days beginning with the penalty date.

(2) The penalty under this paragraph is £10,000.

13N (1) P is liable to a penalty under this paragraph if (and only if) P's failure continues after the end of the period of 3 months beginning with the penalty date.

(2) The penalty under this paragraph is 10% of any liability to tax which would have been shown in the return in question.

13O (1) P is liable to a penalty under this paragraph if (and only if) P's failure continues after the end of the period of 6 months beginning with the penalty date.

(2) The penalty under this paragraph is 10% of any liability to tax which would have been shown in the return in question.

13P (1) P is liable to a penalty under this paragraph if (and only if) P's failure continues after the end of the period of 12 months beginning with the penalty date.

(2) Where, by failing to make the return, P withholds information which would enable or assist HMRC to assess P's liability to tax, the penalty under this paragraph is determined in accordance with sub-paragraphs (3) and (4).

(3) If the withholding of the information is deliberate and concealed, the penalty is 100% of any liability to tax which would have been shown in the return in question.

(4) If the withholding of the information is deliberate but not concealed, the penalty is 70% of any liability to tax which would have been shown in the return in question.

(5) In any other case, the penalty under this paragraph is 10% of any liability to tax which would have been shown in the return in question."

Penalties for errors

27 Schedule 24 to FA 2007 has effect as if in the Table in paragraph 1 after the entry for "Machine games duty" there were inserted—

"Public interest business protection tax	Return under paragraph 8 or 9 of Schedule 10 to FA 2022.
Public interest business protection tax	Return, statement or declaration in connection with a claim for a relief.
Public interest business protection tax	Accounts in connection with ascertaining liability to tax."

Failure to pay public interest business protection tax on time

28 Schedule 56 to FA 2009 has effect as if in the Table in paragraph 1 of that Schedule, after the entry for item 1A there were inserted—

"1B	Public interest business protection tax	Amount payable under paragraph 8(6) of Schedule 10 to FA 2022	The date falling 30 days after the date specified in that paragraph as the date by which the amount must be paid
1C	Public interest business protection tax	Amount payable under paragraph 9(7) of	The date falling 30 days after the date

		Schedule 10 to FA 2022	specified in that paragraph as the date by which the amount must be paid
1D	Public interest business protection tax	Amount payable under paragraph 12(8) of Schedule 10 to FA 2022	The date falling 30 days after the date specified in that paragraph as the date by which the amount must be paid".

Interest

29 Sections 101 to 103 of FA 2009 (interest) come into force on 6 April 2021 in relation to amounts payable or paid to Her Majesty's Revenue and Customs as a result of provision made by this Schedule.

Application of information, inspection and data-gathering powers

30 (1) Schedule 36 to FA 2008 (information and inspection powers) has effect as if, in paragraph 63(1) of that Schedule (meaning of "tax" for the purposes of that Schedule), after paragraph (c) there were inserted—

"(cza) public interest business protection tax,".

(2) Schedule 23 to FA 2011 (data-gathering powers) has effect as if, in paragraph 45(1) of that Schedule (meaning of "tax" for the purposes of that Schedule), after paragraph (c) there were inserted—

"(cza) public interest business protection tax,".

Documents

31 (1) Section 115 of TMA 1970 applies to documents to be given, sent, served or delivered under provision made by or under this Schedule as it applies to documents to be given, sent, served or delivered under the Taxes Acts.

(2) The Income and Corporation Taxes (Electronic Communications) Regulations 2003 (S.I. 2003/282) have effect as if, in regulation 2(1)(a)—

(a) the "or" and the end of paragraph (vi) were omitted,

(b) for the "; and" at the end of paragraph (vii) there were substituted ", or", and

(c) after that paragraph there were inserted—

"(viii) Schedule 10 to the Finance Act 2022; and".

Disclosures to persons who are joint and severally liable to tax

32 (1) Her Majesty's Revenue and Customs may disclose information about a person they consider liable to public interest business protection tax as a result of paragraph 1 for the purposes mentioned in sub-paragraph (2).

(2) Those purposes are—

(a) the provision of information to a person Her Majesty's Revenue and Customs consider liable to public interest business protection tax as a result of paragraph 4 or 5 where that information may be relevant to the tax position

of that person (which may include information about assessments, enquiries and appeals);

(b) facilitating the recovery of amounts under paragraph 9(6) (recovery of amounts paid by persons joint and severally liable from principal taxpayer).

(3) Nothing in this paragraph is to be taken as limiting the circumstances in which information may be disclosed under section 18(2) of CRCA 2005 or under any other enactment or rule of law.

(4) Subject to sub-paragraph (5), no duty of confidentiality or other restriction on disclosure (however imposed) prevents the disclosure of information in accordance with this paragraph.

(5) Nothing in this paragraph authorises the making of a disclosure which—

(a) contravenes the data protection legislation (save that the power conferred by this paragraph is to be taken into account in determining whether a disclosure contravenes that legislation), or

(b) is prohibited by any of Parts 1 to 7 or Chapter 1 of Part 9 of the Investigatory Powers Act 2016 (save that the power conferred by this paragraph is to be taken into account when determining whether a disclosure is prohibited by those provisions).

Application of public interest business protection tax to partnerships and trusts

33 (1) Where a person chargeable to public interest business protection tax as a result of paragraph 1 or 5 is a partnership the responsible partners are jointly and severally liable to any amount to which the partnership is assessed.

(2) The reference in sub-paragraph (1) to "the responsible partners" is to all the persons who are members of the partnership at any time during the disqualifying period.

(3) A partnership is treated as the same partnership notwithstanding a change in membership if any person who was a member before the change remains a member after the change.

(4) Where a person chargeable to public interest business protection tax as a result of paragraph 1 is a trustee, or a body of trustees, of the asset to which the tax relates, the tax may be assessed and charged on and in the name of any one or more of the relevant trustees.

(5) The reference in sub-paragraph (4) to "the relevant trustees" is to all persons who are trustees at any time during the disqualifying period, and any subsequent trustees.

Territorial application of tax

34 A person is chargeable to public interest business protection tax (whether under paragraph 1, 4 or 5) whether or not the person is resident in the United Kingdom.

Power to provide for reliefs etc

35 (1) The Treasury may by regulations make such provision as the Treasury consider appropriate—

(a) about reliefs from public interest business protection tax;

(b) about exemptions from public interest business protection tax.

(2) Regulations under this paragraph may—

(a) make provision about the administration of any such relief or exemption (for example provision about the making of claims);

(b) include provision conferring a discretion on the Commissioners for Her Majesty's Revenue and Customs or on an officer of Revenue and Customs.

PART 4

SUPPLEMENTARY

Anti-avoidance

36 (1) This paragraph applies to arrangements if the main purpose, or one of the main purposes of the arrangements, is to—

(a) reduce or avoid a charge to public interest business protection tax, or

(b) otherwise avoid the effect of any of the provisions of this Schedule.

(2) Any such reduction or avoidance that would (in the absence of this paragraph) arise from such arrangements is to be counteracted by the making of such adjustments as are just and reasonable.

(3) Any adjustments required to be made under this paragraph (whether or not by an officer of Revenue and Customs) may be made by way of—

(a) an assessment,

(b) the modification of an assessment,

(c) amendment or disallowance of a claim,

or otherwise.

(4) In this paragraph "arrangements" include any agreement, understanding, scheme transaction or series of transactions (whether or not legally enforceable).

No deduction for public interest business protection tax

37 In calculating profits, losses or gains for income tax, capitals gains tax or corporation tax purposes, no deduction is allowed in respect of public interest business protection tax.

Information sharing

38 (1) This paragraph applies to information that—

(a) is held by the Secretary of State or the Gas and Electricity Markets Authority, and

(b) is relevant to public interest business protection tax.

(2) Information to which this paragraph applies may be disclosed by whichever of the Secretary of State or Gas and Electricity Markets Authority holds it (or anyone acting on behalf of that person) to the Commissioners for Her Majesty's Revenue and Customs for the purposes of their functions relating to public interest business protection tax or any other tax.

(3) Subject to sub-paragraph (5), no duty of confidentiality or other restriction on disclosure (however imposed) prevents the disclosure of information in accordance with sub-paragraph (2).

(4) This paragraph does not limit the circumstances in which information may be disclosed under section 105(2) to (4) of the Utilities Act 2000 or under any other enactment or rule of law.

(5) Nothing in this paragraph authorises the making of a disclosure which—

(a) contravenes the data protection legislation (save that the power conferred by this paragraph is to be taken into account in determining whether a disclosure contravenes that legislation), or

(b) is prohibited by any of Parts 1 to 7 or Chapter 1 of Part 9 of the Investigatory Powers Act 2016 (save that the power conferred by this paragraph is to be taken into account when determining whether a disclosure is prohibited by those provisions).

Application of the Provisional Collection of Taxes Act 1968

39 The Provisional Collection of Taxes Act 1968 has effect as if section 1(1) of that Act (temporary statutory effect of House of Commons resolutions affecting listed taxes or customs or excise duties) contained a reference to public interest business protection tax.

Power to apply, disapply or modify provisions of relevant tax legislation

40 (1) For purposes in connection with the administration of public interest business protection tax, the Treasury may by regulations make provision about the application of relevant tax legislation to public interest business protection tax (including provision disapplying or modifying such legislation or applying legislation that would not otherwise apply).

(2) Relevant tax legislation means any provision made by or under—

(a) the Taxes Acts, or

(b) Part 3 of this Schedule.

Regulations

41 (1) A power to make regulations under this Schedule includes power to make—

(a) consequential, supplementary, incidental, transitional or saving provision;

(b) provision having retrospective effect.

(2) Regulations under this Schedule are to be made by statutory instrument.

(3) Sub-paragraph (4) applies to—

(a) regulations under paragraph 2,

(b) regulations under this Schedule that have the effect of limiting the application of, reducing or removing any existing relief or exemption from tax, or

(c) regulations under this Schedule which have retrospective effect, other than regulations having retrospective effect which provide for a new or increased relief or a new exemption.

(4) A statutory instrument containing (whether alone or with other provision) regulations to which this sub-paragraph applies may not be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.

(5) Any other statutory instrument containing regulations under this Schedule is subject to annulment in pursuance of a resolution of the House of Commons.

Interpretation of Schedule

42 (1) In this Schedule—

"adjusted value" is to be construed in accordance with paragraph 3;

"asset" is to be construed in accordance with paragraph 1(10);

"company" means a body corporate;

"the data protection legislation" has the same meaning as in the Data Protection Act 2018 (see section 3 of that Act);

"discovery assessment" is to be construed in accordance with paragraph 18(1);

"disposal" is to be construed in accordance with paragraph 1(10);

"disqualifying period" is to be construed in accordance with paragraph 4(4);

"disqualifying steps" is to be construed in accordance with paragraph 1;

"fair value", in relation to an asset held by a person ("P"), means the amount which, at the time as at which the value is to be determined, is the amount which P would obtain from an independent person dealing at arm's length for—

(a) in the case of an asset comprising rights and liabilities, the transfer of P's rights under the asset and the release of all P's liabilities under it, or

(b) in any other case, the transfer of the asset;

"principal taxpayer" is to be construed in accordance with (as the case may require) paragraph 4(1), 5(1) or 5(2);

"public interest business" is to be construed in accordance with paragraph 2(1);

"qualifying purpose" is to be construed in accordance with paragraph 1;

"special measures" is to be construed in accordance with paragraph 2(3);

"tax" (except where the context otherwise requires) means public interest business protection tax;

"the Taxes Acts" has the meaning given by section 118(1) of TMA 1970;

"the tribunal" means the First-tier Tribunal or, where determined by or under Tribunal Procedure Rules, the Upper Tribunal.

(2) For the purposes of this Schedule—

(a) whether a person is connected with another person is to be determined in accordance with section 1122 of CTA 2010, and

(b) whether a person controls a company is to be determined in accordance with section 1124(2) of that Act.

(3) Subsections (5) to (7) of section 118 of TMA 1970 (meaning of references to bringing about loss of tax or situation carelessly or deliberately) apply for the purposes of this Schedule as they apply for the purposes of that Act.

(4) The Treasury may by regulations make further provision about the meaning and application of "fair value" in cases specified in the regulations.

Commencement and expiry

43 (1) This Schedule has effect in relation to the taking of disqualifying steps (whenever taken) in disqualifying circumstances where the public interest business in question becomes subject to special measures—

(a) on or after 28 January 2022, and

(b) before 28 January 2023.

(2) The Treasury may, for the date for the time being specified in sub-paragraph (1)(b), by regulations substitute such later date before 29 January 2025 as may be specified in the regulations.

(3) The power in sub-paragraph (2)—

(a) may be exercised on more than one occasion;

(b) may not be exercised on or after the date for the time being specified in sub-paragraph (1)(b).

SCHEDULE 11

Section 76

RESTRICTION OF USE OF REBATED DIESEL AND BIOFUELS

PART 1

AMENDMENTS TO HODA 1979

1 HODA 1979 is amended as follows.

2 In section 12 (rebate not allowed on fuel for road vehicles)—

(a) in subsection (2), for paragraphs (a) and (b) substitute—

"(a) be used as fuel other than for an excepted machine, or

(b) be taken into any vehicle, vessel, machine or appliance, other than an excepted machine, as fuel,";

(b) for subsection (2A) substitute—

"(2A) But subsection (2) does not apply in relation to fuel used or taken in as mentioned in section 14E (private pleasure craft)."

3 In section 13 (penalties for contravention of section 12)—

(a) in subsection (4), for "road vehicle" substitute "vehicle, vessel, machine or appliance";

(b) in subsection (6), in paragraph (a), for "road vehicle as mentioned in" substitute "vehicle, vessel, machine or appliance, other than an excepted machine, in contravention of".

4 In section 14E as it extends to Northern Ireland (restrictions on use of certain fuel for private pleasure craft), after subsection (1) insert—

"(1A) Subsection (1) does not apply in relation to the use of rebated heavy oil or bioblend in a private pleasure craft in Northern Ireland where there is a declaration, in relation to the oil or bioblend, in accordance with subsection (3) of this section—

(a) as it extended to Northern Ireland before 1 October 2021, or

(b) as it extends to any other part of the United Kingdom at any time."

5 In section 14F as it extends to England and Wales and Scotland, after subsection (5) insert—

"(6) Rebated heavy oil or bioblend is liable to forfeiture if—

(a) it is in the fuel supply of an engine provided for propelling a vessel that is being used as a private pleasure craft, and

(b) its use would be in contravention of section 14E(2)."

6 In section 24 (control of use of duty-free and rebated oil), omit subsection (3A) (as inserted by paragraph 11 of Schedule 11 to FA 2020).

7 In section 24A (penalties for misuse of marked oil)—

(a) in subsection (1), omit the first "for";

(b) after subsection (8) insert—

"(9) This section does not apply in relation to marked oil—

(a) the use of which is lawful in accordance with section 12 (rebate not allowed on fuel other than for excepted machines),

(b) which, on or after 1 April 2022, is taken into a vehicle, vessel, machine or appliance that is not an excepted machine in accordance with the law of a place outside the United Kingdom, or

(c) which is used or taken in as mentioned in section 14E (private pleasure craft)."

8 In section 27 (interpretation), in subsection (1B)—

(a) in the words before paragraph (a), for "1" substitute "1A";

(b) in each of paragraphs (a), (b) and (c), for "vehicle" substitute "machine".

9 In Schedule 1A (excepted machines) (as inserted by paragraph 22 of Schedule 21 to FA 2021)—

(a) in paragraph 2 (agricultural vehicles)—

(i) for sub-paragraph (2) substitute—

"(2) An agricultural vehicle that is primarily kept for use within sub-paragraph (1) at a time when it is used for any other purpose on private land where it is ordinarily kept.";

(ii) in sub-paragraph (5), in paragraph (c), for the words from "that Act" to the end substitute "the Vehicle Excise and Registration Act 1994 (vehicles used between different parts of land)";

(iii) in sub-paragraph (5), for paragraph (d) substitute—

"(d) any other vehicle that is used for the conveyance of machinery that is built into or permanently attached to the vehicle, provided that the

machinery is used in the processing or handling of agricultural, horticultural, piscicultural or forestry produce or materials.";

(b) in paragraph 3 (special vehicles), in sub-paragraph (1)—

(i) omit the "or" at the end of paragraph (a);

(ii) at the end of paragraph (b) insert ", or

(c) to go to, or from, a golf course or land maintained by a community amateur sports club to be used, or after being used, on the golf course or land.";

(c) in paragraph 6 (vessels)—

(i) in sub-paragraph (1) omit "in Northern Ireland";

(ii) in sub-paragraph (3) omit "in Northern Ireland";

(iii) omit sub-paragraph (4);

(d) in paragraph 8 (other machines or appliances), in sub-paragraph (1)—

(i) after paragraph (a) insert—

"(aa) for any purpose on land where it is kept and used for purposes relating to agriculture, horticulture, pisciculture or forestry;";

(ii) after paragraph (d) insert—

"(e) for heating of premises that are used for commercial purposes provided that it uses kerosene for fuel.";

(e) in paragraph 9 (interpretation), in sub-paragraph (3)—

(i) omit the "and" at the end of paragraph (a);

(ii) for paragraph (b) substitute—

"(b) it is fully dismantled at least once a year, and";

(iii) after that paragraph insert—

"(c) the persons who provide or operate it are able to demonstrate that, when the fair or circus is dismantled, it is capable of being transported to another location."

PART 2

AMENDMENTS TO FA 2021

10 The following provisions of Schedule 21 to FA 2021 (restriction of use of rebated diesel and biofuels) are omitted—

(a) paragraph 5(1)(c);

(b) paragraph 6(2)(a);

(c) paragraph 6(2)(b)(ii);

(d) paragraph 6(3)(a)(ii);

(e) paragraph 6(4);

(f) paragraph 6(5);

(g) paragraph 6(6);

(h) paragraph 6(7)(a);

(i) paragraph 14;

(j) paragraph 15;
(k) paragraph 18.

SCHEDULE 12

Section 84

PLASTIC PACKAGING TAX

1 Part 2 of FA 2021 (plastic packaging tax) is amended as follows.

No charge for persons below de minimis

2 In section 43 (charge to plastic packaging tax), after subsection (2) insert—

"(2A) A person who is neither registered nor liable to be registered (see sections 55 to 57) is to be treated, for the purposes of subsection (1) of this section, as not acting in the course of a business."

Time of importation

3 (1) In section 50 (time of importation)—
(a) in subsection (2), for "This section" substitute "Subsection (1)";
(b) after subsection (2) insert—

"(3) The Commissioners may by regulations make provision about when a chargeable plastic packaging component is imported into the United Kingdom for the purposes of plastic packaging tax.

(4) Regulations under subsection (3) may amend this Part."

(2) In section 84 (regulations), in subsection (5), after paragraph (b) insert—
"(ba) section 50(3) (timing of importation);".

Reliefs for persons enjoying certain immunities and privileges

4 (1) Section 55 (liability to register: producers and importers) is amended as follows.

(2) In subsection (1), at the end insert "(subject to subsection (5))".

(3) After subsection (4) insert—

"(5) Subsection (1) does not apply to any person for the time being listed in section 13B(1) of the Customs and Excise Duties (General Reliefs) Act 1979 (members of visiting forces etc).

(6) The Commissioners may by regulations make provision about the administration of the disapplication of subsection (1) by subsection (5), including provision making it subject to conditions or requirements set out in the regulations."

Records

5 In section 63 (records), in subsection (3), for the words from "6 years" to the end substitute "—

(a) in a case where the records relate to an accounting period, 6 years beginning with the day after the end of the accounting period to which the records relate, or

(b) in any other case, 6 years beginning with the day on which the records are created."

Groups

6 (1) Section 71 (groups of companies) is amended in accordance with sub-paragraphs (2) to (4).

(2) In subsection (1), in the words after paragraph (b), after "is" insert "treated as".

(3) In subsection (2)—

(a) after "Part" insert ", and save as otherwise provided by or under this Part,";

(b) after "if" insert "—

(a)";

(c) after "P" insert ",

(b) it had assumed all other obligations in relation to plastic packaging tax that, apart from this subsection, would have been obligations of P, and

(c) it had assumed all entitlements in relation to plastic packaging tax that—

(i) apart from this subsection, would have been entitlements of P, and

(ii) arose after P and the representative member began to be treated as members of the same group."

(4) after subsection (3) insert—

"(3A) The Commissioners may by regulations make such further provision as they consider appropriate about—

(a) a body corporate that is treated as a member of a group being treated as if it had or had not assumed an entitlement given by or under this Part (ignoring the regulations) to another body corporate that is treated as a member of the group;

(b) the performance or discharge by a body corporate that is treated as a member of a group of an obligation or liability imposed by or under this Part (ignoring the regulations) on another body corporate that is treated as a member of the group."

(5) In Schedule 13 (groups of companies)—

(a) in paragraph 3 (application for group treatment)—

(i) in sub-paragraph (1), omit the words from "from" to the end;

(ii) for sub-paragraph (3) substitute—

"(3) Where the Commissioners receive an application under sub-paragraph (1), they must, by notice to the applicants or the body that is to be the representative member—

(a) confirm whether they accept or refuse the application, and

(b) if they accept the application, specify a date from which the applicants are to be treated as members of the same group.

(4) The Commissioners must give the notice within the period of 90 days beginning with the day on which the application is received.

(5) The date mentioned in sub-paragraph (3)(b) must be within that period.";

(b) in paragraph 5 (applications to modify group treatment)—

(i) in sub-paragraph (1), omit the words after paragraph (d);

(ii) for sub-paragraph (2) substitute—

"(2) Where the Commissioners receive an application under sub-paragraph (1), they must, by notice to the applicant and, in a case within sub-paragraph (1)(b), the proposed new representative member—

(a) confirm whether they accept or refuse the application, and

(b) if they accept the application, specify a date from which the application is to be treated as having been accepted.

(3) The Commissioners must give the notice within the period of 90 days beginning with the day on which the application is received.

(4) The date mentioned in sub-paragraph (2)(b) must be within that period."

Secondary liability and assessment notices etc: acting in the course of a related business

7 In Schedule 9 (secondary liability and assessment notices and joint and several liability notices), in paragraph 21 (interpretation: related businesses), in paragraph (b)(ii)—

(a) for "unincorporated association" substitute "unincorporated body (other than a partnership)", and

(b) for "the association" substitute "the body".

SCHEDULE 13

Section 91

PENALTIES FOR FACILITATING AVOIDANCE SCHEMES INVOLVING NON-RESIDENT PROMOTERS

Liability to penalty

1 (1) Sub-paragraph (2) applies in relation to a person ("A") if the person is liable to pay—

(a) a penalty within sub-paragraph (3), or

(b) one or more penalties within sub-paragraph (4), provided that the total amount that is payable under that penalty or those penalties is at least £100,000.

In this Schedule penalties by virtue of which sub-paragraph (2) applies in relation to a person are called "the original penalties".

(2) A is liable to a further penalty if—

(a) the original penalties were incurred in respect of activities (the "original activities") which A carried out as a member of the same promotion structure as a non-resident promoter ("P"), and

(b) the original activities related to a relevant proposal or relevant arrangements in relation to which P was a promoter (the "facilitated proposal or arrangements").

(3) Penalties are within this paragraph if they are incurred under—

(a) the entry relating to section 236B(1) of FA 2014 (effect of stop notices) in the table at paragraph 2(1) of Schedule 35 to that Act (promoters of tax avoidance schemes: penalties);

(b) Schedule 16 to F(No.2)A 2017 (penalties for enablers of defeated tax avoidance).

(4) Penalties are within this paragraph if they are incurred under any of the following—

(a) section 98C of TMA 1970 (disclosure of tax avoidance schemes);

(b) Part 5 of FA 2014 (promoters of tax avoidance schemes) (other than the provision mentioned in sub-paragraph (3)(a)), and Schedule 36 to FA 2008 (information and inspection powers) as it has effect in relation to that Part (see section of 272A of FA 2014);

(c) Schedule 36 to FA 2008 as it has effect in relation to Schedule 16 to F(No.2)A 2017 (see Part 9 of Schedule 16 to F(No.2)A 2017);

(d) Schedule 17 to F(No.2)A 2017 (disclosure of tax avoidance schemes: VAT and other indirect taxes).

(5) For the purposes of this paragraph, a person is liable to pay a penalty within sub-paragraph (3) or (4) from the time at which—

(a) notice of the penalty is given, in a case where the penalty is to be imposed by HMRC, or

(b) the penalty is determined, in a case where the penalty is to be determined by the First-tier Tribunal,

regardless of any outstanding appeal relating to the original penalty.

(6) In this paragraph, a "non-resident promoter" is a person who carries on a business as a promoter and is resident outside the United Kingdom.

Amount of penalty

2 (1) The further penalty payable under paragraph 1(2) is—

(a) an amount that is equal to the total value of all consideration received by all persons who, at the time of the original activities, were members of the promotion structure mentioned in paragraph 1(2)(a) in connection with—

(i) the facilitated proposal or arrangements, and

(ii) any other proposals or arrangements that are substantially the same as the facilitated proposal or arrangements, or

(b) such lower amount as the person assessing the penalty considers just and reasonable.

(2) For the purposes of this Schedule—

(a) references to consideration—

(i) include fees, remuneration and any other kind of consideration, however received,

(ii) are to such fees, remuneration or other consideration as determined to the best of the information and belief of the person assessing them, and

(iii) do not include any amount charged in respect of value added tax;

(b) where consideration is, under arrangements with any member of the promotion structure mentioned in sub-paragraph (1)(a) ("the member"), paid to a person who is not a member of that promotion structure, it is to be taken to be received by the member;

(c) consideration attributable to two or more transactions is to be apportioned on a just and reasonable basis;

(d) consideration given for what is in substance one bargain is to be treated as attributable to all elements of the bargain, even though—

(i) separate consideration is, or purports to be, given for different elements of the bargain, or

(ii) there are, or purport to be, separate transactions in respect of different elements of the bargain.

Procedure for assessing penalty etc

3 (1) Where a person is liable for a penalty under paragraph 1(2), an authorised officer of HMRC may assess the penalty.

(2) Where an authorised officer assesses the penalty the authorised officer must notify the person who is liable for the penalty.

(3) A penalty must be paid before the end of the period of 30 days beginning with the day on which notification of the penalty is issued.

(4) An assessment of a penalty—

(a) is to be treated for procedural purposes in the same way as an assessment to tax (except in respect of a matter expressly provided for by this Schedule), and

(b) may be enforced as if it were an assessment to tax.

(5) An authorised officer may make a supplementary assessment in respect of a penalty where—

(a) consideration is received after the penalty was first assessed by any person who, at the time of the original activities, was a member of the promotion structure mentioned in paragraph 1(2)(a), or

(b) the officer considers it just and reasonable to make a supplementary assessment on the basis of information received after the penalty was first assessed.

(6) Sub-paragraph (7) applies if a penalty is assessed on the basis of an assessment of consideration received by a person that HMRC subsequently find to have been excessive.

(7) HMRC may amend the assessment so that it is based upon the correct amount.

(8) An amendment under sub-paragraph (7)—

(a) does not affect when the penalty must be paid, and

(b) may be made after the last day on which the assessment in question could have been made under sub-paragraph (9).

(9) An assessment of a person as liable to pay an amount in respect of a penalty under paragraph 1(2) may not take place more than 2 years after information sufficient to enable the assessment first came to the attention of HMRC.

Appeals

4 (1) A person may appeal against—

(a) a decision of an authorised officer to impose a penalty under paragraph 1(2) on the person, or

(b) a decision of an authorised officer as to the amount of the penalty.

(2) An appeal under sub-paragraph (1) must be made within the period of 30 days beginning with the day on which notification of the penalty is given under paragraph 3(2).

(3) An appeal under sub-paragraph (1) is to be treated in the same way as an appeal against an assessment to the tax to which the facilitated proposal or arrangements relate (including by the application of any provision about bringing the appeal by notice to HMRC, about HMRC review of the decision or about determination of the appeal by the First-tier Tribunal or Upper Tribunal).

(4) Sub-paragraph (3) does not apply—

(a) so as to require the person bringing the appeal to pay a penalty before an appeal against the assessment of the penalty is determined;

(b) in respect of any other matter expressly provided for by this Schedule.

(5) On an appeal under sub-paragraph (1)(a) that is notified to the tribunal, the tribunal may affirm or cancel the authorised officer's decision.

(6) On an appeal under sub-paragraph (1)(b) that is notified to the tribunal, the tribunal may—

(a) affirm the authorised officer's decision, or

(b) substitute for that decision another decision that the authorised officer had power to make.

Application of provisions of TMA 1970

5 Subject to the provisions of this Schedule, the following provisions of TMA 1970 apply for the purposes of this Part of this Schedule as they apply for the purposes of the Taxes Acts—

(a) section 108 (responsibility of company officers);

(b) section 114 (want of form);

(c) section 115 (delivery and service of documents).

Application of information and inspection powers

6 (1) Schedule 36 to FA 2008 (information and inspection powers) applies for the purpose of checking a relevant person's position as regards liability for a penalty under paragraph 1(2) as it applies for checking a person's tax position, subject to the modifications set out in this paragraph.

(2) In this paragraph, "relevant person" means a person an officer of Revenue and Customs has reason to suspect is or may be liable to a penalty under paragraph 1(2) (including if the person would or may be so liable if found liable to pay one or more penalties within paragraph 1(3) or (4)).

(3) In its application for the purpose mentioned in sub-paragraph (1), Schedule 36 to FA 2008 has effect as if—

(a) any provisions which can have no application for that purpose were omitted;

(b) references to "the (or a) taxpayer" were to "the (or a) relevant person";

(c) references to a person's "tax position" were to the relevant person's position as regards liability for a penalty under paragraph 1(2);

(d) references to "business documents" included any documents (or copies of documents) in connection with any relevant proposal or relevant arrangements;

(e) references to prejudice to the assessment or collection of tax included a reference to prejudice to the investigation of a relevant person's position as regards liability for a penalty under paragraph 1(2);

(f) references to a pending appeal relating to tax were to a pending appeal by a relevant person under this Schedule;

(g) in paragraph 10A (power to inspect business premises of involved third parties) the reference in sub-paragraph (1) to the position of any person or class of persons as regards a relevant tax were a reference to the position of a relevant person as regards liability to a penalty under paragraph 1(2);

(h) paragraphs 21 to 21B (certain taxpayer notices) were omitted;

(i) paragraph 25 (tax advisers) were omitted;

(j) paragraphs 50 and 51 (tax-related penalty) were omitted.

Application

7 A is liable to a further penalty under paragraph 1(2) only where the original penalties imposed on A relate only to activities carried out after this Schedule comes into force.

Interpretation

8 (1) Expressions used in Part 5 of FA 2014 have the same meaning in this Schedule as in that Part, unless the contrary intention appears (and, in particular, see sections 234 and 235 of FA 2014 for the meanings of "relevant proposal", "relevant arrangements", "promoter" and "as a promoter" and Schedule 33A to that Act for the meaning of "promotion structure").

(2) In this Schedule, references to an "authorised officer" are to an officer of Revenue and Customs who is, or is a member of a class of officers who are, authorised by the Commissioners to exercise functions conferred by this Schedule.

(3) In this Schedule—

"facilitated proposal or arrangements" has the meaning given by paragraph 1(2)(b);

"the original penalties" has the meaning given by paragraph 1(1);

"tribunal" means the First-tier Tribunal or Upper Tribunal (as appropriate in light of paragraph 4(3)).

SCHEDULE 14

Section 92

ELECTRONIC SALES SUPPRESSION

PART 1

INTRODUCTORY

Meaning of "electronic sales suppression tool" etc

1 (1) This paragraph defines "electronic sales suppression tool" and related terms for the purposes of this Schedule.

(2) An "electronic sales suppression tool" is a tool which meets both of the following conditions—

(a) the first condition is that the tool must be capable (whether by itself or in combination with, or as part of, any other thing) of suppressing relevant electronic sales records;

(b) the second condition is that it must be reasonable to assume that the main function of the tool, or one of its main functions, is to suppress relevant electronic sales records.

(3) A "relevant electronic sales record" is a record which—

(a) is required by or under any legislation relating to tax to be kept, and

(b) comprises or includes information that is or would be (but for the use of a tool that meets the first condition in sub-paragraph (2)) recorded by an electronic point of sale system.

(4) An "electronic point of sale system" is any tool or combination of tools used to record information in electronic form about transactions involving the sale of goods or services.

(5) A relevant electronic sales record is suppressed if any information it comprises or includes is dealt with in such a way (whether by being falsified, manipulated, hidden, obfuscated, destroyed or prevented from being created) as to fail to record a matter accurately.

(6) References in this Schedule to a "tool" include a physical device, software, computer code or other data in digital form (wherever held), or any other thing.

(7) An "electronic sales suppression penalty" is a penalty under this Schedule.

PART 2

LIABILITY TO A PENALTY

Penalty for making an electronic sales suppression tool

2 A person who makes an electronic sales suppression tool (including modifying a tool that is not an electronic sales suppression tool so that it becomes an electronic sales suppression tool) is liable to a penalty.

Penalty for supplying an electronic sales suppression tool

3 (1) A person ("P") who supplies an electronic sales suppression tool to another person or other persons is liable to a penalty.

(2) Liability to a penalty under this paragraph does not arise if P satisfies HMRC or (on appeal) the tribunal that P was unaware that the tool P supplied to the other person or persons was an electronic sales suppression tool.

Penalty for promoting use of a tool to suppress an electronic sales record

4 (1) A person is liable to a penalty for each occasion on which the person promotes the use of a tool to suppress a relevant electronic sales record (whether or not the suppression of relevant electronic sales records is the main function, or one of the main functions, of the tool).

(2) A person promotes the use of a tool to suppress a relevant electronic sales record if the person communicates information about the tool to another person with a view to that other person, or any other person, using the tool to suppress a relevant electronic sales record.

Amount of a penalty under paragraph 2, 3 or 4

5 (1) The amount of a penalty to which a person is liable under paragraph 2, 3 or 4 is such amount, not exceeding £50,000, as an authorised HMRC officer considers appropriate.

(2) In determining the amount of a penalty under paragraph 2, 3 or 4, the officer—

(a) must take into account any matter specified in a notice published by HMRC, so far as that matter is relevant, and

(b) may take into account any other matter, so far as the officer considers it appropriate to do so.

(3) "Authorised HMRC officer" means an officer of Revenue and Customs who is, or is a member of a class of officers who are, authorised by the Commissioners for Her Majesty's Revenue and Customs for the purposes of this paragraph.

Penalty for possession etc of an electronic sales suppression tool

6 (1) A person ("P") is liable to a penalty not exceeding £1,000 if—

(a) P is in possession of, or has otherwise obtained access to, an electronic sales suppression tool, and

(b) condition 1 or 2 applies.

(2) Condition 1 is that—

(a) HMRC has notified P in writing that an officer of Revenue and Customs has reason to believe that P is in possession of, or has otherwise obtained access to, an electronic sales suppression tool, and

(b) P has not, within the period of 30 days beginning with the day on which the notice is given, satisfied an officer of Revenue and Customs that P is not (or is no longer) in possession of, and does not otherwise have access to, an electronic sales suppression tool.

(3) Condition 2 is that P has been assessed to an electronic sales suppression penalty within the period of five years ending with the first day on which an officer of Revenue and Customs has reason to believe that P may be liable to a penalty under this paragraph.

(4) For the purposes of this paragraph and paragraph 7—

(a) a person is in possession of an electronic sales suppression tool if the person possesses the tool in any manner;

(b) a person has access to an electronic sales suppression tool if the tool is available to the person to use to suppress a relevant electronic sales record;

(c) a person obtains access to an electronic sales suppression tool if the person takes any steps to have access to the tool.

(5) Accordingly, a person may be in possession of, or otherwise have access to, an electronic sales suppression tool whether or not—

(a) the person owns the tool,

(b) the person only has access to the tool remotely, or

(c) other persons also have access to the tool.

(6) Liability to a penalty under this paragraph does not arise if P has been assessed to a penalty under paragraph 2 or 3 in respect of the electronic sales suppression tool that P is in possession of, or has otherwise obtained access to.

(7) Liability to a penalty under this paragraph does not arise if P satisfies HMRC or (on appeal) the tribunal that P was unaware that the tool that P was in possession of, or had otherwise obtained access to, was an electronic sales suppression tool.

Daily default penalties

7 (1) This paragraph applies if—

(a) a person ("P") is assessed to a penalty under paragraph 6 in respect of an electronic sales suppression tool, and

(b) after being notified of the assessment (see paragraph 11(1)(b)), P continues to be in possession of, or otherwise have access to, the tool.

(2) P is liable to a further penalty of an amount not exceeding £75 for each subsequent day on which P continues to be in possession of, or otherwise have access to, the tool.

(3) The total amount of the penalties to which a person may be liable under this paragraph may not exceed £50,000.

PART 3

SUPPLEMENTARY PROVISION

Legitimate activity

8 Liability to an electronic sales suppression penalty does not arise where the activity that would otherwise give rise to such liability is undertaken—

(a) by, or on behalf of or with the approval of, a public authority, and

(b) for a purpose connected with avoiding prejudice to the assessment or collection of tax.

Double jeopardy

9 A person is not liable to an electronic sales suppression penalty in respect of anything in respect of which the person has been convicted of an offence.

Special reduction

10 (1) If HMRC think it right because of special circumstances, they may reduce an electronic sales suppression penalty.

(2) In sub-paragraph (1), "special circumstances" does not include ability to pay.

(3) In sub-paragraph (1), the reference to reducing a penalty includes a reference to—

(a) staying a penalty, and

(b) agreeing a compromise in relation to proceedings in respect of a penalty.

Assessment

11 (1) Where a person becomes liable to an electronic sales suppression penalty—

(a) HMRC may assess the penalty, and

(b) if they do so, HMRC must notify the person.

(2) No electronic sales suppression penalty may be notified under sub-paragraph (1)(b) later than the end of the period of two years beginning with the day on which evidence of facts, sufficient in the opinion of HMRC to indicate liability to the penalty, comes to HMRC's knowledge.

Appeal

12 (1) A person may appeal against—

(a) a decision of HMRC that an electronic sales suppression penalty is payable by the person, or

(b) a decision of HMRC as to the amount of any such penalty.

(2) Notice of an appeal must be given to HMRC in writing before the end of the period of 30 days beginning with the date on which notification of the penalty was given under paragraph 11(1)(b).

(3) The notice must state the grounds of appeal.

(4) On an appeal under sub-paragraph (1)(a) that is notified to the tribunal, the tribunal may affirm or cancel HMRC's decision.

(5) On an appeal under sub-paragraph (1)(b) that is notified to the tribunal, the tribunal may—

(a) affirm HMRC's decision, or

(b) substitute for that decision another decision that HMRC had power to make.

(6) If the tribunal substitutes its decision for HMRC's, the tribunal may rely on paragraph 10—

(a) to the same extent as HMRC (which may mean applying the same percentage reduction as HMRC to a different starting point), or

(b) to a different extent, but only if the tribunal thinks that HMRC's decision in respect of the application of that paragraph was flawed.

(7) In sub-paragraph (6)(b), "flawed" means flawed when considered in the light of the principles applicable in proceedings for judicial review.

(8) Subject to this paragraph and paragraph 13, the provisions of Part 5 of TMA 1970 relating to appeals have effect in relation to appeals under this Schedule as they have effect in relation to an appeal against an assessment to income tax or, if the person is a company within the charge to corporation tax, corporation tax.

Enforcement

13 (1) An electronic sales suppression penalty must be paid—

(a) before the end of the period of 30 days beginning with the date on which notification of the penalty was given under paragraph 11(1)(b), or

(b) if notice of an appeal is given, before the end of the period of 30 days beginning with the date on which the appeal is determined or withdrawn.

(2) An electronic sales suppression penalty is recoverable as a debt due to the Crown.

Application of provisions of TMA 1970

14 Subject to the provisions of this Schedule, the following provisions of TMA 1970 apply for the purposes of this Part of this Schedule as they apply for the purposes of the Taxes Acts—

(a) section 108 (responsibility of company officers);

(b) section 114 (want of form);

(c) section 115 (delivery and service of documents).

Power to change amount of penalty

15 (1) If it appears to the Treasury that there has been a change in the value of money since the last relevant date, they may by regulations made by statutory instrument substitute for the sum for the time being specified in paragraph 5(1), 6(1), 7(2) or 7(3) such other sum as seems to them to be justified by the change.

(2) In sub-paragraph (1), "relevant date" means—

(a) the date on which this Act is passed, and

(b) each date on which the power conferred by sub-paragraph (1) has been exercised in relation to the sum in question.

(3) Regulations under sub-paragraph (1) are subject to annulment in pursuance of a resolution of the House of Commons.

(4) Regulations under sub-paragraph (1) do not apply in relation to an electronic sales suppression penalty to which liability arose before the date on which the regulations come into force.

Interpretation

16 In this Schedule—

"HMRC" means Her Majesty's Revenue and Customs;

"tribunal" means the First-tier Tribunal or, where determined by or under the Tribunal Procedure Rules, the Upper Tribunal.

PART 4

INFORMATION

Application of Schedule 36 to FA 2008 (information and inspection powers)

17 (1) Schedule 36 to FA 2008 (information and inspection powers) applies for a relevant purpose in relation to a relevant person as it applies for the purpose of checking a person's tax position.

(2) This is subject to—

(a) the general modifications in paragraph 18, and

(b) the specific modifications in paragraph 19.

(3) For the purposes of this Part, a person is "relevant" if an officer of Revenue and Customs has reason to suspect that the person is or may be liable to an electronic sales suppression penalty.

(4) For the purposes of this Part, the following are "relevant purposes" in relation to a relevant person—

(a) determining whether the relevant person is liable to an electronic sales suppression penalty;

(b) enabling HMRC to understand the operation of a tool in relation to which the relevant person's suspected liability to an electronic sales suppression penalty arises;

(c) identifying any other person whose activity in relation to a tool mentioned in paragraph (b) may give rise to liability to an electronic sales suppression penalty.

General modifications of Schedule 36 to FA 2008 as applied

18 In its application for a relevant purpose in relation to a relevant person, Schedule 36 to FA 2008 has effect as if—

(a) any provision which can have no application for that purpose were omitted;

(b) references to "the taxpayer" were to "the relevant person";

(c) references to prejudice to the assessment or collection of tax included prejudice to the fulfilment of a relevant purpose;

(d) references to a pending appeal relating to tax were to a pending appeal by the relevant person under paragraph 12 of this Schedule.

Specific modifications of Schedule 36 to FA 2008 as applied

19 In a case where the relevant purpose is that mentioned in paragraph 17(4)(c) above, paragraph 5 of Schedule 36 to FA 2008 applies as if sub-paragraphs (3) to (4) were omitted.

SCHEDULE 15

Section 94

TREATMENT OF GOODS IN FREE ZONES

1 VATA 1994 is amended as follows.

2 In section 6(1) (time of supply), for "and 18C" substitute ", 18C and 57A".

3 In section 7(1) (place of supply of goods), for "and 18B" substitute ", 18B and 57A".

4 In section 7A(1) (place of supply of services), after "applies" insert ", subject to section 57A,".

5 In section 17 (free zone regulations) omit subsection (2).

6 In section 18 (goods subject to a warehousing regime: place and time of supply), in subsection (6)—

(a) at the appropriate place insert—

""free zone procedure" has the meaning given by the Customs (Special Procedures and Outward Processing) (EU Exit) Regulations 2018 (S.I. 2018/1249) (see regulation 2(3)(b) of those Regulations);";

(b) in the definition of "warehouse", after paragraph (d) insert ",

but does not include a warehouse so far as it is used for the storage of goods declared for a free zone procedure."

7 At the end of Part 3 (application of VATA 1994 in particular cases) insert—

"**57A Importation following zero-rated free zone supply: deemed supply**

(1) This section applies where—

(a) a person ("P") receives—

(i) a zero-rated free zone supply of goods, or

(ii) a zero-rated free zone supply of services, and

(b) Condition A or B is met.

(2) Condition A is met where, after the supply mentioned in subsection (1)(a), there is, in respect of the goods supplied or the goods on or in relation to which the service is performed (as the case may be), a breach of a requirement relating to the free zone procedure without there having been a zero-rated free zone supply by P of the goods after receiving the supply mentioned in that subsection.

(3) Condition B is met where, after the supply mentioned in subsection (1)(a)—

(a) the goods supplied or the goods on or in relation to which the service is performed (as the case may be) are imported (other than by virtue of Condition A being met) without there having been a zero-rated free zone supply by P of those goods after receiving the supply mentioned in that subsection, and

(b) within the period of three months beginning with the day on which the goods are imported, P does not make a taxable supply of the goods to another person in the course or furtherance of P's business.

(4) For the purposes of this Act—

(a) a supply of goods identical to the zero-rated free zone supply of goods or a supply of services identical to the zero-rated free zone supply of services (as the case may be) is to be treated as having been made—

(i) by P in the course or furtherance of a business carried on by P, and

(ii) to P for the purposes of that business, and

(b) that supply is to be treated—

(i) as taking place on the relevant day,

(ii) as being made in the United Kingdom,

(iii) as having the same value as the zero-rated free zone supply of goods or the zero-rated free zone supply of services (as the case may be), and

(iv) as a taxable (and not a zero-rated) supply.

(5) For the purposes of Condition A, the reference to a breach of a requirement relating to a free zone procedure is to—

(a) a breach, occurring while the procedure has effect, of the terms of the declaration for the procedure or of any other requirement imposed in relation to the procedure by or under Schedule 2 to TCTA 2018, or

(b) a breach, occurring at any time after the declaration was made, of any other requirement imposed by an officer of Revenue and Customs in relation to the goods for which the declaration was made.

(6) The Commissioners may by regulations make provision—

(a) modifying the application or effect of this section, or

(b) applying this section, with or without modification,

in relation to cases set out in the regulations.

(7) In this section—

"free zone procedure" has the same meaning as in Group 22 of Schedule 8 (free zones);

"relevant day" means—

(a) in a case where this section applies by virtue of Condition A being met, the day on which the breach mentioned in that Condition occurred;

(b) in a case where this section applies by virtue of Condition B being met, the day after the end of the period mentioned in that Condition;

"zero-rated free zone supply of goods" means a supply of goods within Item 1(a) of Group 22 to Schedule 8 (free zone procedure goods);

"zero-rated free zone supply of services" means a supply of services within Item 1(b) of that Group (free zone services)."

8 This Schedule is treated as having come into force on 3 November 2021.

SCHEDULE 16

Section 95

FREEPORT TAX SITE RELIEFS: PROVISION ABOUT REGULATIONS

PART 1

FIRST-YEAR ALLOWANCE FOR PLANT AND MACHINERY

1 Part 2 of CAA 2001 (plant and machinery allowances) is amended in accordance with paragraphs 2 and 3.

2 In section 45O (expenditure on plant and machinery for use in freeport tax sites), in subsection (7), for the entry relating to section 45R substitute "section 45R (effect of failing to comply with ongoing requirements) and regulations under that section, and".

3 (1) Section 45R (effect of plant or machinery subsequently being primarily for use outside freeport tax sites) is amended as follows.

(2) In the heading, for the words from "plant" to the end substitute "failing to comply with ongoing requirements".

(3) After subsection (3) insert—

"(3A) The Treasury may by regulations make provision adding, removing or altering, or otherwise about, circumstances in which expenditure on the provision of plant or machinery is to be treated as never having been first-year qualifying expenditure under section 45O.

(3B) The power to make regulations under subsection (3A) may be exercised only in relation to expenditure incurred on or after the date on which the regulations come into force.

(3C) Subsections (3) and (4) of section 45P apply in relation to regulations under subsection (3A) as they apply in relation to regulations under that section."

(4) In subsection (4), at the end insert "or regulations under subsection (3A)".

(5) In subsection (5), after "this section" insert "or of regulations under subsection (3A)".

(6) In subsection (6), at the end insert "or of regulations under subsection (3A)".

4 (1) Section 570B of CAA 2001 (orders and regulations made by Treasury or Commissioners) is amended as follows.

(2) In subsection (3), after "section 45P," insert "45R,".

(3) In subsection (4), after "section 45P" insert ", 45R".

PART 2

STRUCTURES AND BUILDINGS ALLOWANCES

5 (1) Section 270BNC of CAA 2001 (structures and buildings allowances: power to amend meaning of "freeport qualifying expenditure") is amended as follows.

(2) In the heading, at the end insert "etc".

(3) In subsection (1)—

(a) the words from "change" to the end become paragraph (a);

(b) after that paragraph insert ", or

(b) make provision adding, removing or altering, or otherwise about, circumstances in which qualifying expenditure is to be treated as if it were—

(i) freeport qualifying expenditure, or

(ii) other qualifying expenditure,

including provision about assessments, adjustments to assessments, returns, amendments of returns and penalties."

(4) In subsection (4)(b), after "subsection" insert "(1)(b) or".

(5) At the end insert—

"(5) The power to make regulations under subsection (1)(b) may be exercised only in relation to qualifying expenditure incurred on or after the date on which the regulations come into force."

PART 3

STAMP DUTY LAND TAX

6 (1) In Schedule 6C to FA 2003 (stamp duty land tax: relief for freeport tax sites), paragraph 12 (power to change the cases in which relief is available) is amended as follows.

(2) In sub-paragraph (1)—

(a) at the end of paragraph (a) insert "or";

(b) for paragraphs (b) and (c) substitute—

"(b) make other provision about the availability of relief under this Schedule, including provision—

(i) adding, removing or altering, or otherwise about, conditions that must be met in order for relief to be available,

(ii) about the withdrawal of relief, or

(iii) about returns where relief is withdrawn."

(3) In sub-paragraph (4)(b), after "on" insert "sub-paragraph (1)(b) of this paragraph or on".

(4) At the end insert—

"(5) The power to make regulations under this paragraph may be exercised only in relation to transactions with an effective date that is on or after the date on which the regulations come into force."

SCHEDULE 17

Section 96

LARGE BUSINESSES: NOTIFICATION OF UNCERTAIN TAX TREATMENT

PART 1

KEY DEFINITIONS

1 This Part applies for the purposes of this Schedule.

"Company" and "qualifying company"

2 (1) "Company" means a body corporate (wherever incorporated) but does not include—

(a) a limited liability partnership that is a partnership for the purposes of this Schedule (see paragraph 4);

(b) a public authority as defined by the Freedom of Information Act 2000 or a Scottish public authority as defined by the Freedom of Information (Scotland) Act 2002 (asp 13);

(c) an open-ended investment company within the meaning of section 613 of CTA 2010;

(d) a registered society within the meaning of—

(i) the Co-operative and Community Benefit Societies Act 2014, or

(ii) the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 (c. 24 (N.I.)).

(2) A company is a "qualifying company" in any financial year if, in the previous financial year, the company had either or both of the following—

(a) relevant UK turnover of more than £200 million;

(b) a relevant UK balance sheet total of more than £2 billion.

(3) If the company was not a member of a group at the end of the previous financial year—

(a) "relevant UK turnover" means the company's UK turnover;

(b) "relevant UK balance sheet total" means the company's UK balance sheet total.

(4) If the company was a member of a group at the end of the previous financial year—

(a) "relevant UK turnover" means the aggregate UK turnover of the company ("C") and each other company that was—

(i) a member of the same group as C at the end of C's previous financial year, and

(ii) within the charge to corporation tax on income at any time during C's previous financial year;

(b) "relevant UK balance sheet total" means the aggregate UK balance sheet totals of C and each other such company.

(5) If the financial year of a company that was a member of the same group as C does not end on the same day as C's previous financial year, the figures for that company that are to be included in the aggregate figures are the figures for that company's financial year ending last before the end of C's previous financial year.

(6) The Treasury may by regulations provide that a company of a description specified in the regulations is not a qualifying company for the purposes of this Schedule (or any such purpose specified in the regulations).

"Group"

3 (1) A company is a member of a group if—

(a) another company is its 51% subsidiary, or

(b) it is a 51% subsidiary of another company.

(2) Two companies are members of the same group if—

(a) one is a 51% subsidiary of the other, or

(b) both are 51% subsidiaries of another company.

(3) Sub-paragraph (4) applies where a company ("Q")—

(a) is a qualifying asset holding company for the purposes of Schedule 2 to this Act, and

(b) is a member of a worldwide group, within the meaning given by section 473 of TIOPA 2010.

(4) Another company is not a member of the same group as Q for the purposes of this Schedule if, by virtue of paragraph 42(2)(a) of Schedule 2 to this Act, that other company is not a member of the same worldwide group as Q for the purposes of Part 10 of TIOPA 2010 (corporate interest restriction).

(5) Chapter 3 of Part 24 of CTA 2010 (meaning of 51% subsidiary) applies for the purposes of this Schedule as it applies for the purposes of the Corporation Tax Acts.

"Partnership" and "qualifying partnership"

4 (1) "Partnership" means a partnership (wherever formed) or a limited liability partnership incorporated in the United Kingdom that is carrying on a trade, business or profession with a view to profit.

(2) A partnership is not a partnership for the purposes of this Schedule if it is—

(a) a collective investment scheme, within the meaning of Part 17 of FISMA 2000, or

(b) an AIF, as defined by regulation 3 of the Alternative Investment Fund Managers Regulations 2013 (S.I. 2013/1773).

(3) A partnership is a "qualifying partnership" in any financial year if, in the previous financial year, the partnership had either or both of the following—

(a) UK turnover of more than £200 million;

(b) a UK balance sheet total of more than £2 billion.

(4) The Treasury may by regulations provide that a partnership of a description specified in the regulations is not a qualifying partnership for the purposes of this Schedule (or any such purpose specified in the regulations).

"Relevant tax" and "relevant return"

5 (1) A tax that is listed in the first column of the following table is a "relevant tax" and a return which appears in the corresponding entry in the second column of the table is, in relation to the relevant tax concerned, a "relevant return".

Tax to which return relates	*Return*
Corporation tax	Company tax return
Income tax or corporation tax	Partnership return
Income tax	PAYE return
VAT	VAT return

(2) In this Schedule—

"company tax return" means a return under paragraph 3 of Schedule 18 to FA 1998;

"corporation tax" includes any amount chargeable under section 330(1), 455 or 464A of CTA 2010 as if it were corporation tax but does not include—

(a) an amount chargeable under section 269DA of CTA 2010 (surcharge on banking companies);

(b) an amount chargeable under Part 9A of TIOPA 2010 (controlled foreign companies);

(c) an amount of the bank levy (see Schedule 19 to FA 2011);

"partnership return" has the same meaning as in TMA 1970;

"PAYE return" means a return under PAYE regulations;

"VAT" means value added tax charged in accordance with VATA 1994;

"VAT return" means a return under regulations under paragraph 2 of Schedule 11 to VATA 1994.

(3) A relevant return is delivered to HMRC "for" a financial year if it relates to—

(a) the whole of that financial year, or

(b) a part of that financial year.

(4) References to a return being required to be made include a requirement to file, deliver or submit a return (however expressed).

"Financial year"

6 (1) "Financial year"—

(a) in relation to a company which is (or is treated as if it is) formed and registered under the Companies Act 2006, has the meaning given by that Act (see section 390 of the Companies Act 2006);

(b) in relation to a company to which Chapter 3 of Part 5 of the Overseas Companies Regulations 2009 (S.I. 2009/1801) (companies not required to prepare and disclose accounts under parent law) applies, has the meaning

given by regulation 37 of those regulations (which modifies the application of sections 390 to 392 of the Companies Act 2006);

(c) in relation to a company to which Chapter 3 of Part 6 of the Overseas Companies Regulations 2009 (institutions not required to prepare and disclose accounts under parent law) applies, has the meaning given by regulation 52 of those regulations (which modifies the application of sections 390 to 392 of the Companies Act 2006);

(d) in relation to any other company or a non-UK resident partnership, means any period in respect of which a profit and loss account for the company's or (as the case may be) the partnership's undertaking is required to be made up (whether by its constitution or by the law under which it is formed), whether that period is 12 months or not;

(e) in relation to a UK resident partnership, means any period of account for which its representative partner has provided, or is required to provide, a partnership statement under section 12AB of TMA 1970.

(2) In this paragraph—

"UK resident partnership" means a partnership which is resident in the United Kingdom;

"non-UK resident partnership" means a partnership which is not resident in the United Kingdom;

"representative partner", in relation to a UK resident partnership, means the partner who is required by a notice served under or by virtue of section 12AA(2) or (3) of TMA 1970 to make and deliver returns to an officer of Revenue and Customs.

(3) For the purposes of this paragraph a partnership is resident in the territory in which the control and management of the activities of the partnership take place.

"Turnover" and "balance sheet total"

7 (1) "Turnover"—

(a) in relation to a company which is (or is treated as if it is) formed and registered under the Companies Act 2006, has the same meaning as in Part 15 of that Act (see section 474 of the Companies Act 2006);

(b) in relation to any other company or a partnership, has a corresponding meaning.

(2) "UK turnover"—

(a) in relation to a UK resident company, means all of its turnover;

(b) in relation to a non-UK resident company, means so much of its turnover as, on a just and reasonable apportionment, is attributable to the activities in respect of which the company is within the charge to corporation tax on income;

(c) in relation to a UK resident partnership, means all of its turnover;

(d) in relation to a non-UK resident partnership, means so much of its turnover as, on a just and reasonable apportionment, is attributable to any permanent establishment that it has in the United Kingdom.

(3) "Balance sheet total", in relation to a company or partnership and a financial year, means the aggregate of the amounts shown as assets in its balance sheet at the end of the financial year.

(4) "UK balance sheet total"—

(a) in relation to a UK resident company, means its balance sheet total;

(b) in relation to a non-UK resident company, means so much of its balance sheet total as, on a just and reasonable apportionment, is attributable to the activities in respect of which the company is within the charge to corporation tax on income;

(c) in relation to a UK resident partnership, means its balance sheet total;

(d) in relation to a non-UK resident partnership, means so much of its balance sheet total as, on a just and reasonable apportionment, is attributable to any permanent establishment that it has in the United Kingdom.

(5) In this paragraph—

"UK resident company" and "non-UK resident company" have the same meaning as in the Corporation Tax Acts;

"UK resident partnership" means a partnership which is resident in the United Kingdom;

"non-UK resident partnership" means a partnership which is not resident in the United Kingdom.

(6) For the purposes of this paragraph—

(a) a partnership is resident in the territory in which the control and management of the activities of the partnership take place;

(b) a non-UK resident partnership is to be regarded as having a permanent establishment in the United Kingdom if, were it a company within the meaning of the Corporation Tax Acts, it would have a permanent establishment in the United Kingdom by virtue of Chapter 2 of Part 24 of CTA 2010.

PART 2

Requirement to notify HMRC of uncertain tax treatment

Requirement to notify

8 (1) Sub-paragraph (2) applies if—

(a) a relevant return is delivered to HMRC for a financial year by, or in respect of, a company or partnership, and

(b) the company or partnership is a qualifying company, or qualifying partnership, in that financial year.

(2) The company or partnership must notify HMRC if the relevant return includes an amount (including nil) brought into account for the purposes of a relevant tax and—

(a) at the time the return is delivered to HMRC, the amount is an uncertain amount (see paragraph 10), or

(b) after the return is delivered to HMRC, the amount becomes an uncertain amount by virtue of paragraph 10(2) (accounting provision made to reflect the probability that a different tax treatment will be applied to a transaction to which the amount relates).

(3) In sub-paragraph (2)—

(a) the reference to an amount included in a relevant return includes the inclusion of that amount as a result of an amendment of the return (other than amendment made by HMRC), and

(b) in such a case, references to the return being delivered to HMRC are to be read as references to HMRC being notified of the amendment.

(4) The notification requirement in sub-paragraph (2)—

(a) applies separately in relation to each relevant tax;

(b) applies only if the threshold test in paragraph 11(2) is met;

(c) is subject to the general exemption in paragraph 18;

(d) is subject to the exemption in paragraph 19 for certain group transactions;

(e) must be complied with on or before the date determined in accordance with paragraph 9.

(5) Where, in relation to a relevant tax, a company or partnership is required by sub-paragraph (2)(a) to notify HMRC about more than one amount that is included in a relevant return delivered for the financial year in question (other than as a result of an amendment of the return after the notification is given), a single notification must be given that covers each such amount.

(6) A notification under sub-paragraph (2) must be given by such means, and in such form, and include such information, as is specified in a notice published by HMRC.

Deadline for notification

9 (1) The time by which a notification required by paragraph 8(2) must be given to HMRC is determined in accordance with the following table—

Case	*Deadline for notification*
Notification under paragraph 8(2)(a) of an amount included in a company tax return delivered to HMRC for a financial year	On or before the later of— (a) the filing date for the return (within the meaning given by paragraph 14 of Schedule 18 to FA 1998), or (b) if the period for which the return is required to be made is a period for which the company is required to deliver accounts under the Companies Act 2006, the last day for the delivery of those accounts to the registrar of companies
Notification under paragraph 8(2)(a) of an amount included in a partnership return delivered to HMRC for a financial year	On or before the date on which the return is required to be made
Notification under paragraph 8(2)(a) of an amount included in a PAYE return delivered to HMRC for a financial year	On or before the date on which the last PAYE return for the financial year is required to be made
Notification under paragraph 8(2)(a) of an amount included in a VAT return delivered to HMRC for a financial year	On or before the date on which the last VAT return for the financial year is required to be made

Case	*Deadline for notification*
Notification under paragraph 8(2)(b) of an amount included in a company tax return or partnership return delivered to HMRC for a financial year	On or before the date (determined in accordance with this table) by which the notification would be required if— (a) the notification were required by paragraph 8(2)(a), and (b) the return were delivered to HMRC for the financial year in which the accounting provision is recognised in the accounts of the company or partnership (see paragraph 10(2)).
Notification under paragraph 8(2)(b) of an amount included in a PAYE return or VAT return delivered to HMRC for a financial year	On or before the date (determined in accordance with this table) by which the notification would be required if— (a) the notification were required by paragraph 8(2)(a), and (b) the return were delivered to HMRC for the financial year following the financial year in which the accounting provision is recognised in the accounts of the company or partnership.

(2) In the table, references to a notification under paragraph 8(2)(a) in relation to a return do not include references to a notification required as a result of an amendment of the return (see instead sub-paragraph (3)).

(3) Where the notification is required by paragraph 8(2)(a) and concerns an amount included in a relevant return as a result of an amendment of the return, the notification must be given before the end of the period of 30 days beginning with the day on which HMRC is notified of the amendment.

Uncertain tax treatment

10 (1) For the purposes of this Part, an amount brought into account by a company or partnership for the purposes of a relevant tax is an "uncertain amount" if either or both of sub-paragraphs (2) and (3) apply in relation to the amount.

(2) This sub-paragraph applies if provision has been recognised in the accounts of the company or partnership to reflect the probability that a different tax treatment will be applied to a transaction to which the amount relates.

(3) This sub-paragraph applies if the tax treatment applied in arriving at the amount relies (wholly or in part) on an interpretation or application of the law that is not in accordance with the way in which it is known that HMRC would interpret or apply the law.

(4) For the purposes of sub-paragraph (3), HMRC's position on a matter is taken to be "known" by a company or partnership if it is apparent from—

(a) guidance, statements or other material of HMRC that is of general application and in the public domain, or

(b) dealings with HMRC by or in respect of the company or partnership (whether or not they concern the amount in question or the transaction to which the amount relates).

Threshold test

11 (1) This paragraph and paragraphs 12 to 17 apply for determining, in relation to an uncertain amount included in a relevant return, whether the threshold test is met (see paragraph 8(4)(b)).

(2) The threshold test is met if it is reasonable to conclude that, by bringing the uncertain amount into account for the purposes of a relevant tax—

(a) the company or partnership would obtain a tax advantage it would not obtain if the uncertain amount were the expected amount, and

(b) in the relevant period, the aggregate value of all such tax advantages that would be obtained by bringing the uncertain amount, and any related uncertain amounts, into account is more than £5 million.

(3) For these purposes—

(a) "tax advantage"—

(i) in relation to income tax or corporation tax, has the meaning given by paragraph 12;

(ii) in relation to VAT, has the meaning given by paragraph 13;

(b) the value of the tax advantage is determined in accordance with paragraph 14;

(c) the "expected amount", in relation to an uncertain amount, is determined in accordance with paragraph 15;

(d) the "relevant period" is determined in accordance with paragraph 16;

(e) whether two or more uncertain amounts are "related" is determined in accordance with paragraph 17.

(4) Where the relevant period is more than or less than 12 months, the sum specified in sub-paragraph (2)(b) is to be proportionately increased or reduced.

(5) The Treasury may by regulations amend sub-paragraph (2)(b) by substituting a different sum for the sum that is for the time being specified.

"Tax advantage" in relation to income tax or corporation tax

12 For the purposes of this Part, a "tax advantage" in relation to income tax or corporation tax includes—

(a) a relief or increased relief from tax;

(b) repayment or increased repayment of tax;

(c) avoidance or reduction of a charge to tax or an assessment to tax;

(d) avoidance of a possible assessment to tax;

(e) deferral of a payment of tax or advancement of a repayment of tax;

(f) avoidance of an obligation to deduct or account for tax.

"Tax advantage" in relation to VAT

13 (1) For the purposes of this Part, a company or partnership obtains a tax advantage in relation to VAT if—

(a) in a prescribed accounting period, the amount by which the output tax accounted for by the company or partnership is less, or is accounted for later, than would otherwise be the case;

(b) the company or partnership obtains a VAT credit when it would otherwise not do so, or obtains a larger credit or obtains a credit earlier than would otherwise be the case;

(c) in a case where the company or partnership recovers input tax as a recipient of a supply before the supplier accounts for the output tax, the period between the time when the input tax is recovered and the time when the output tax is accounted for is greater than would otherwise be the case;

(d) in a prescribed accounting period, the amount of the company's or partnership's non-deductible tax is less than it otherwise would be;

(e) the company or partnership avoids an obligation to account for VAT.

(2) In sub-paragraph (1)(d) "non-deductible tax", in relation to a company or partnership, means—

(a) input tax for which the company or partnership is not entitled to credit under section 25 of VATA 1994;

(b) any VAT incurred by the company or partnership which is not input tax and in respect of which the company or partnership is not entitled to a refund from the Commissioners for Her Majesty's Revenue and Customs by virtue of any provision of VATA 1994.

(3) For the purposes of sub-paragraph (2)(b), the VAT "incurred" by a company or partnership is—

(a) VAT on the supply to the company or partnership of any goods or services;

(b) VAT paid or payable by the company or partnership on the importation of any goods.

(4) Terms used in this paragraph which are defined in section 96 of VATA 1994 have the meanings given by that section.

Value of a tax advantage

14 (1) The value of a tax advantage is the additional amount due or payable in respect of tax if the uncertain amount were the expected amount (subject to the following provisions of this paragraph).

(2) The following are ignored in calculating the value of the tax advantage—

(a) relief under Part 5 (group relief) or 5A (group relief for carried-forward losses) of CTA 2010, and

(b) any relief under section 458 of CTA 2010 (relief in respect of repayment etc of loan) which is deferred under subsection (5) of that section.

(3) To the extent that the tax advantage has the result that a loss is recorded for the purposes of corporation tax or income tax, and the loss has been wholly used to reduce the amount due or payable in respect of that tax, the value of the tax advantage is determined in accordance with sub-paragraph (1).

(4) To the extent that the tax advantage has the result that a loss is recorded for the purposes of corporation tax or income tax, and the loss has not been wholly used to reduce the amount due or payable in respect of that tax, the value of the tax advantage is—

(a) the value under sub-paragraph (1) of so much of the tax advantage as results from the part (if any) of the loss which is used to reduce the amount due or payable in respect of tax, and

(b) 10% of the part of the loss not so used.

(5) Sub-paragraphs (3) and (4) apply both—

(a) to a case where no loss would have been recorded but for the tax advantage, and

(b) to a case where a loss of a different amount would have been recorded (but in that case, sub-paragraphs (3) and (4) apply only to the difference between the amount of the loss recorded and the different amount that would have been recorded).

(6) To the extent that a tax advantage results in a loss recorded for the purposes of corporation tax or income tax, the value of it is nil where, because of—

(a) the nature of the loss, or

(b) the circumstances of the company or partnership that has brought the uncertain amount into account for tax purposes,

there is no reasonable prospect of the loss being used to support a claim to reduce a tax liability (of any person).

The "expected amount"

15 (1) For the purposes of the threshold test in paragraph 11(2), the "expected amount", in relation to an uncertain amount, is the amount that it is reasonable to conclude the uncertain amount would be were the tax treatment applied in arriving at the amount—

(a) where the uncertain amount is uncertain by virtue of paragraph 10(2), the different tax treatment for which provision has been recognised in the relevant accounts;

(b) where the uncertain amount is uncertain by virtue of paragraph 10(3), a tax treatment that is wholly in accordance with HMRC's known interpretation and application of the law.

(2) Where more than one tax treatment is wholly in accordance with HMRC's known interpretation and application of the law, sub-paragraph (1)(b) applies by reference to whichever of those treatments would give the least amount of tax advantage for the purposes of the threshold test.

(3) Where sub-paragraph (1) gives more than one expected amount, because the uncertain amount is uncertain by virtue of both of sub-paragraphs (2) and (3) of paragraph 10, the threshold test applies by reference to whichever of those expected amounts would give the most amount of tax advantage.

(4) Paragraph 10(4) applies for the purposes of sub-paragraph (1)(b) as it applies for the purposes of paragraph 10(3).

Relevant period

16 (1) For the purposes of the threshold test in paragraph 11(2), the "relevant period" in relation to an uncertain amount included in a relevant return is—

(a) where the relevant return is a company tax return, the period for which the return is made (see paragraph 5 of Schedule 18 to FA 1998);

(b) where the relevant return is a partnership return, the financial year for which the return is delivered to HMRC;

(c) where the relevant return is a PAYE return, the period corresponding to the length of the financial year for which the return is delivered to HMRC,

ending with the last day of the last period for which a PAYE return is required to be made that falls wholly within that financial year;

(d) where the relevant return is a VAT return, the period corresponding to the length of the financial year for which the return is delivered to HMRC, ending with the last day of the last prescribed accounting period falling wholly within that financial year.

(2) In sub-paragraph (1)(d), "prescribed accounting period" has the meaning given by section 25(1) of VATA 1994.

Related amounts

17 (1) For the purposes of the threshold test in paragraph 11(2), two uncertain amounts are related if—

(a) both amounts are included in the same relevant return, or a relevant return of the same description delivered to HMRC for the same financial year,

(b) both amounts relate to the same relevant tax, and

(c) the tax treatment applied in arriving at one amount is substantially the same as the tax treatment applied in arriving at the other amount.

(2) Where the relevant return is a return under PAYE regulations, national insurance contributions are to be treated as income tax for the purposes of this paragraph (and accordingly, for the purposes of determining the aggregate value of the tax advantages mentioned in paragraph 11(2)(b)).

General exemption

18 (1) A company or partnership is not required by paragraph 8(2) to notify HMRC about an amount included in a relevant return if it is reasonable for the company or partnership to conclude that HMRC already have available to them all, or substantially all, of the information relating to that amount that would have been included in the notification if it had been required to be given.

(2) For these purposes, information is to be taken to be available to HMRC if it has become available by any means, including by virtue of—

(a) information provided under any of the following provisions—

(i) Schedule 11A to VATA 1994 (disclosure of avoidance schemes);

(ii) Part 7 of FA 2004 (disclosure of tax avoidance schemes);

(iii) Schedule 17 to FA 2009 (international movement of capital);

(iv) Schedule 17 to F(No.2)A 2017 (disclosure of tax avoidance schemes: VAT and other indirect taxes);

(v) regulations under section 84 of FA 2019 (international tax enforcement: disclosable arrangements), or

(b) dealings with HMRC by or in respect of the company or partnership.

(3) The Treasury may by regulations amend sub-paragraph (2)(a) to add to the provisions mentioned or to remove or modify a provision mentioned.

Exemption for certain group transactions

19 A company is not required by paragraph 8(2) to notify HMRC about an uncertain amount included in a relevant return if—

(a) the relevant tax for the purposes of which the amount is brought into account is corporation tax,

(b) the amount relates to a transaction between the company and one or more other companies at a time when all of the companies are members of the same group (see paragraph 3), and

(c) the net effect of the transaction is that the value of the tax advantages (if any) that would be obtained by the group, taken as a whole, does not exceed the sum for the time being specified in paragraph 11(2)(b).

PART 3

PENALTIES

Penalty for non-compliance with paragraph 8

20 (1) A company or partnership that is required by paragraph 8(2)(a) to give a notification to HMRC is liable to a penalty if it fails to give the notification in accordance with that paragraph.

(2) The amount of the penalty under sub-paragraph (1) is—

(a) for a first failure in respect of a relevant tax, £5,000;

(b) for a second failure in respect of a relevant tax, £25,000;

(c) for a further failure in respect of a relevant tax, £50,000.

(3) A company or partnership that is required by paragraph 8(2)(b) to give a notification to HMRC is liable to a penalty if it fails to give the notification in accordance with that paragraph.

(4) The amount of the penalty under sub-paragraph (3) is £5,000.

First, second and further failures

21 (1) This paragraph applies for determining whether a company's or partnership's failure to give a notification in accordance with paragraph 8(2)(a) is, in respect of a relevant tax—

(a) a first failure,

(b) a second failure, or

(c) a further failure.

(2) The failure is a first failure in respect of a relevant tax if, in the applicable three year period, the company or partnership has not been assessed to a penalty under paragraph 20(1) in respect of the same relevant tax.

(3) The failure is a second failure in respect of a relevant tax if, in the applicable three year period, the company or partnership—

(a) has been assessed to a penalty under paragraph 20(1) for a first failure in respect of the same relevant tax, but

(b) has not been assessed to a penalty under paragraph 20(1) for a second or further failure in respect of the same relevant tax.

(4) The failure is a further failure in respect of a relevant tax if, in the applicable three year period, the company or partnership has been assessed to a penalty under paragraph 20(1) for a second or further failure in respect of the same relevant tax.

(5) The "applicable three year period" is the period comprising the three financial years of the company or partnership immediately preceding the financial year for which the relevant return, in relation to which the notification was required, was delivered to HMRC.

Reasonable excuse

22 (1) Liability to a penalty under paragraph 20 does not arise if the person who would otherwise be liable to the penalty satisfies HMRC or (on an appeal notified to the tribunal) the tribunal that the person had a reasonable excuse for that failure.

(2) For the purposes of this paragraph—

(a) an insufficiency of funds is not a reasonable excuse unless attributable to events outside the person's control;

(b) where the person relies on another person to do anything, that cannot be a reasonable excuse unless the first person took reasonable care to avoid the failure;

(c) where the person had a reasonable excuse for the failure but the excuse has ceased, the person is to be treated as having continued to have the excuse if the failure is remedied without unreasonable delay after the excuse ceased.

Assessment of penalties

23 (1) Where a person becomes liable to a penalty under paragraph 20—

(a) HMRC may assess the penalty, and

(b) if they do so, HMRC must notify the person of the assessment.

(2) An assessment of a penalty under paragraph 20 may not be made—

(a) more than 6 months after the failure to give the notification in accordance with paragraph 8(2)(a) or (b) (as the case may be) first comes to the attention of an officer of Revenue and Customs, or

(b) more than 6 years after the end of the financial year in which the notification should have been given.

Appeal

24 (1) A person may appeal against—

(a) a decision of HMRC that a penalty under paragraph 20 is payable by the person, or

(b) a decision of HMRC as to the amount of a penalty under paragraph 20.

(2) Notice of an appeal must be given—

(a) in writing, and

(b) before the end of the period of 30 days beginning with the date on which the notification by HMRC under paragraph 23(1)(b) was issued.

(3) Notice of an appeal must state the grounds of appeal.

(4) On an appeal under sub-paragraph (1)(a) that is notified to the tribunal, the tribunal may confirm or cancel the decision.

(5) On an appeal under sub-paragraph (1)(b) that is notified to the tribunal, the tribunal may—

(a) affirm HMRC's decision, or

(b) substitute for that decision another decision that HMRC had power to make.

(6) Subject to this paragraph, and paragraph 25, the provisions of Part 5 of TMA 1970 relating to appeals have effect in relation to appeals under this Schedule as they have effect in relation to an appeal against an assessment to income tax.

Enforcement

25 (1) A penalty under paragraph 20 must be paid—

(a) before the end of the period of 30 days beginning with the date on which the notification by HMRC under paragraph 23(1)(b) was issued, or

(b) if a notice of appeal is given, before the end of the period of 30 days beginning with the day on which the appeal is determined or withdrawn.

(2) A penalty under paragraph 20 may be enforced—

(a) where the penalty is payable by a company, as if it were corporation tax charged in an assessment and due and payable;

(b) where the penalty is payable by a partnership, as if it were income tax charged in an assessment and due and payable.

Power to change amount of penalty

26 (1) If it appears to the Treasury that there has been a change in the value of money since the last relevant date, they may by regulations substitute for the sum for the time being specified in any of the following provisions such other sum as appears to them to be justified by the change—

(a) paragraph (a), (b) or (c) of paragraph 20(2) (amount of a first, second or further penalty under paragraph 20(1));

(b) paragraph 20(4) (amount of penalty under paragraph 20(3)).

(2) In sub-paragraph (1) "relevant date" means—

(a) the date on which this Act is passed, and

(b) each date on which the power conferred by sub-paragraph (1) has been exercised in relation to the amount in question.

(3) Regulations under this paragraph do not apply to a failure that occurs in respect of a relevant return that is required to be made before the date on which the regulations come into force.

"Tribunal"

27 In this Part, "tribunal" means the First-tier Tribunal.

PART 4

SUPPLEMENTARY

Regulations

28 (1) Regulations under this Schedule are to be made by statutory instrument.

(2) Subject to sub-paragraph (3), a statutory instrument containing regulations under this Schedule is subject to annulment in pursuance of a resolution of the House of Commons.

(3) A statutory instrument containing regulations under paragraph 11(5), which change the sum for the time being specified in paragraph 11(2)(b) by more than is necessary to reflect changes in the value of money, may not be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.

Application of provisions of TMA 1970

29 Subject to the provisions of this Schedule, the following provisions of TMA 1970 apply for the purposes of this Schedule as they apply for the purposes of the Taxes Acts—

(a) section 108 (responsibility of company officers);

(b) section 114 (want of form);

(c) section 115 (delivery and service of documents).

Interpretation

30 In this Schedule—

"the charge to corporation tax on income" has the same meaning as in CTA 2009 (see section 2(3) of that Act);

"HMRC" means Her Majesty's Revenue and Customs;

"transaction" includes arrangements, agreements and understandings (whether or not they are, or are intended to be, legally enforceable).

PART 5

CONSEQUENTIAL AMENDMENTS

31 In Schedule 14 to F(No.2)A 2017 (digital reporting and record-keeping for income tax etc: further amendments), at the end insert—

"FA 2022

50 (1) Schedule 17 to FA 2022 (large businesses: notification of uncertain tax treatment) is amended as follows.

(2) In paragraph 6(1)(e) (definition of "financial year" in relation to a UK resident partnership), for "under section 12AB" substitute "within the meaning".

(3) In paragraph 6(2), in the definition of "representative partner"—

(a) the words from "the partner" to the end of the definition become paragraph (a) of the definition;

(b) at the end of that paragraph (a) insert ", or";

(c) after that paragraph insert—

"(b) the nominated partner within the meaning of paragraph 5 of Schedule A1 to TMA 1970.""

32 The reference in section 61(6) of F(No.2)A 2017 (commencement) to Schedule 14 to that Act is to be read as a reference to that Schedule as amended by paragraph 31 of this Schedule.

PART 6

COMMENCEMENT

33 This Schedule applies in relation to relevant returns that are required to be made on or after 1 April 2022.

SCHEDULE 18

Section 101

VEHICLE CO_2 EMISSIONS CERTIFICATES

PART 1

AMENDMENTS OF CAA 2001

1 (1) Section 268C of CAA 2001 (terms relating to emissions) is amended as follows.

(2) In subsection (1) for "an EC certificate of conformity, or a UK approval certificate," substitute "a certificate or other document on the basis of which the vehicle is registered".

(3) In subsection (2), after "Part," insert "and subject to subsection (3A),".

(4) In subsection (3), after "Part," insert "and subject to subsection (3A),".

(5) After subsection (3) insert—

"(3A) For the purposes of determining the vehicle's CO_2 emissions figure in a case where the vehicle is first registered on or after IP completion day, ignore any values specified in the qualifying emissions certificate that are not WLTP (worldwide harmonised light vehicle test procedures) values."

(6) In subsection (4) omit the definitions of "EC certificate of conformity" and "UK approval certificate".

(7) This paragraph has effect—

(a) for income tax purposes, in relation to the tax year 2017-18 and subsequent tax years, and

(b) for corporation tax purposes, in relation to accounting periods ending on or after 4 November 2017.

PART 2

AMENDMENTS OF ITEPA 2003

2 Chapter 6 of Part 3 of ITEPA 2003 (taxable benefits: cars etc) is amended as follows.

3 In section 134(1) (meaning of car with a CO_2 emissions figure)—

(a) in paragraph (b)—

(i) after "October 1999" insert "but before IP completion day";

(ii) after "section 136" insert "(registration from 1st October 1999 to IP completion day)";

(b) at the end of paragraph (b) omit "or" and insert—

"(ba) a car first registered on or after IP completion day to which section 136A (registration on or after IP completion day) applies,";

(c) in paragraph (c)—

(i) after "January 2000" insert "but before IP completion day";

(ii) after "(bi-fuel cars" insert ": registration from 1st January 2000 to IP completion day";

(d) at the end of paragraph (c) insert ", or

(d) a car first registered on or after IP completion day to which section 137A (bi-fuel cars: registration on or after IP completion day) applies."

4 (1) In section 136 (car with a CO_2 emissions figure: post-September 1999 registration)—

(a) in the heading, for "post-September 1999 registration" substitute "registration from 1st October 1999 to IP completion day";

(b) in subsection (1) after "October 1999" insert "but before IP completion day";

(c) in subsection (3) after "(bi-fuel cars" insert ": registration from 1st January 2000 to IP completion day".

(2) After section 136 insert—

"**136A Car with a CO_2 emissions figure: registration on or after IP completion day**

(1) This section applies to a car first registered on or after IP completion day if it is so registered on the basis of a qualifying emissions certificate.

(2) The car's CO_2 emissions figure is the figure specified in the qualifying emissions certificate unless more than one figure is specified, in which case the car's CO_2 emissions figure is the figure specified as the CO_2 emissions (combined) figure.

(3) For the purpose of determining the car's CO_2 emissions figure ignore any values specified in the qualifying emissions certificate that are not WLTP (worldwide harmonised light vehicles test procedures) values.

(4) Subsection (2) is subject to—

(a) section 137A (bi-fuel cars registered after IP completion day), and

(b) section 138 (automatic car for a disabled employee)."

5 (1) In section 137 (car with a CO_2 emissions figure: bi-fuel cars)—

(a) in the heading, at the end insert ": registration from 1st January 2000 to IP completion day";

(b) in subsection (1) after "January 2000" insert "but before IP completion day".

(2) After section 137 insert—

"**137A Car with a CO_2 emissions figure: bi-fuel cars registered on or after IP completion day**

(1) This section applies to a car first registered on or after IP completion day if it is so registered on the basis of a qualifying emissions certificate which specifies separate CO_2 emissions figures in terms of grams per kilometre driven for different fuels.

(2) The car's CO_2 emissions figure is—

(a) the lowest figure specified, or

(b) if there is more than one figure specified in relation to each fuel, the lowest CO_2 emissions (combined) figure specified.

(3) For the purpose of determining the car's CO_2 emissions figure ignore any values specified in the qualifying emissions certificate that are not WLTP (worldwide harmonised light vehicles test procedures) values.

(4) Subsection (2) is subject to section 138 (automatic car for a disabled employee)."

6 (1) Section 171(1) (minor definitions: general) is amended as follows.

(2) After the definition of "EC type-approval certificate" insert—

""qualifying emissions certificate" has the same meaning as in CAA 2001 (see section 268C(1) of that Act);".

(3) For the definition of "UK approval certificate" substitute—

""UK approval certificate" means—

(a) a certificate issued under—

(i) section 58(1) or (4) of the Road Traffic Act 1988, or

(ii) Article 31A(4) or (5) of the Road Traffic (Northern Ireland) Order 1981 (S.I. 1981/154 (N.I. 1)), or

(b) any other certificate or document issued in the United Kingdom on the basis of which a vehicle is first registered, other than an EC certificate of conformity or an EC type-approval certificate."

(4) Sub-paragraph (3) has effect in relation to the tax year 2017-18 and subsequent tax years.

7 In the Income Tax (Pay As You Earn) Regulations 2003 (S.I. 2003/2682), in Schedule A1 (real time returns), in paragraph 22B(2) (benefits in kind: cars), in sub-paragraph (a)(ii) (car with a CO_2 emission figure)—

(a) after "136," insert "136A,";

(b) after "137," insert "137A".

PART 3

AMENDMENTS OF VERA 1994

8 (1) In Part 1A of Schedule 1 to VERA 1994 (light passenger vehicles registered before 1 April 2017), in paragraph 1G, for sub-paragraph (2) substitute—

"(2) References in this Part of this Schedule to a "UK approval certificate" are, in relation to a vehicle, to—

(a) a certificate issued under—

(i) section 58(1) or (4) of the Road Traffic Act 1988, or

(ii) Article 31A(4) or (5) of the Road Traffic (Northern Ireland) Order 1981 (S.I. 1981/154 (N.I. 1)), or

(b) any other certificate or document issued in the United Kingdom on the basis of which the vehicle is first registered, other than an EC certificate of conformity."

(2) The amendments made by this paragraph have effect in relation to licences taken out on or after 3 November 2021.

PART 4

POWER TO MAKE CONSEQUENTIAL PROVISION

9 (1) The Treasury may by regulations made by statutory instrument make such consequential provision as they consider appropriate in connection with any provision of this Schedule.

(2) Regulations under sub-paragraph 9(1) may (among other things)—

(a) make different provision for different purposes, and

(b) amend, repeal or revoke provision made by or under any enactment.

(3) A statutory instrument containing regulations under this paragraph is subject to annulment in pursuance of a resolution of the House of Commons.