
STATUTORY INSTRUMENTS

2024 No. 182

**CAPITAL GAINS TAX
INCOME TAX
INHERITANCE TAX**

**The Post Office Compensation Schemes and Victims
of Overseas Terrorism Compensation Scheme
(Tax Exemptions and Relief) Regulations 2024**

Made - - - - *21st February 2024*
Laid before the House of
Commons - - - - *22nd February 2024*
Coming into force - - *14th March 2024*

The Treasury make these Regulations in exercise of the powers conferred by paragraphs 2(5) and (6), 3(5), 4(3)(c) and 5(7) of Schedule 15 to the Finance Act 2020(1).

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Post Office Compensation Schemes and Victims of Overseas Terrorism Compensation Scheme (Tax Exemptions and Relief) Regulations 2024 and come into force on 14th March 2024.

(2) These Regulations have effect from—

- (a) 13th November 2012 in relation to Victims of Overseas Terrorism Compensation Scheme payments,
- (b) 1st August 2022 in relation to Group Litigation Order nominated individual compensation payments,
- (c) 8th November 2023 in relation to Process Review Scheme compensation payments, and
- (d) 8th November 2023 in relation to Suspension Remuneration Review compensation payments.

Interpretation

2. In these Regulations—

“Group Litigation Order nominated individual compensation payment” means a payment made by the Department for Business and Trade under 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 to a nominated individual;

“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);

“nominated individual” means any person who was a shareholder or a director of a company or a partner in a partnership which ceased to exist and was a party to a claim against Post Office Limited in respect of the Horizon system that was subject to a group litigation order;

“Post Office Limited” means the private company limited by shares with the company number 02154540 whose registered office is 100 Wood Street, London, United Kingdom, EC2V 7ER;

“Process Review Scheme compensation payment” means a payment of compensation made by Post Office Limited under 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 compensation payment” means a payment of compensation (including any top-up payments) made by Post Office Limited under 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;

“Victims of Overseas Terrorism Compensation Scheme payment” means a payment made under the Victims of Overseas Terrorism Compensation Scheme⁽²⁾ established under section 47 of the Crime and Security Act 2010⁽³⁾.

Exemptions from income tax for compensation payments

3. The following compensation payments are qualifying payments for the purposes of paragraph 3 of Schedule 15 to the Finance Act 2020—

- (a) Group Litigation Order nominated individual compensation payments,
- (b) Process Review Scheme compensation payments,
- (c) Suspension Remuneration Review compensation payments, and
- (d) Victims of Overseas Terrorism Compensation Scheme payments.

Exemptions from capital gains tax for compensation payments

4. The following compensation payments are qualifying payments for the purposes of paragraph 4 of Schedule 15 to the Finance Act 2020—

- (a) Group Litigation Order nominated individual compensation payments,
- (b) Process Review Scheme compensation payments,

(2) Details of the scheme have been published at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/243508/9780108512124.pdf. Paper copies of all relevant documentation relating to the scheme are available for inspection at: His Majesty’s Revenue and Customs at 100 Parliament Street, London, SW1A 2BQ.

(3) 2010 c. 17.

- (c) Suspension Remuneration Review compensation payments, and
- (d) Victims of Overseas Terrorism Compensation Scheme payments.

Relief from inheritance tax for Group Litigation Order nominated individual compensation payments

5. Group Litigation Order nominated individual compensation payments are qualifying payments for the purposes of paragraph 5 of Schedule 15 to the Finance Act 2020.

21st February 2024

Scott Mann
Amanda Milling
Two of the Lords Commissioners of His
Majesty's Treasury

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations provide for exemptions from income tax and capital gains tax for Group Litigation Order nominated individual compensation payments, Process Review Scheme compensation payments, Suspension Remuneration Review compensation payments and Victims of Overseas Terrorism Compensation Scheme payments and a relief from inheritance tax for Group Litigation Order nominated individual compensation payments.

Schedule 15 to the Finance Act 2020 provides for exemptions and relief from tax in respect of qualifying payments. Under paragraph 2(5) of that Schedule the Treasury may by regulations specify compensation payments made by a public authority or by or on behalf of the United Kingdom government to be qualifying payments. Paragraph 3 of the Schedule provides for an exemption from income tax in respect of a receipt of a qualifying payment. Paragraph 4 of the Schedule provides for an exemption from capital gains tax on gains from a disposal arising as a result of a person forfeiting, surrendering or refraining from exercising rights in return for a qualifying payment, on a disposal of the right to receive the whole or any part of a qualifying payment, or on a disposal of any interest in such a right. Paragraph 5 of the Schedule provides for a relief from inheritance tax where a qualifying payment is received by a person or the personal representatives of a person and reduces the tax chargeable on the value transferred by the transfer made on the person's death by the lower of the applicable inheritance tax rate on the amount of the payment or the amount of inheritance tax that would otherwise be chargeable.

Regulation 3 provides that no liability to income tax arises from the receipt of Group Litigation Order nominated individual compensation payments, Process Review Scheme compensation payments, Suspension Remuneration Review compensation payments or Victims of Overseas Terrorism Compensation Scheme payments because they are qualifying payments for the purposes of paragraph 3 of Schedule 15 to the Finance Act 2020.

Regulation 4 provides that no liability to capital gains tax arises from the transfer of rights in exchange for, or the disposal of the right to receive a Group Litigation Order nominated individual compensation payment, Process Review Scheme compensation payment, Suspension Remuneration Review compensation payment or Victims of Overseas Terrorism Compensation Scheme payment because they are qualifying payments for the purposes of paragraph 4 of Schedule 15 to the Finance Act 2020.

Regulation 5 provides for a relief from inheritance tax for Group Litigation Order nominated individual compensation payments because they are qualifying payments for the purposes of paragraph 5 of Schedule 15 to the Finance Act 2020.

A Tax Information and Impact Note covering this instrument will be published on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.