

*Status: Point in time view as at 22/02/2024.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2020, SCHEDULE 15. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 15

Section 102

#### TAX RELIEF FOR SCHEME PAYMENTS ETC

#### [<sup>F1</sup>PART 1

#### INCOME TAX AND OTHER RELATED RELIEF]

##### Textual Amendments

**F1** Sch. 15 Pt. 1 heading inserted (22.2.2024) by Finance Act 2024 (c. 3), s. 12(3)(b)

##### *Introductory*

- 1 (1) This [<sup>F2</sup>Part of this] Schedule provides for the following in respect of qualifying payments—
- (a) an exemption from income tax, and
  - (b) an exemption from capital gains tax.
- (2) This [<sup>F3</sup>Part of this] Schedule also provides for a relief from inheritance tax in respect of qualifying payments (but see paragraph 5(4), which contains an excepted case).

##### Textual Amendments

**F2** Words in Sch. 15 para. 1(1) inserted (22.2.2024) by Finance Act 2024 (c. 3), s. 12(3)(c)(i)

**F3** Words in Sch. 15 para. 1(2) inserted (22.2.2024) by Finance Act 2024 (c. 3), s. 12(3)(c)(ii)

##### *Qualifying payments*

- 2 (1) In this Schedule “qualifying payment” means a payment within any of sub-paragraphs (2) to (5).
- (2) A payment is within this sub-paragraph if it is a payment under the Windrush Compensation Scheme.
- (3) A payment is within this sub-paragraph if—
- (a) it is made otherwise than under the Windrush Compensation Scheme,
  - (b) it is made to, or in respect of, a person who made a claim under that Scheme (which the person was eligible to make),
  - (c) it is made in connection with the same circumstances as gave rise to that person's eligibility to make that claim, and
  - (d) it is made by or on behalf of—

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- (i) the government of the United Kingdom,
  - (ii) the government of a part of the United Kingdom, or
  - (iii) a local or other public authority in the United Kingdom.
- (4) A payment is within this sub-paragraph if it is a payment under the Troubles Permanent Disablement Payment Scheme established by the Victims' Payments Regulations 2020 (S.I. 2020/103) (as that scheme is amended from time to time).
- (5) A payment is within this sub-paragraph if—
- (a) it is a compensation payment of a description specified in regulations made by the Treasury by statutory instrument, and
  - (b) it is a payment made by or on behalf of—
    - (i) the government of the United Kingdom,
    - (ii) the government of a part of the United Kingdom,
    - (iii) the government of any other country or territory,
    - (iv) a local or other public authority in the United Kingdom, or
    - (v) a local or other public authority of a territory outside the United Kingdom.
- (6) Regulations under sub-paragraph (5) may provide that a compensation payment of a description specified in the regulations is a qualifying payment only for the purposes of particular provisions of this <sup>F4</sup>Part of this] Schedule.
- (7) A statutory instrument containing regulations under sub-paragraph (5) is subject to annulment in pursuance of a resolution of the House of Commons.
- (8) In this paragraph “the Windrush Compensation Scheme” means the scheme published by the Home Office on 3 April 2019 which provides compensation for certain categories of persons in recognition of difficulties arising out of an inability to demonstrate lawful immigration status (as that scheme is amended from time to time).

#### Textual Amendments

**F4** Words in [Sch. 15 para. 2\(6\)](#) inserted (22.2.2024) by [Finance Act 2024 \(c. 3\)](#), [s. 12\(3\)\(c\)\(iii\)](#)

#### Modifications etc. (not altering text)

**C1** [Sch. 15 para. 2](#) modified (6.4.2023) by [The Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) Regulations 2023 \(S.I. 2023/113\)](#), [regs. 1\(2\)](#), [44\(2\)](#) (with [reg. 1\(3\)](#))

#### *Exemption from income tax*

- 3
- (1) No liability to income tax arises in respect of a qualifying payment.
  - (2) A qualifying payment is to be ignored for all other income tax purposes.
  - (3) This paragraph has effect in relation to qualifying payments within paragraph 2(2) or (3) that are received on or after 3 April 2019.
  - (4) This paragraph has effect in relation to qualifying payments within paragraph 2(4) that are received on or after 29 May 2020.

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- (5) This paragraph has effect in relation to qualifying payments within paragraph 2(5) that are received on or after such date as is specified in the regulations concerned (which may be a date before the regulations are made).

**Modifications etc. (not altering text)**

- C2** Sch. 15 para. 3 modified (6.4.2023) by [The Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) Regulations 2023 \(S.I. 2023/113\)](#), regs. 1(2), **44(3)** (with reg. 1(3))

*Exemptions from capital gains tax*

- 4 (1) A gain accruing on a disposal is not a chargeable gain if it accrues on—
- (a) a disposal arising as a result of the forfeiture or surrender of rights, or as a result of refraining from exercising rights, in return for a qualifying payment,
  - (b) a disposal of the right to receive the whole or any part of a qualifying payment, or
  - (c) a disposal of an interest in any such right.
- (2) In sub-paragraph (1)(c) “interest”, in relation to a right, means an interest as a co-owner of the right (whether it is owned jointly or in common and whether or not the interests of the co-owners are equal).
- (3) This paragraph has effect—
- (a) in a case where the qualifying payment concerned is within paragraph 2(2) or (3), in relation to disposals made on or after 3 April 2019,
  - (b) in a case where the qualifying payment concerned is within paragraph 2(4), in relation to disposals made on or after 29 May 2020, and
  - (c) in a case where the qualifying payment concerned is within paragraph 2(5), in relation to disposals made on or after such date as is specified in the regulations concerned (which may be a date before the regulations are made).

**Modifications etc. (not altering text)**

- C3** Sch. 15 para. 4 modified (6.4.2023) by [The Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) Regulations 2023 \(S.I. 2023/113\)](#), regs. 1(2), **44(4)** (with reg. 1(3))

*Relief from inheritance tax*

- 5 (1) This paragraph applies where a qualifying payment is at any time received by a person or the personal representatives of a person (but see sub-paragraph (4)).
- (2) The inheritance tax chargeable on the value transferred by the transfer made on the person's death is to be reduced by an amount equal to—
- (a) the relevant percentage of the amount of the payment, or
  - (b) if lower, the amount of inheritance tax that would, apart from this paragraph, be chargeable on the value transferred.
- (3) The “relevant percentage” means the percentage in the last row of the third column of the Table in Schedule 1 to IHTA 1984.
- (4) This paragraph does not apply in a case where—

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- (a) the qualifying payment is within paragraph 2(3),
  - (b) the payment is made after the death of the person mentioned in paragraph (b) of paragraph 2(3), and
  - (c) the payment is made otherwise than to the personal representatives of that person.
- (5) This paragraph has effect, in a case where the qualifying payment is within paragraph 2(2) or (3), in relation to deaths occurring on or after 3 April 2019.
- (6) This paragraph has effect, in a case where the qualifying payment is within paragraph 2(4), in relation to deaths occurring on or after 29 May 2020.
- (7) This paragraph has effect, in a case where the qualifying payment is within paragraph 2(5), in relation to deaths occurring on or after such date as is specified in the regulations concerned (which may be a date before the regulations are made).

**Modifications etc. (not altering text)**

- C4** Sch. 15 para. 5 modified (6.4.2023) by [The Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) Regulations 2023 \(S.I. 2023/113\)](#), regs. 1(2), **44(5)** (with reg. 1(3))

[<sup>F5</sup>PART 2

CORPORATION TAX AND OTHER RELATED RELIEF

**Textual Amendments**

- F5** Sch. 15 Pt. 2 inserted (22.2.2024) by [Finance Act 2024 \(c. 3\)](#), s. **12(2)**

*Introductory*

- 6 This Part of this Schedule provides for the following—
- (a) an exemption from corporation tax for relevant compensation payments, and
  - (b) an exemption from income tax and capital gains tax for relevant onward payments.

*Relevant compensation payments*

- 7 (1) In this Part of this Schedule “relevant compensation payment” means a payment made to a company under—
- (a) the GLO Compensation Scheme,
  - (b) the Horizon Shortfall Scheme,
  - (c) the Suspension Remuneration Review,
  - (d) the Post Office Process Review, or
  - (e) such other compensation scheme of a description specified in regulations made by the Treasury.

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- (2) The power under sub-paragraph (1)(e) to specify a description of compensation scheme is exercisable only if the scheme provides for the payment of compensation to persons by or on behalf of—
  - (a) the government of the United Kingdom,
  - (b) the government of a part of the United Kingdom,
  - (c) the government of any other country or territory,
  - (d) a local or other public authority in the United Kingdom, or
  - (e) a local or other public authority of a territory outside the United Kingdom.
- (3) The power under sub-paragraph (1)(e) may be exercised so as to provide—
  - (a) for the provisions of this Part of this Schedule to apply to all descriptions of payments made under a compensation scheme or only to such descriptions as may be specified in the regulations;
  - (b) for all provisions of this Part of this Schedule to apply to payments made under a compensation scheme or only for such provisions to apply as are specified in the regulations.
- (4) The power under sub-paragraph (1)(e) must be exercised so as to provide that the reliefs conferred by this Part of this Schedule in respect of the compensation schemes mentioned in sub-paragraph (1)(a) to (d) are also conferred in a corresponding or similar way in respect of other relevant schemes.
- (5) The reference in sub-paragraph (4) to “relevant schemes” is a reference to any compensation schemes established for the purposes of—
  - (a) compensating persons affected by the Horizon system, or
  - (b) compensating persons in respect of other matters identified in High Court judgments given in proceedings relating to the Horizon system.

#### *Relevant onward payments*

- 8 (1) For the purposes of this Part of this Schedule a payment is a “relevant onward payment” if or to the extent that—
  - (a) the payment is made by a company to which a relevant compensation payment was made,
  - (b) the payment is to an individual and—
    - (i) the individual is or was a director or employee of the company, or
    - (ii) the payment is a distribution by the company to shareholders, and
  - (c) it is reasonable to conclude from the circumstances that the payment is made by the company to the individual for the purpose of passing on all or part of the compensation payment mentioned in paragraph (a) to the individual.
- (2) But where sub-paragraph (3) applies to the relevant compensation payment mentioned in sub-paragraph (1)(a), a payment to an individual is a relevant onward payment for the purposes of this Part of this Schedule only so far as it relates to such part of the relevant compensation payment as was made for the purpose of topping up the amount of compensation paid to account for sums lost to tax.
- (3) This sub-paragraph applies to a relevant compensation payment—
  - (a) made (at any time) under the Horizon Shortfall Scheme;
  - (b) made before 1 January 2024 under the Suspension Remuneration Review.

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*Exemption from corporation tax*

- 9 (1) No liability to corporation tax arises in respect of a relevant compensation payment.
- (2) The following are to be ignored for all other corporation tax purposes—
- (a) the receipt by a company of a relevant compensation payment;
  - (b) the making by a company of a relevant onward payment.
- (3) This paragraph has effect—
- (a) in the case of relevant compensation payments falling within paragraph 7(1)(a), (b), (c) or (d), whenever the payments are received;
  - (b) in the case of relevant compensation payments falling within paragraph 7(1)(e), where the payments are received on or after such date as is specified in the regulations concerned;
  - (c) in the case of relevant onward payments that relate to paragraph 7(1)(a), (b), (c) or (d), whenever the payments are made;
  - (d) in the case of relevant onward payments that relate to paragraph 7(1)(e), where the payments are made on or after such date as is specified in the regulations concerned.
- (4) The date specified in regulations as mentioned in sub-paragraph (3)(b) and (d) may be a date before the regulations are made.

*Exemption from income tax and capital gains tax*

- 10 (1) Paragraph 3(1) and (2) (exemption from income tax) applies to a relevant onward payment as it applies to a qualifying payment.
- (2) Paragraph 4(1) and (2) (exemption from capital gains tax) applies to a relevant onward payment as it applies to a qualifying payment.
- (3) Sub-paragraph (1) has effect—
- (a) in the case of relevant onward payments that relate to paragraph 7(1)(a), (b), (c) or (d), whenever the payments are received;
  - (b) in the case of relevant onward payments that relate to paragraph 7(1)(e), where the payments are received on or after such date as is specified in the regulations concerned.
- (4) Sub-paragraph (2) has effect—
- (a) in the case of relevant onward payments that relate to paragraph 7(1)(a), (b), (c) or (d), in relation to disposals whenever made;
  - (b) in the case of relevant onward payments that relate to paragraph 7(1)(e), in relation to disposals made on or after such date as is specified in the regulations concerned.
- (5) The date specified in regulations as mentioned in sub-paragraph (3)(b) and (4)(b) may be a date before the regulations are made.

*Power to make further provision*

- 11 (1) The Treasury may by regulations make provision for the purpose of providing relief from corporation tax, income tax or capital gains tax in relation to the receipt of payments made under compensation schemes that is supplementary or incidental to provision contained in this Part of this Schedule.

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- (2) Provision under this paragraph may (among other things)—
- (a) make different provision for different compensation schemes;
  - (b) make provision having retrospective effect.

*Regulations: general*

- 12 (1) A power to make regulations under this Part of this Schedule is exercisable by statutory instrument.
- (2) A statutory instrument containing regulations under this Part of this Schedule is subject to annulment in pursuance of a resolution of the House of Commons.

*Interpretation*

- 13 (1) In this Part of this Schedule—
- “GLO Compensation Scheme” means the scheme announced by His Majesty’s Government on 22 March 2022 with the objective of ensuring that persons who were party to a claim against Post Office Limited in respect of the Horizon system that was subject to a group litigation order have access to compensation for losses related to that system;
- “Horizon Shortfall Scheme” means the scheme established on 1 May 2020 by Post Office Limited to compensate persons who were adversely affected by accounting shortfalls related to the Horizon system;
- “the Horizon system” means previous versions of the computer system used by Post Office Limited known as Horizon (and sometimes referred to as Legacy Horizon, Horizon Online or HNG-X);
- “Post Office Limited” means the private company limited by shares with the company number 02154540 whose registered office is 100 Wood Street, London EC2V 7ER;
- “Post Office Process Review” means the review established by Post Office Limited to provide redress to postmasters who were financially impacted by previous processes or policies in relation to balance discrepancies unrelated to the Horizon system;
- “Suspension Remuneration Review” means the review established by Post Office Limited to provide redress to postmasters contracted to deliver Post Office services through branches who were suspended before March 2019 and did not receive remuneration during their period of suspension.
- (2) For the purposes of this Part of this Schedule—
- (a) a relevant onward payment “relates” to paragraph 7(1)(a) if the related relevant compensation payment mentioned in paragraph 8(1)(c) falls within paragraph 7(1)(a) (and references to payments relating to paragraph 7(1)(b), (c), (d) or (e) are to be read accordingly);
  - (b) references to a compensation scheme include references to any arrangements for the making of payments of compensation.]

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