



Finance Act 2013

2013 CHAPTER 29

PART 1

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 1

CHARGES, RATES ETC

Income tax

1 Charge for 2013-14

Income tax is charged for the tax year 2013-14.

2 Personal allowance for 2013-14 for those born after 5 April 1948

- (1) For the tax year 2013-14 the amount specified in section 35(1) of ITA 2007 (personal allowance for those born after 5 April 1948) is replaced with “ £9,440 ”.
- (2) Accordingly section 57 of that Act (indexation of allowances), so far as relating to the amount specified in section 35(1) of that Act, does not apply for that tax year.

3 Basic rate limit for 2013-14

- (1) For the tax year 2013-14 the amount specified in section 10(5) of ITA 2007 (basic rate limit) is replaced with “ £32,010 ”.
- (2) Accordingly section 21 of that Act (indexation of limits), so far as relating to the basic rate limit, does not apply for that tax year.

Status: Point in time view as at 06/04/2024.

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Corporation tax

4 Charge and main rate for financial year 2014

- (1) Corporation tax is charged for the financial year 2014.
- (2) For that year the rate of corporation tax is—
 - (a) 21% on profits of companies other than ring fence profits, and
 - (b) 30% on ring fence profits of companies.
- (3) In subsection (2) “ring fence profits” has the same meaning as in Part 8 of CTA 2010 (see section 276 of that Act).

5 Small profits rate and fractions for financial year 2013

- (1) For the financial year 2013 the small profits rate is—
 - (a) 20% on profits of companies other than ring fence profits, and
 - (b) 19% on ring fence profits of companies.
- (2) For the purposes of Part 3 of CTA 2010, for that year—
 - (a) the standard fraction is 3/400ths, and
 - (b) the ring fence fraction is 11/400ths.
- (3) In subsection (1) “ring fence profits” has the same meaning as in Part 8 of that Act (see section 276 of that Act).

6 Main rate for financial year 2015

- (1) For the financial year 2015 [^{F1}the main rate] of corporation tax is 20% ^{F2}....
- ^{F3}(2)

Textual Amendments

- F1** Words in s. 6(1) substituted (with effect in accordance with Sch. 1 para. 22 of the amending Act) by Finance Act 2014 (c. 26), **Sch. 1 para. 19(a)**
- F2** Words in s. 6(1) omitted (with effect in accordance with Sch. 1 para. 22 of the amending Act) by virtue of Finance Act 2014 (c. 26), **Sch. 1 para. 19(b)**
- F3** S. 6(2) omitted (with effect in accordance with Sch. 1 para. 22 of the amending Act) by virtue of Finance Act 2014 (c. 26), **Sch. 1 para. 19(c)**

Capital allowances

7 Temporary increase in annual investment allowance

- (1) In relation to expenditure incurred during the period [^{F4}beginning with 1 January 2013 and ending with the specified date], section 51A of CAA 2001 (entitlement to annual investment allowance) has effect as if in subsection (5) for “£25,000” there were substituted “ £250,000 ”.

[^{F5}(1A) The specified date is —

- (a) for the purposes of corporation tax, 31 March 2014, and

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(b) for the purposes of income tax, 5 April 2014.]

(2) Schedule 1 contains provision about chargeable periods which straddle 1 January 2013

F6
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Textual Amendments

- F4** Words in s. 7(1) substituted (17.7.2014) by Finance Act 2014 (c. 26), Sch. 2 para. 6(2)
F5 S. 7(1A) inserted (17.7.2014) by Finance Act 2014 (c. 26), Sch. 2 para. 6(3)
F6 Words in s. 7(2) omitted (17.7.2014) by virtue of Finance Act 2014 (c. 26), Sch. 2 para. 6(4)

CHAPTER 2

INCOME TAX: GENERAL

Exemptions and reliefs

8 London Anniversary Games

- (1) An accredited competitor who performs an Anniversary Games activity is not liable to income tax in respect of any income arising from the activity if the non-residence condition is met.
- (2) The following are Anniversary Games activities—
- competing at the Anniversary Games, and
 - any activity that is performed during the games period the main purpose of which is to support or promote the Anniversary Games.
- (3) The non-residence condition is that—
- the accredited competitor is non-UK resident for the tax year 2013-14, or
 - the accredited competitor is UK resident for the tax year 2013-14 but the year is a split year as respects the competitor and the activity is performed in the overseas part of the year.
- (4) Section 966 of ITA 2007 (deduction of sums representing income tax) does not apply to any payment or transfer which gives rise to income benefiting from the exemption under subsection (1).

(5) In this section—

“accredited competitor” means a person to whom an accreditation card in the athletes' category has been issued by the company named UK Athletics Limited which was incorporated on 16 December 1998;

“the Anniversary Games” means the British Athletics London Anniversary Games held at the Olympic Stadium in London in July 2013;

“the games period” means the period—

- beginning with 21 July 2013, and
- ending with 29 July 2013;

“income” means employment income or profits of a trade, profession or vocation (including profits treated as arising as a result of section 13 of ITTOIA 2005).

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(6) This section is treated as having come into force on 6 April 2013.

9 Glasgow Commonwealth Games

(1) An accredited competitor who performs a Commonwealth Games activity is not liable to income tax in respect of any income arising from the activity if the non-residence condition is met.

(2) The following are Commonwealth Games activities—

- (a) competing at the Glasgow Commonwealth Games, and
- (b) any activity that is performed during the games period the main purpose of which is to support or promote the Glasgow Commonwealth Games or any future Commonwealth Games.

(3) The non-residence condition is that—

- (a) the accredited competitor is non-UK resident for the tax year in which the Commonwealth Games activity is performed, or
- (b) the accredited competitor is UK resident for the tax year in which the activity is performed but the year is a split year as respects the competitor and the activity is performed in the overseas part of the year.

(4) Section 966 of ITA 2007 (deduction of sums representing income tax) does not apply to any payment or transfer which gives rise to income benefiting from the exemption under subsection (1).

(5) In this section—

“accredited competitor” means a person to whom a Glasgow 2014 accreditation card in the athletes' category has been issued by the company named Glasgow 2014 Limited which was incorporated on 11 June 2007;

“the games period” means the period—

- (a) beginning with 4 March 2014, and
- (b) ending with 3 September 2014;

“the Glasgow Commonwealth Games” means the Commonwealth Games held in Scotland in 2014;

“income” means employment income or profits of a trade, profession or vocation (including profits treated as arising as a result of section 13 of ITTOIA 2005).

10 Expenses of elected representatives

(1) After section 293A of ITEPA 2003 insert—

“293B UK travel expenses of other elected representatives

(1) No liability to income tax arises in respect of a payment to which this section applies if it is expressed to be made in respect of relevant UK travel expenses.

(2) This section applies to payments—

- (a) made to members of the Scottish Parliament under section 81(2) of the Scotland Act 1998,

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- (b) made to members of the National Assembly for Wales under section 20(2) of the Government of Wales Act 2006 or to a member of the Welsh Assembly Government under section 53(2) of that Act, or
 - (c) made to members of the Northern Ireland Assembly under section 47(2) of the Northern Ireland Act 1998.
- (3) In this section “relevant UK travel expenses” means expenses necessarily incurred on journeys of the following kinds within the United Kingdom—
 - (a) journeys within subsection (4) made by the member that are necessary for the performance of his or her duties as a member;
 - (b) if the member shares caring responsibilities with a spouse or partner, journeys made by the spouse or partner between the constituency or region and the member's parliamentary home.
- (4) The journeys referred to in subsection (3)(a) are those—
 - (a) between the constituency or region and the Parliament or Assembly to which the member belongs,
 - (b) between the constituency or region and the member's parliamentary home, or
 - (c) within the constituency or region, but not excluded by subsection (5).
- (5) A journey is excluded if—
 - (a) in the case of a member who has only one local office, it is between the member's local home and that office, and
 - (b) in any other case, it is between the member's local home and the principal local office.
- (6) In this section—
 - “constituency or region”, in relation to a member, means the constituency or region which the member represents and the area within 20 miles of the boundary of that constituency or region;
 - “local office”, in relation to a member, means an office which is situated in the constituency or region and occupied by the member for the purposes of performing duties as a member;
 - “the member's local home” means a residence of the member situated in the constituency or region;
 - “the member's parliamentary home” means the member's only or main residence in the area comprising—
 - (a) the main site of the Parliament or Assembly to which the member belongs, and
 - (b) the area within 20 miles of that site;
 - “principal local office”, in relation to a member, means the local office most frequently occupied by the member for the purposes of performing duties as a member.
- (7) A person has “caring responsibilities” if the person—
 - (a) has parental responsibility for a dependent child aged under 17 or for a child aged 17 or 18 who is in full-time education, or
 - (b) is the primary carer for a family member in receipt of—
 - (i) attendance allowance,

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- (ii) disability living allowance at the middle or highest rate for personal care,
- (iii) the daily living component of personal independence payment, or
- (iv) constant attendance allowance at or above the maximum rate with an industrial injuries disablement benefit, or the basic (full day) rate with a war disablement pension.

(8) The Treasury may by order amend the definition of “caring responsibilities” in subsection (7).”

(2) The amendment made by this section has effect in relation to payments made on or after 6 April 2013.

11 Exemption from income tax of contributions to pension schemes

(1) In Chapter 9 of Part 4 of ITEPA 2003 (exemptions from income tax for pension provision), in section 308 (exemption of contributions to registered pension scheme), at the end insert “ in respect of the employee ”.

(2) The amendment made by this section has effect for the tax year 2013-14 and subsequent tax years.

12 Childcare exemptions: meaning of disabled child

(1) In section 318B of ITEPA 2003 (childcare: meaning of “disabled” etc), in subsection (3)(a), after “allowance” insert “ or personal independence payment ”.

(2) The amendment made by this section has effect for the tax year 2013-14 and subsequent tax years.

13 Income tax exemption for universal credit

(1) In section 677(1) of ITEPA 2003 (UK social security benefits wholly exempt from tax), in Part 1 of Table B (benefits payable under primary legislation), insert at the appropriate place—

“Universal credit	WRA 2012	Part 1
	Any provision made for Northern Ireland which corresponds to Part 1 of WRA 2012”.	

(2) The amendment made by this section has effect for the tax year 2013-14 and subsequent tax years.

14 Tax advantaged employee share schemes

Schedule 2 amends the SIP code, the SAYE code, the CSOP code and the EMI code.

15 Abolition of tax relief for patent royalties

(1) Chapter 4 of Part 8 of ITA 2007 (reliefs: annual payments and patent royalties) is amended in accordance with subsections (2) and (3).

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- (2) In section 448 (relief for individuals), in subsection (1)(b) omit “or 903(5)” and “and patent royalties”.
- (3) In section 449 (relief for other persons), in subsection (1)(b) omit “or 903(6)” and “and patent royalties”.
- (4) Accordingly, that Act is amended as follows—
 - (a) in section 2 (overview of Act), in subsection (8)(c) omit “and patent royalties”,
 - (b) in section 24 (reliefs deductible at Step 2), in subsection (1)(b) omit “and patent royalties”, and
 - (c) in the heading for Chapter 4 of Part 8 of that Act omit “AND PATENT ROYALTIES”.
- (5) The amendments made by this section have effect in relation to payments made on or after 5 December 2012.

16 Limit on income tax reliefs

Schedule 3 contains provision limiting the deductions which may be made at Step 2 of the calculation in section 23 of ITA 2007 (calculation of income tax liability).

Trade profits

17 Cash basis for small businesses

Schedule 4 contains provision enabling the profits of a trade, profession or vocation to be calculated on the cash basis.

18 Deductions allowable at a fixed rate

Schedule 5 contains provision enabling persons carrying on a trade, profession or vocation to claim deductions for certain expenses at a fixed rate.

Other provisions

19 Employment income: duties performed in the UK and overseas

Schedule 6 contains provision about employment income in cases where duties are performed in the UK and overseas.

20 Remittance basis: exempt property

Schedule 7 contains provision about the application of the remittance basis in relation to exempt property.

21 Payments on account

- (1) ITA 2007 is amended as follows.
- (2) In section 809K (sections 809L to 809Z6: introduction), in subsection (2)(e), for “809V” substitute “809UA”.

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(3) Before section 809V (but after the italic heading) insert—

“809UA Money used for payments on account

- (1) Subsection (2) applies to income or chargeable gains of an individual if—
 - (a) the income or gains would (but for subsection (2)) be regarded as remitted to the United Kingdom by virtue of the bringing of money to the United Kingdom,
 - (b) the money is brought to the United Kingdom by way of direct payments to the Commissioners on account of income tax,
 - (c) the tax year (“tax year 2”) in respect of which the payments on account are made is a tax year for which section 809H (remittance basis charge for long-term UK resident) does not apply as respects the individual, and
 - (d) that section applied as respects the individual for the previous tax year (“tax year 1”).
- (2) The relevant amount of income or chargeable gains is to be treated as not remitted to the United Kingdom if money equal to the relevant amount is taken offshore by—
 - (a) the 15 March following the end of tax year 2, or
 - (b) such later date as the Commissioners may allow on a claim made by the individual.
- (3) A claim under subsection (2)(b)—
 - (a) may be made only if the individual has made and delivered a return under section 8 of TMA 1970 for tax year 2 and reasonably expects to receive from the Commissioners a repayment of tax paid in respect of that tax year, and
 - (b) may be made no later than the 5 April following the end of tax year 2.
- (4) Money that is taken offshore in accordance with subsection (2) is to be treated as having the same composition of kinds of income and capital as the money used to make the payments on account.
- (5) In this section “the relevant amount” means the lower of the following—
 - (a) the amount brought to the United Kingdom as mentioned in subsection (1)(b), and
 - (b) the applicable amount (as defined in section 809H) for tax year 1.”
- (4) In section 809Z9(11) (taking proceeds etc offshore or investing them: modification of general provisions)—
 - (a) for “section 809VB(2) but in that case” substitute “ sections 809UA(2) and 809VB(2), but in those cases ”, and
 - (b) at the beginning of paragraph (b) insert “ in the case of section 809VB(2), ”.
- (5) The amendments made by this section have effect in relation to payments on account made in respect of the tax year 2012-13 and subsequent tax years.

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22 Arrangements made by intermediaries

- (1) In Chapter 8 of Part 2 of ITEPA 2003 (application of provisions to workers under arrangements made by intermediaries), in section 49 (engagements to which Chapter applies), for subsection (1)(c) substitute—

“(c) the circumstances are such that—

- (i) if the services were provided under a contract directly between the client and the worker, the worker would be regarded for income tax purposes as an employee of the client or the holder of an office under the client, or
- (ii) the worker is an office-holder who holds that office under the client and the services relate to the office.”

- (2) This section has effect for the tax year 2013-14 and subsequent tax years.

23 Taxable benefit of cars: the appropriate percentage

- (1) Section 139 of ITEPA 2003 (car with CO₂ figure: the appropriate percentage) is amended in accordance with subsections (2) to (6).

- (2) In subsection (2), after “the relevant threshold” omit “for the year”.

- (3) For subsection (2)(a) substitute—

- “(a) if the car's CO₂ emissions figure does not exceed 50 grams per kilometre driven, 5%,
- (aa) if the car's CO₂ emissions figure exceeds 50 grams per kilometre driven but does not exceed 75 grams per kilometre driven, 9%, and”.

^{F7}(4)

- (5) In subsection (3)—

(a) after “the relevant threshold” omit “for the year”, and

^{F8}(b)

- (6) In subsection (4)—

(a) after “the relevant threshold” (in both places) omit “for the year”, and

(b) in paragraph (b), for “35%” substitute “ 37% ”.

- (7) Section 140 of that Act (car without CO₂ figure: the appropriate percentage) is amended in accordance with subsections (8) to (11).

- (8) In the Table in subsection (2), for “35%” substitute “ 37% ”.

- (9) For subsection (3)(a) substitute—

“(a) 5% if the car cannot in any circumstances emit CO₂ by being driven, and”.

- (10) In subsection (3)(b), for “35%” substitute “ 37% ”.

- (11) Omit subsection (3A).

- (12) The amendments made by this section have effect for the tax year 2015-16 and subsequent tax years.

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Textual Amendments

- F7** S. 23(4) omitted (with effect in accordance with s. 24(17) of the amending Act) by virtue of [Finance Act 2014 \(c. 26\), s. 24\(16\)](#)
- F8** S. 23(5)(b) omitted (with effect in accordance with s. 24(17) of the amending Act) by virtue of [Finance Act 2014 \(c. 26\), s. 24\(16\)](#)

24 Gains from contracts for life insurance etc

Schedule 8 amends Chapter 9 of Part 4 of ITTOIA 2005 (gains from contracts for life insurance etc).

25 Qualifying insurance policies

Schedule 9 amends Schedule 15 to ICTA (qualifying insurance policies) and makes other provision relating to qualifying policies under Schedule 15 to ICTA.

26 Transfer of assets abroad

Schedule 10 amends Chapter 2 of Part 13 of ITA 2007 (tax avoidance: transfer of assets abroad).

27 Payments of interest

Schedule 11 contains provision in connection with the payment of interest for the purposes of income tax.

28 Disguised interest

Schedule 12 contains provision about returns which are economically equivalent to interest.

CHAPTER 3

CORPORATION TAX: GENERAL

Losses, other reliefs and deductions

29 Restriction on surrender of losses: controlled foreign company cases

- (1) Section 105 of CTA 2010 (restriction on surrender of losses etc within section 99(1) (d) to (g)) is amended as follows.
- (2) In subsection (2), for “the surrendering company's gross profits of the surrender period” substitute “ the profit-related threshold ”.
- (3) In subsection (3), for “those gross profits” substitute “ the profit-related threshold ”.
- (4) After subsection (3) insert—

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“(3A) The profit-related threshold” is the sum of—

- (a) the surrendering company's gross profits of the surrender period, and
- (b) where chargeable profits of a CFC for an accounting period ending in the surrender period are apportioned to the surrendering company in accordance with step 3 in subsection (1) of 371BC of TIOPA 2010 and the surrendering company is in relation to that accounting period of the CFC a chargeable company for the purposes of step 4 in that subsection, the total of the chargeable profits so apportioned.

(3B) Where—

- (a) an accounting period of a CFC ending in the surrender period is one to which (because of paragraph 50 of Schedule 20 of FA 2012) the repeal of Chapter 4 of Part 17 of ICTA does not apply,
- (b) chargeable profits of the CFC for that accounting period are apportioned to the surrendering company in accordance with sections 747(3) and 752 of ICTA, and
- (c) the surrendering company is not prevented by section 747(5) of ICTA from being chargeable to tax in respect of the CFC for that accounting period,

the profit-related threshold also includes the total of the chargeable profits so apportioned.”

(5) After subsection (5) insert—

“(5A) For the purposes of this section—

“CFC” has the same meaning as in Part 9A of TIOPA 2010, except that in subsection (3B) it means a controlled foreign company as defined by section 747(2) of ICTA;

“chargeable profits”, in relation to a CFC, is to be read in accordance with section 371BA(3) of TIOPA 2010, except that in subsection (3B) it is to be read in accordance with section 747(6) of ICTA.”

(6) The amendments made by this section have effect where the surrender period of the surrendering company ends on or after 20 March 2013, but subject to the following.

(7) For the purposes of section 105(3A)(b) and (3B)(b) of CTA 2010, chargeable profits do not include—

- (a) chargeable profits for an accounting period within the meaning of Part 9A of TIOPA 2010 ending before 20 March 2013, or
- (b) chargeable profits for an accounting period within the meaning of Chapter 4 of Part 17 of ICTA ending before that date.

(8) Subsection (9) applies where—

- (a) an accounting period within the meaning of Part 9A of TIOPA 2010, or
- (b) an accounting period within the meaning of Chapter 4 of Part 17 of ICTA, falls partly before and partly on or after 20 March 2013.

(9) For the purposes of section 105 of CTA 2010, the chargeable profits of the CFC for that period, so far as apportioned to the surrendering company as mentioned in subsection (3A)(b) or (3B)(b) of that section (as the case requires), are to be further apportioned on a just and reasonable basis between the two parts of the period, and

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the chargeable profits referred to in subsection (3A)(b) or (3B)(b) are not to include the chargeable profits apportioned to the part ending before 20 March 2013.

F9 30 Loss relief surrenderable by non-UK resident established in EEA state

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Textual Amendments

F9 S. 30 omitted (with effect in accordance with Sch. 4 para. 5(1) of the amending Act) by virtue of Finance Act 2022 (c. 3), Sch. 4 para. 2

31 Arrangements for transfers of companies

- (1) In section 156 of CTA 2010 (definition of “arrangements” for purposes of sections 154 to 155B, etc)—
 - (a) in subsection (2), in paragraph (b), after “include” insert “—
 - (i)”,
 - (ii) at the end of that paragraph insert “, or
 - (ii) a condition or requirement imposed by, or agreed with, a Minister of the Crown, the Scottish Ministers, a Northern Ireland department or a statutory body.”,
 - and
 - (c) after that subsection insert—

“(2A) In subsection (2) “statutory body” means a body (other than a company as defined by section 1(1) of the Companies Act 2006) established by or under a statutory provision for the purpose of carrying out functions conferred on it by or under a statutory provision, except that the Treasury may, by order, specify that a body is or is not to be a statutory body for this purpose.”
- (2) In sections 154(3) and 155(3) of that Act (arrangements for transfers), for “154A” substitute “ 155A ”.
- (3) In section 188 of that Act (other definitions for Part 5), in subsection (1), after ““company”” insert “ (except in section 156(2A) ”.
- (4) The amendments made by this section have effect in relation to accounting periods ending on or after 1 April 2013.

32 Change in company ownership: company reconstructions

- (1) For section 676 of CTA 2010 (disallowance of trading losses where company reconstruction without a change of ownership) substitute—

“676 Company reconstructions

- (1) Subsection (2) applies if, before the change in ownership—
 - (a) a trade carried on by another company (“the predecessor company”) is transferred to the company, and

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- (b) the transfer is a transfer to which Chapter 1 of Part 22 applies (transfers of trade without a change of ownership).
 - (2) In determining any relief available to the company by virtue of section 944(3) (carry forward of trading losses in successor company), this Chapter applies as if—
 - (a) references to a trade carried on by the company included the trade as carried on by the predecessor company or by any predecessor of that company, and
 - (b) any loss sustained by the predecessor company or any predecessor of that company had been sustained by the company.
 - (3) Subsection (4) applies if, after the change in ownership—
 - (a) a trade carried on by the company is transferred to another company (“the successor company”), and
 - (b) the transfer is a transfer to which Chapter 1 of Part 22 applies.
 - (4) In determining—
 - (a) any relief available to the company under section 45 (carry forward of trading losses), or
 - (b) any relief available to the successor company or any successor of that company by virtue of section 944(3),this Chapter applies as if references to a trade carried on by the company included the trade as carried on by the successor company or by any successor of that company.
 - (5) For the purposes of this section a company (“company A”) is a predecessor of another company (“company B”), and company B is a successor of company A, if the first or second condition is met.
 - (6) The first condition is that Chapter 1 of Part 22 applies in relation to company A and company B as respectively the predecessor and the successor within the meaning of that Chapter.
 - (7) The second condition is that—
 - (a) Chapter 1 of Part 22 applies in relation to company A and a third company (“company C”) as respectively the predecessor and the successor within the meaning of that Chapter, and
 - (b) company C is (whether by virtue of the first condition or this condition) a predecessor of company B.”
- (2) The amendment made by this section has effect in relation to changes in ownership that occur on or after 20 March 2013.

33 Change in company ownership: shell companies

Schedule 13—

- (a) inserts into Part 14 of CTA 2010 (change in company ownership) a new Chapter 5A (shell companies: restrictions on relief), and
- (b) makes consequential provision.

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34 **Transfer of deductions**

Schedule 14—

- (a) inserts into CTA 2010 a new Part 14A (transfer of deductions), and
- (b) makes consequential provision.

35 **R&D expenditure credits**

Schedule 15 contains provision about R&D expenditure credits.

36 **Relief for television production and video games development**

- (1) Schedule 16 contains provision about television production.
- (2) Schedule 17 contains provision about video games development.
- (3) Schedule 18 contains consequential amendments.

Exemption from charge

37 **Health service bodies: exemption**

In section 986 of CTA 2010 (exemption from corporation tax: meaning of “health service body”), insert the following entries at the appropriate places in the table—

“a clinical commissioning group	section 1I of the National Health Service Act 2006”
“Health and Social Care Information Centre	section 252 of the Health and Social Care Act 2012”
“National Health Service Commissioning Board	section 1H of the National Health Service Act 2006”
“National Institute for Health and Care Excellence	section 232 of the Health and Social Care Act 2012”.

38 **Chief constables etc (England and Wales): exemption**

- (1) In Chapter 8 of Part 22 of CTA 2010 (exemptions), after section 987 insert—

“Police

987A Chief constables etc (England and Wales)

The following are not liable to corporation tax—

- (a) a chief constable of a police force maintained under section 2 of the Police Act 1996;
- (b) the Commissioner of Police of the Metropolis.”

Status: Point in time view as at 06/04/2024.

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- (2) The amendment made by this section is treated as having come into force on 16 January 2012, but, in relation to any time before 22 November 2012, section 987A of CTA 2010 has effect as if paragraph (a) were omitted.

Other provisions

39 Real estate investment trusts: UK REITs which invest in other UK REITs

Schedule 19 amends Part 12 of CTA 2010 (real estate investment trusts).

40 Corporation tax relief for employee share acquisitions etc

- (1) Chapter 6 of Part 12 of CTA 2009 (relief for employee share acquisitions: relationship between relief under Part 12 and other reliefs) is amended as follows.
- (2) For section 1038 substitute—

“1038 Exclusion of other deductions

- (1) Subsection (2) applies if relief is or, apart from condition 2 in section 1009(1), would be available under this Part.
- For this purpose, it does not matter if the amount of the relief is or would be calculated as nil.
- (2) Except as provided for by this Part, for the purpose of calculating any company's profits for corporation tax purposes for any accounting period, no deduction is allowed—
- (a) in relation to the provision of the shares or to any matter connected with the provision of the shares, or
 - (b) so far as not covered by paragraph (a) in a case in which the shares are acquired pursuant to an option, in relation to the option or to any matter connected with the option.
- (3) In a case in which section 1022 has applied, in subsection (2)(b) references to the option cover the new option and any relevant earlier qualifying option.
- (4) For the purposes of subsection (2) it does not matter if the accounting period in question falls wholly before or after the time at which the shares are acquired.
- (5) In a case in which the shares are acquired under an employee share scheme, the deductions disallowed by subsection (2) include (in particular) deductions for amounts paid or payable by the employing company in relation to the participation of the employee in the scheme.
- (6) But subsection (2) does not disallow deductions for—
- (a) expenses incurred in setting up the scheme,
 - (b) expenses incurred in meeting, or contributing to, the costs of administering the scheme,
 - (c) the costs of borrowing for the purposes of the scheme, or
 - (d) fees, commission, stamp duty, stamp duty reserve tax, and similar incidental expenses of acquiring the shares.

Status: Point in time view as at 06/04/2024.

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- (7) “Employee share scheme” means a scheme or arrangement for enabling shares to be acquired because of persons' employment.
- (8) In a case in which relief is or, apart from condition 2 in section 1009(1), would be available under Chapter 5 by virtue of section 1030(2), subsection (2) does not disallow deductions in relation to the provision of the convertible securities.”
- (3) After section 1038 insert—

“1038A Exclusion of deductions for share options: shares not acquired

- (1) Subsection (2) applies if—
- (a) a person obtains an option to acquire shares and the requirements of section 1015(1)(a) to (c) are met in relation to the obtaining of the option, or
 - (b) so far as not covered by paragraph (a), a person obtains an option to acquire shares and the obtaining of the option is connected with an option previously obtained in a case covered by paragraph (a) or this paragraph.
- (2) For the purpose of calculating any company's profits for corporation tax purposes for any accounting period, no deduction is allowed in relation to—
- (a) the option, or
 - (b) any matter connected with the option,
- unless the shares are acquired pursuant to the option.
- (3) For the purposes of subsection (2) it does not matter if the accounting period in question falls wholly before or after the time at which the option is obtained.
- (4) In a case in which the shares would be acquired under an employee share scheme, the deductions disallowed by subsection (2) include (in particular) deductions for amounts paid or payable by the employing company in relation to the participation of the employee in the scheme.
- (5) But subsection (2) does not disallow deductions for—
- (a) expenses incurred in setting up the scheme,
 - (b) expenses incurred in meeting, or contributing to, the costs of administering the scheme,
 - (c) the costs of borrowing for the purposes of the scheme, or
 - (d) fees, commission, stamp duty, stamp duty reserve tax, and similar incidental expenses of acquiring the shares.
- (6) “Employee share scheme” means a scheme or arrangement for enabling shares to be acquired because of persons' employment.
- (7) Subsection (2) does not disallow deductions for—
- (a) amounts on which the employee is subject to a charge under ITEPA 2003,
 - (b) amounts on which the employee would have been subject to a charge under ITEPA 2003 had the employee been a UK employee at all material times, or

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- (c) if the employee has died, amounts on which the employee would have been subject to a charge under ITEPA 2003 had the employee been alive.
- (8) “UK employee” is to be read in accordance with section 1017(4).”
- (4) For the purposes of the following subsections—
- “pre-20 March 2013 relevant accounting period” means an accounting period which begins before 20 March 2013 but ends on or after that date, and
- “relevant accounting period” means an accounting period which ends on or after 20 March 2013.
- (5) The amendment made by subsection (2) above has effect for the purpose of disallowing deductions for relevant accounting periods.
- For this purpose, it does not matter if the acquisition of shares which gives rise, or would give rise, to the relief under Part 12 of CTA 2009 occurs before a company's first relevant accounting period.
- (6) But the amendment made by subsection (2) above has no effect for the purpose of disallowing a deduction for a pre-20 March 2013 relevant accounting period where the acquisition of shares which gives rise, or would give rise, to the relief under Part 12 of CTA 2009 occurs before 20 March 2013.
- (7) The amendment made by subsection (3) above has effect for the purpose of disallowing deductions for relevant accounting periods.
- For this purpose, it does not matter if the option is obtained before a company's first relevant accounting period.
- (8) But the amendment made by subsection (3) above has no effect for the purpose of disallowing a deduction for a pre-20 March 2013 relevant accounting period where—
- (a) the option is obtained before 20 March 2013, and
- (b) before that date, an event (for example, the lapse or cancellation of the option) occurs in consequence of which the shares cannot be acquired pursuant to the option.

41 Derivative contracts: property total return swaps etc

- (1) Chapter 7 of Part 7 of CTA 2009 (chargeable gains arising in relation to derivative contracts) is amended as follows.
- (2) In section 643 (contracts relating to land or certain tangible movable property)—
- (a) in subsection (1), for “and C” substitute “, C and D”, and
- (b) after subsection (4) insert—
- “(4A) Condition D is that no two or more of the parties to the derivative contract are connected persons.”
- (3) In section 650 (property based total return swaps)—
- (a) in subsection (1), for “to F” substitute “ to H”, and
- (b) after subsection (7) insert—
- “(8) Condition G is that no two or more of the parties to the derivative contract are connected persons.

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(9) Condition H is that the securing of a tax advantage is neither the main purpose, nor one of the main purposes, for which the company is a party to the derivative contract.

“Tax advantage” has the meaning given by section 1139 of CTA 2010.”

(4) In section 659 (meaning of “relevant credits” and “relevant debits”), after subsection (4) insert—

“(4A) But if the derivative contract has effect such that the return arising from the contract, so far as calculated by reference to that index, is calculated by reference to a percentage (“the capped percentage”) which is closer to zero than the full percentage change in that index over that period (or which is zero even though there has been a change in that index), for the purposes of subsection (4) R% is the capped percentage.”

(5) The amendments made by this section have effect in relation to accounting periods beginning on or after 5 December 2012.

(6) But, for the purposes of subsection (5), an accounting period beginning before, and ending on or after, 5 December 2012 is to be treated as if so much of the period as falls before that date, and so much of the period as falls on or after that date, were separate accounting periods.

42 Corporation tax: tax mismatch schemes

Schedule 20 contains provision about tax mismatch schemes.

^{F10}43 Tier two capital

.....

Textual Amendments

F10 S. 43 repealed (with effect in accordance with reg. 1(2)(3) of the amending S.I.) by [The Taxation of Regulatory Capital Securities Regulations 2013 \(S.I. 2013/3209\)](#), regs. 1(1), **12(b)**

^{F11}44 Financing costs and income: group treasury companies

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Textual Amendments

F11 S. 44 repealed (with effect in accordance with Sch. 5 para. 26(1) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), **Sch. 5 para. 11(2)(d)**

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45 Condition for company to be an “investment trust”

- (1) In section 1158(2) of CTA 2010 (condition A for a company to be an “investment trust”), for “the business of the company consists of” substitute “ all, or substantially all, of the business of the company is ”.
- (2) The amendment made by this section has effect in relation to accounting periods beginning on or after 1 January 2012.

46 Community amateur sports clubs

Schedule 21 contains provision about community amateur sports clubs.

CHAPTER 4

PENSIONS

47 Lifetime allowance charge: power to amend the transitional provision in Part 2 of Schedule 18 to FA 2011 etc

- (1) Part 2 of Schedule 18 to FA 2011 (lifetime allowance charge: commencement and transitional provision relating to changes made for the tax year 2012-13 and onwards) is amended as follows.
- (2) In paragraph 14—
 - (a) omit sub-paragraphs (2) and (15) to (17) (which confer power on the HMRC Commissioners to make provision specifying how notices under paragraph 14 are to be given),
 - (b) in sub-paragraph (7) omit “the annual rate of” where it first appears, and
 - (c) in sub-paragraph (11) after “(5)(a)” insert “ and (c)(i) ”.
- (3) After paragraph 14 insert—

“15

- (1) The Commissioners for Her Majesty's Revenue and Customs may by regulations amend paragraph 14.
- (2) Regulations under this paragraph may (for example) add to the cases in which paragraph 14 is to apply or is to cease to apply.
- (3) Regulations under this paragraph may include provision having effect in relation to a time before the regulations are made; but—
 - (a) the time must be no earlier than 6 April 2012, and
 - (b) the provision must not increase any person's liability to tax.
- (4) In relation to regulations under this paragraph made during 2013, sub-paragraph (3) has effect with the omission of paragraph (b) so long as the time in question is no earlier than 6 April 2013.

16

- (1) The Commissioners for Her Majesty's Revenue and Customs may by regulations make provision specifying how any notice required to be given to an officer of Revenue and Customs under paragraph 14 is to be given.

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(2) In sub-paragraph (1) the reference to paragraph 14 is to that paragraph as amended from time to time by regulations under paragraph 15.

17 (1) Regulations under paragraph 15 or 16 may include supplementary or incidental provision.

(2) The powers to make regulations under paragraphs 15 and 16 are exercisable by statutory instrument.

(3) A statutory instrument containing regulations under paragraph 15 or 16 is subject to annulment in pursuance of a resolution of the House of Commons.”

(4) The amendments made by subsection (2)(b) and (c) are treated as having come into force on 6 April 2012.

(5) The Registered Pension Schemes (Lifetime Allowance Transitional Protection) Regulations 2011 (S.I. 2011/1752) are to continue to have effect and, so far as they were made under paragraph 14(2) and (15) of Schedule 18 to FA 2011, are to be treated as if they were made under paragraphs 16 and 17(1) of that Schedule (as inserted by subsection (3) above).

48 Lifetime allowance charge: new standard lifetime allowance for the tax year 2014-15 and subsequent tax years

(1) Section 218 of FA 2004 (standard lifetime allowance etc) is amended as follows.

(2) For subsection (2) substitute—

“(2) The standard lifetime allowance for the tax year 2014-15 and, subject to subsection (3), subsequent tax years is £1,250,000.”

(3) In subsection (3) for “the tax year 2012-13” substitute “ the tax year 2014-15 ”.

(4) The amendments made by subsections (2) and (3) have effect for the tax year 2014-15 and subsequent tax years.

(5) Schedule 22 contains transitional provision etc.

49 Annual allowance: new annual allowance for the tax year 2014-15 and subsequent tax years

(1) Section 228 of FA 2004 (annual allowance) is amended as follows.

(2) For subsection (1) substitute—

“(1) The annual allowance for the tax year 2014-15 and, subject to subsection (2), each subsequent tax year is £40,000.”

(3) In subsection (2) for “2011-12” substitute “ 2014-15 ”.

(4) The amendments made by this section have effect for the tax year 2014-15 and subsequent tax years.

Status: Point in time view as at 06/04/2024.

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50 Drawdown pensions and dependants' drawdown pensions

^{F12}(1)

^{F12}(2)

- (3) In Schedule 16 to FA 2011 (benefits under pension schemes)—
- (a) in paragraph 90(2)(a), after “year” insert “ beginning before 26 March 2013 and ”,
 - (b) in paragraph 90(3), omit paragraph (b) and the “and” before it,
 - (c) in paragraph 98(2)(a), after “year” insert “ beginning before 26 March 2013 and ”, and
 - (d) in paragraph 98(3), omit paragraph (b) and the “and” before it.
- (4) The amendments made by subsections (1) and (2) have effect in relation to drawdown pension years beginning on or after 26 March 2013.
- (5) The amendments made by subsection (3)(a) and (c) are treated as having come into force on 26 March 2013.
- (6) The amendments made by subsection (3)(b) and (d) have effect in relation to transfers within paragraph 90(5) or 98(5) of Schedule 16 to FA 2011 occurring during a drawdown pension year ending on or after 25 March 2013.

Textual Amendments

F12 S. 50(1)(2) omitted (with effect in accordance with s. 41(6) of the amending Act) by virtue of [Finance Act 2014 \(c. 26\), s. 41\(5\)](#)

51 Bridging pensions

(1) FA 2004 is amended as follows.

^{F13}(2)

- (3) In paragraph 1 of Schedule 29 (pension commencement lump sums), in subparagraph (4)(a), omit the words from “at a time” to “65”.
- (4) In consequence of subsection (3), paragraph 21 of Schedule 23 to the FA 2006 is repealed.
- (5) The amendments made by this section have effect for the tax year 2013-14 and subsequent tax years.

Textual Amendments

F13 S. 51(2) omitted (6.4.2016) (with effect in accordance with s. 20(6) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\), s. 20\(5\)\(b\)\(6\)](#); [S.I. 2016/1005, reg. 2](#) (with [regs. 1\(2\)34](#))

52 Abolition of contracting out of state second pension: consequential amendments etc

(1) FA 2004 is amended as follows.

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- (2) In section 188 (relief for contributions), in subsection (3) (contributions excluded from relief), omit paragraph (c) and the word “and” immediately preceding that paragraph.
- (3) In that section, omit subsection (6) (which treats certain amounts recovered by individual's employer as contributions paid by individual).
- (4) Omit section 190(5) (certain reliefs not to count towards annual limit for relief).
- (5) Omit section 196(5) (references to contributions to include references to minimum payments when determining relief for employers).
- (6) Omit section 202 (minimum contributions under pensions legislation).
- (7) Omit section 233(2) (references to contributions not to include references to minimum payments when determining pension input amount).
- (8) In paragraph 5 of Schedule 29 (short service refund lump sum), after sub-paragraph (2) insert—
 - “(2A) In sub-paragraph (2) the reference to the member's contributions includes—
 - (a) any amount paid under section 7 of the Social Security Act 1986 (incentive payments to schemes becoming contracted-out between 1986 and 1993),
 - (b) any amount paid by the Commissioners for Her Majesty's Revenue and Customs under section 42A(3) of the Pension Schemes Act 1993 or section 38A(3) of the Pension Schemes (Northern Ireland) Act 1993 (rebates), and
 - (c) any amount recovered by the member's employer under regulations falling within sub-paragraph (2B) in respect of minimum payments made to the scheme in relation to any period before 6 April 2012.
 - (2B) Those regulations are regulations which were made under—
 - (a) section 8(3) of the Pension Schemes Act 1993 (recovery of minimum payments), or
 - (b) section 4(3) of the Pension Schemes (Northern Ireland) Act 1993 (corresponding provision for Northern Ireland).”
- (9) Omit paragraph 14(2) of Schedule 36 (which excludes minimum payments from being relevant contributions for the purposes of enhanced protection from lifetime allowance charge).
- (10) Subsections (1), (3) to (5) and (7) to (9) come into force on 6 April 2013.
- (11) Subsection (2) comes into force on 6 April 2015.
- (12) Subsection (6) comes into force on 6 April 2016, except that the repeal of section 202(5) of FA 2004 comes into force on such day as the Treasury may appoint by order made by statutory instrument.

53 Overseas pension schemes: general

- (1) In section 150(8) of FA 2004 (meaning of “recognised overseas pension scheme”), for the words from “which” to the end substitute “ which satisfies any requirements

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prescribed for the purposes of this subsection by regulations made by the Commissioners for Her Majesty's Revenue and Customs. ”

(2) Section 169 of that Act (pension schemes: recognised transfers) is amended as follows.

(3) In subsection (2)(c), for “any prescribed information requirements imposed on the scheme manager” substitute “ any requirements imposed under subsection (4) ”.

(4) For subsection (4) substitute—

“(4) Regulations may require the scheme manager of a QROPS or former QROPS to—

- (a) give the Commissioners information of a prescribed description,
- (b) give the Commissioners such evidence as they may require of a prescribed matter, and
- (c) give a prescribed authority, in prescribed circumstances, information of a prescribed description.

(4A) Regulations under subsection (4) may make provision as to—

- (a) the way and form in which information or evidence is to be given, and
- (b) the times or intervals at which information or evidence is to be given.

(4B) The regulations may apply any provision of Part 7 of Schedule 36 to FA 2008 (penalties), with or without modifications, in relation to requirements imposed under the regulations on a former QROPS.”

(5) In subsection (5)—

- (a) for “the Inland Revenue has” substitute “ the Commissioners have ”,
- (b) for paragraph (a) (but not the “and” at the end of it) substitute—
 - “(a) any of the following conditions is met in relation to the scheme—
 - (i) there has been a failure to comply with a relevant requirement and the failure is significant,
 - (ii) any information given pursuant to a relevant requirement is incorrect in a material respect,
 - (iii) any declaration given pursuant to a relevant requirement is false in a material respect,
 - (iv) there is no scheme manager,” and

(c) in paragraph (b), for “the failure” substitute “ that condition being met ”.

(6) For subsection (6) substitute—

“(6) A failure to comply with a requirement is significant if—

- (a) it is a failure to give information or evidence that is (or may be) of significance, or
- (b) there are reasonable grounds for believing that the failure prejudices (or might prejudice) the assessment or collection of tax by the Commissioners.”

(7) After subsection (7) insert—

“(8) In subsections (4) to (6) and this subsection—

“the Commissioners” means the Commissioners for Her Majesty's Revenue and Customs;

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“prescribed” means prescribed by regulations;

“QROPS” means a qualifying recognised overseas pension scheme, and “former QROPS” means a scheme that has at any time been a QROPS;

“regulations” means regulations made by the Commissioners;

“relevant requirement” means—

- (a) a requirement imposed by regulations under subsection (4), or
- (b) a requirement imposed by virtue of Part 1 of Schedule 36 to FA 2008 (powers to obtain information and documents).”

(8) In section 280(1) of that Act (abbreviations), insert at the appropriate place—

““FA 2008” means the Finance Act 2008.”.

54 Overseas pension schemes: information and inspection powers

(1) Part 6 of Schedule 36 to FA 2008 (information and inspection powers: special cases) is amended as follows.

(2) In paragraph 34B (registered pension schemes etc)—

(a) in sub-paragraph (2), omit the “or” at the end of paragraph (b) and, at the end of paragraph (c) insert—

“(d) a QROPS or former QROPS, or

(e) an annuity purchased with sums or assets held for the purposes of a QROPS or former QROPS.”;

(b) after sub-paragraph (4) insert—

“(4A) In relation to a notice to which this paragraph applies that refers only to information or documents relating to a matter within sub-paragraph (2)(d) or (e), paragraph 20 (old documents) has effect as if the reference to 6 years were to 10 years.”;

(c) after sub-paragraph (7) insert—

“(7A) Where the notice relates to a matter within sub-paragraph (2)(d) or (e), the officer of Revenue and Customs who gives the notice must give a copy of the notice to the scheme manager in relation to the pension scheme.”;

(d) in sub-paragraph (8), for “and (7)” substitute “ to (7A) ”.

(3) In paragraph 34C (registered pension schemes etc: interpretation), insert at the appropriate places—

““QROPS” and “former QROPS” have the meanings given by section 169(8) of FA 2004.”;

““scheme manager”, in relation to a pension scheme, has the meaning given by section 169(3) of FA 2004.”

(4) In paragraphs 34B and 34C of Schedule 36 to FA 2008, references to a former QROPS include a scheme that ceased to be a QROPS before this Act was passed.

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CHAPTER 5

OTHER PROVISIONS

Employee shareholder shares

55 Employee shareholder shares

Schedule 23 contains—

- (a) provision about employee shareholder shares, and
- (b) provision for an exemption from income tax in connection with advice relating to proposed employee shareholder agreements.

Seed enterprise investment scheme

56 SEIS: income tax relief

- (1) ITA 2007 is amended as follows.
- (2) In section 29 (tax reductions: supplementary), in subsection (4B), after the entry for Chapter 1 of Part 5 insert— “ Chapter 1 of Part 5A (SEIS relief), ”.
- (3) In section 32 (liability not dealt with in the calculation), after the entry for section 235 insert— “ under section 257G (withdrawal or reduction of SEIS relief), ”.
- (4) In section 257DG (the control and independence requirement), for subsection (2) substitute—
 - “(2) The independence element of the requirement is that—
 - (a) the issuing company must not at any time in period A (ignoring any on-the-shelf period) be within subsection (2A), and
 - (b) no arrangements must be in existence at any time in period A by virtue of which the issuing company could be within that subsection (whether during period A or otherwise).
 - (2A) The issuing company is within this subsection at any time if it is under the control of any other company (or of another company and any other person connected with that other company).
 - (2B) In subsection (2)(a) “on-the-shelf period” means a period during which the issuing company—
 - (a) has not issued any shares other than subscriber shares, and
 - (b) has not begun to carry on, or make preparations for carrying on, any trade or business.”
- (5) The amendments made by subsections (2) and (3) have effect for the tax year 2013-14 and subsequent tax years.
- (6) The amendment made by subsection (4) has effect in relation to shares issued on or after 6 April 2013.

Status: Point in time view as at 06/04/2024.

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57 SEIS: re-investment relief

- (1) Schedule 5BB to TCGA 1992 (seed enterprise investment scheme: re-investment) is amended as follows.
- (2) In paragraph 1 (SEIS re-investment relief)—
 - (a) in sub-paragraph (2)—
 - (i) in paragraph (a), after “the tax year 2012-13” insert “ or the tax year 2013-14 (the year in question being referred to in this Schedule as “the relevant year”)”, and
 - (ii) in paragraph (b), for “that year” substitute “ the relevant year ”,
 - (b) in sub-paragraph (3)(a), for “tax year 2012-13” substitute “ relevant year ”, and
 - (c) for sub-paragraph (5) substitute—

“(5) The relevant percentage of the available SEIS expenditure is to be set against a corresponding amount of the original gain.

(5A) In sub-paragraph (5)—
 “the available SEIS expenditure” means so much of the SEIS expenditure as—

 - (a) is specified in the claim,
 - (b) is unused, and
 - (c) does not exceed so much of the original gain as is unmatched;

“the relevant percentage” means—

 - (a) if the relevant year is the tax year 2012-13, 100%, and
 - (b) if the relevant year is the tax year 2013-14, 50%.”
- (3) In paragraph 2 (restrictions on relief under paragraph 1)—
 - (a) in sub-paragraph (1), for “tax year 2012-13” substitute “ relevant year ”, and
 - (b) in sub-paragraph (2)—
 - (i) for “tax year 2012-13” substitute “ relevant year ”, and
 - (ii) for “that tax year” substitute “ that year ”.
- (4) In paragraph 5 (removal or reduction of relief) in sub-paragraph (2) for “2012-13” substitute “ in which the shares were issued ”.
- (5) Accordingly, in section 150G of TCGA (which introduces Schedule 5BB), for “tax year 2012-13” substitute “ tax years 2012-13 and 2013-14 ”.

Disincorporation

58 Disincorporation relief

- (1) A claim for relief under this section (“disincorporation relief”) may be made where—
 - (a) a company transfers its business to some or all of the shareholders of the company,
 - (b) the transfer of the business is a qualifying business transfer (see section 59), and

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- (c) the business transfer date falls within the period of 5 years beginning with 1 April 2013.
- (2) As to the consequences of a claim for disincorporation relief being made, see—
 - sections 162B and 162C of TCGA 1992;
 - section 849A of CTA 2009.
- (3) In this section and sections 59 to 61 “the business transfer date”, in relation to the transfer of a business, is the date on which the business is transferred.
 - For this purpose, where the business is transferred under a contract—
 - (a) the date on which the business is transferred is to be determined in accordance with section 28 of TCGA 1992, and
 - (b) if the business in question is transferred by more than one contract, then for the purposes of that section the contract under which the business is transferred is to be taken to be the contract under which the goodwill of the business is transferred.
- (4) This section and sections 59 and 60 apply to a transfer of a business with a business transfer date of 1 April 2013 or a later date.

59 Qualifying business transfer

- (1) The transfer of a business from a company to some or all of the shareholders of the company is a qualifying business transfer for the purposes of section 58 if conditions A to E are met.
- (2) Condition A is that the business is transferred as a going concern.
- (3) Condition B is that the business is transferred together with all of the assets of the business, or together with all of those assets other than cash.
- (4) Condition C is that the total market value of the qualifying assets of the business included in the transfer does not exceed £100,000.
- (5) Condition D is that all of the shareholders to whom the business is transferred are individuals.
- (6) Condition E is that each of those shareholders held shares in the company throughout the period of 12 months ending with the business transfer date.
- (7) For the purposes of condition D, the reference to individuals includes an individual acting as a member of a partnership, but does not include an individual acting as a member of a limited liability partnership.
- (8) Section 60 of TCGA 1992 (nominees and bare trustees) applies for the purposes of this section as it applies for the purposes of that Act.
- (9) In this section “market value”, in relation to an asset, means the price which the asset might reasonably be expected to fetch on a sale in the open market.
- (10) In this section a “qualifying asset” means—
 - (a) goodwill, or
 - (b) an interest in land which is not held as trading stock.

Status: Point in time view as at 06/04/2024.

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60 Making a claim

- (1) A claim for disincorporation relief under section 58—
 - (a) is to be made jointly by the company and all of the shareholders to whom the business is transferred, and
 - (b) is irrevocable.
- (2) Any claim for disincorporation relief must be made within the period of 2 years beginning with the business transfer date.

61 Effect of disincorporation relief

- (1) In Part 5 of TCGA 1992 (transfer of business assets), in Chapter 1 (general provisions), after section 162A insert—

“Transfer of business from company to shareholders

162B Disincorporation relief: assets (including pre-FA 2002 goodwill)

- (1) This section applies where—
 - (a) a company transfers its business to some or all of the shareholders of the company, and
 - (b) a claim for disincorporation relief in respect of the transfer has been made under section 58 of the Finance Act 2013.
- (2) The disposal and acquisition of any qualifying asset of the business included in the transfer is to be deemed to be for a consideration equal to the lower of—
 - (a) the sums allowable under section 38 as a deduction in the computation of the gain accruing to the company on the disposal of the asset in question, and
 - (b) the market value of the asset.
- (3) In subsection (2) a “qualifying asset” means—
 - (a) goodwill, or
 - (b) an interest in land which is not held as trading stock.
- (4) But subsection (2) does not apply to the goodwill of the business if section 162C applies to it.

162C Disincorporation relief: post-FA 2002 goodwill

- (1) This section applies where—
 - (a) a company transfers its business to some or all of the shareholders of the company,
 - (b) a claim for disincorporation relief in respect of the transfer has been made under section 58 of the Finance Act 2013, and
 - (c) section 849A of CTA 2009 (disincorporation relief: transfer values for post-FA 2002 goodwill) applies to the transfer of the goodwill of the business.

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- (2) The acquisition of the goodwill of the business is deemed to be for a consideration equal to the value at which the goodwill is treated as transferred by virtue of section 849A of CTA 2009.”
- (2) In Part 8 of CTA 2009 (intangible fixed assets), Chapter 13 (transactions between related parties) is amended as follows.
- (3) In section 844 (overview of Chapter), in subsection (2) for “849” substitute “ 849A ”.
- (4) In section 845 (transfer between company and related party treated as at market value), in subsection (4) (exceptions to basic rule)—
- (a) omit the “and” at the end of paragraph (ca), and
 - (b) after paragraph (d) insert “, and
 - (e) section 849A (disincorporation relief: transfer values for post-FA 2002 goodwill).”
- (5) After section 849 insert—

“849A Disincorporation relief: transfer values for post-FA 2002 goodwill

- (1) This section applies where—
- (a) a company transfers its business to some or all of the shareholders of the company, and
 - (b) a claim for disincorporation relief in respect of the transfer has been made under section 58 of the Finance Act 2013.
- (2) If section 735 applies to the transfer of the goodwill of the business, the transfer is treated for the purposes of this Part as being at the lower of—
- (a) the tax written-down value of the goodwill, and
 - (b) its market value.
- (3) If section 736 applies to the transfer of the goodwill of the business, the transfer is treated for the purposes of this Part as being at the lower of—
- (a) the cost of the goodwill, and
 - (b) its market value.
- (4) If section 738 applies to the transfer of the goodwill of the business, the proceeds of realisation of the goodwill are treated for the purposes of this Part as being nil.
- (5) In subsection (2)(a) the reference to the tax written-down value of the goodwill is to its tax written-down value immediately before the transfer.
- (6) In subsection (3)(a) “the cost of the goodwill” means the cost recognised for tax purposes (determined in accordance with section 736(6) and (7)).
- (7) In this section market value has the meaning given in section 845(5).”
- (6) The amendments made by this section have effect in relation to a transfer of a business with a business transfer date of 1 April 2013 or a later date.

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Capital gains

62 Attribution of gains to members of non-resident companies

- (1) TCGA 1992 is amended as follows.
- (2) In subsection (4) of section 13 (members to whom rule for attributing gains to members of non-resident companies does not apply), for “one tenth” substitute “one quarter”.
- (3) In subsection (5) of that section (cases where rule for attributing gains to members of non-resident companies does not apply), after the “or” at the end of paragraph (b) insert—
 - “(ca) a chargeable gain accruing on the disposal of an asset used, and used only, for the purposes of economically significant activities carried on by the company wholly or mainly outside the United Kingdom, or
 - (cb) a chargeable gain accruing to the company on a disposal of an asset where it is shown that neither—
 - (i) the disposal of the asset by the company, nor
 - (ii) the acquisition or holding of the asset by the company,
 formed part of a scheme or arrangements of which the main purpose, or one of the main purposes, was avoidance of liability to capital gains tax or corporation tax, or”.
- (4) After section 13 insert—

“13A Section 13(5): interpretation

- (1) For the purposes of section 13(5)(b) a disposal of an asset is to be regarded as a disposal of an asset used for the purposes of a trade carried on wholly outside the United Kingdom by a company if—
 - (a) the asset is accommodation, or an interest or right in accommodation, which is situated outside the United Kingdom, and
 - (b) the accommodation has for each relevant period been furnished holiday accommodation of which a person has made a commercial letting.
- (2) For the purposes of subsection (1)(b) each of the following is “a relevant period”—
 - (a) the period of 12 months ending with the date of the disposal and each of the two preceding periods of 12 months, or
 - (b) if the company has been the beneficial owner of the accommodation (or interest or right) for a period longer than 36 months, the period of 12 months ending with the date of the disposal and each of the preceding periods of 12 months throughout which the company has been the beneficial owner of the accommodation (or interest or right).
- (3) The reference in subsection (1)(b) to the commercial letting of furnished holiday accommodation is to be read in accordance with Chapter 6 of Part 4 of CTA 2009, but—
 - (a) as if sections 266, 268 and 268A were omitted, and
 - (b) as if, in section 267(1), the reference to an accounting period were a reference to a relevant period as defined by subsection (2) above.

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- (4) For the purposes of section 13(5)(ca) activities carried on by a company are “economically significant activities” if they are activities which consist of the provision by the company of goods or services to others on a commercial basis and involve—
- (a) the use of staff in numbers, and with competence and authority,
 - (b) the use of premises and equipment, and
 - (c) the addition of economic value, by the company, to those to whom the goods or services are provided,
- commensurate with the size and nature of those activities.
- (5) In subsection (4) “staff” means employees, agents or contractors of the company.”
- (5) The amendments made by this section have effect in relation to disposals made on or after 6 April 2012.
- (6) But, in the case of a disposal made on or after that date but before 6 April 2013, a person to whom a part of a chargeable gain or allowable loss would (but for the amendments made by this section) have accrued on the disposal may make an election in writing for section 13 of TCGA 1992 to apply in relation to the disposal without those amendments.
- (7) An election under subsection (6) in respect of a disposal must be made—
- (a) in the case of a person within the charge to capital gains tax, within 4 years from the end of the tax year in which the disposal was made, and
 - (b) in the case of a person within the charge to corporation tax, within 4 years from the end of the accounting period in which the disposal was made.

63 Heritage maintenance settlements

- (1) In section 169D of TCGA 1992 (gifts to settlor-interested settlements etc: exceptions to sections 169B and 169C), in subsection (1), after “elected” insert “, or could have elected,”.
- (2) The amendment made by this section has effect for the tax year 2012-13 and subsequent tax years.

64 EMI options and entrepreneurs' relief etc

Schedule 24 makes provision for capital gains tax purposes in connection with shares acquired under options which are qualifying options under the EMI code.

65 Charge on certain high value disposals by companies etc

Schedule 25 contains provision for a new capital gains tax charge on gains accruing to companies etc on certain high value disposals.

66 Currency used in tax calculations: chargeable gains and losses

- (1) Chapter 4 of Part 2 of CTA 2010 (currency) is amended as follows.
- (2) In section 5 (basic rule: sterling to be used), after subsection (2) insert—

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“(3) See section 9C for provision about the application of subsection (1) so far as it relates to calculating chargeable gains.”

(3) After section 9B insert—

“9C Chargeable gains and losses of companies

- (1) This section applies if—
- (a) a company disposes of an asset which is a ship, an aircraft, shares or an interest in shares, and
 - (b) at any time beginning with the company's acquisition of the asset (or, if earlier, the time allowable expenditure was first incurred in respect of the asset) and ending with the disposal, the company's relevant currency is not sterling.
- (2) A company's relevant currency at any time is its functional currency at that time, subject to subsection (3).
- (3) If, at any time—
- (a) a company is a UK resident investment company, and
 - (b) the company has a designated currency (see sections 9A and 9B) which is different from its functional currency,
- the company's relevant currency at that time is that designated currency.
- (4) If the relevant currency of the company at the time of the disposal is not sterling, the chargeable gain or loss accruing to the company on the disposal must be calculated as follows—
- Step 1* Calculate the chargeable gain or loss in the relevant currency of the company at the time of the disposal.
- Step 2* Translate the amount of the chargeable gain or loss into sterling by reference to the spot rate of exchange on the day of the disposal.
- (5) In any case, subsections (6) to (10) apply for the purposes of calculating the chargeable gain or loss.
- (6) Where any allowable expenditure is incurred in a currency which is not the company's relevant currency at the time it is incurred, that expenditure is to be translated into that relevant currency by reference to the spot rate of exchange for the day on which it is incurred.
- (7) Where, at any time after any allowable expenditure is incurred but before the asset is disposed of, there is a change in the company's relevant currency, that expenditure is to be translated (or, if it has previously been translated under this section, further translated) into the relevant currency of the company immediately following the change, by reference to the spot rate of exchange for the day of the change.
- (8) Any amount of consideration for the disposal which is given in a currency other than the company's relevant currency is to be translated into that relevant currency by reference to the spot rate of exchange on the day of disposal.
- (9) For the purposes of subsections (6) and (7)—
- (a) any translation of expenditure under subsection (6) is to be done before any translation of the expenditure under subsection (7), and

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- (b) if subsection (7) applies as a result of more than one change in the company's relevant currency, it is to be applied in relation to each change in the order the changes were made (with the earliest first).
- (10) Where, by virtue of any enactment, the company was at any time treated for the purposes of corporation tax on chargeable gains as acquiring the asset—
 - (a) for a consideration of such amount as would secure that neither a gain nor a loss would accrue to the person disposing of the asset, or
 - (b) for a consideration equal to the market value of the asset,for the purposes of this section that allowable expenditure is treated as incurred by the company at that time.
- (11) For the purposes of this section, a reference to a ship or aircraft includes a reference to the benefit of a contract—
 - (a) to which section 67 of CAA 2001 applies, and
 - (b) which relates to plant or machinery which is a ship or aircraft.
- (12) In this section—
 - “allowable expenditure” means expenditure which, immediately before the disposal, was attributable to the asset under section 38(1) (a) to (c) of TCGA 1992;
 - “interest in shares” has the same meaning as in Schedule 7AC to TCGA 1992 (see paragraph 29 of that Schedule);
 - “shares” includes stock.”
- (4) The amendments made by this section come into force in accordance with provision made by the Treasury by order.

Commencement Information

- II** S. 66 in force at 1.9.2013 for the purposes of the amendments made by that section, with effect in relation to disposals after that date by S.I. 2013/1815, art. 2

Capital allowances

F14 67 Allowances for energy-saving plant and machinery: Northern Ireland

Textual Amendments

- F14** S. 67 repealed (with effect in accordance with s. 33(5) of the amending Act) by Finance Act 2019 (c. 1), s. 33(2)(c)(x)(a)

68 Cars with low carbon dioxide emissions

- (1) In section 45D of CAA 2001 (first year qualifying expenditure on cars with low carbon dioxide emissions)—
 - (a) in subsection (1)(a), for “2013” substitute “2015”, and
 - (b) in subsection (4), for “110” substitute “95”.

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- ^{F15}(2)
- (3) In section 104AA of that Act (special rate expenditure: meaning of “main rate car”), in subsection (4) for “160” substitute “130”.
 - (4) Accordingly, in section 77 of FA 2008 omit—
 - (a) subsection (2), and
 - (b) subsection (3).
 - (5) The amendments made by subsections (1)(b), (2) and (4)(b) have effect in relation to expenditure incurred on or after 1 April 2013.
 - (6) The amendment made by subsection (3) has effect in relation to expenditure incurred on or after the relevant date.
 - (7) But in relation to expenditure incurred on the hiring of a car—
 - (a) for a period of hire which begins before the relevant date, and
 - (b) under a contract entered into before that date,
 section 49(1A) of ITTOIA 2005 and section 57(1A) of CTA 2009 apply on or after the relevant date as if the amendment made by subsection (3) did not have effect.
 - (8) “The relevant date” means—
 - (a) in the case of income tax, 6 April 2013, and
 - (b) in the case of corporation tax, 1 April 2013.

Textual Amendments

- F15** S. 68(2) repealed (with effect in accordance with s. 33(5) of the amending Act) by [Finance Act 2019](#) (c. 1), s. 33(2)(c)(x)(b)

69 Gas refuelling stations: extension of time limit for capital allowance

In section 45E(1)(a) of CAA 2001 (time limit for incurring of expenditure qualifying for first-year allowance), for “2013” substitute “2015”.

70 First-year allowance to be available for ships and railway assets

- (1) In section 46(2) of CAA 2001 (general exclusions from first-year allowance), omit—
 - (a) general exclusion 3 (ships), and
 - (b) general exclusion 4 (railway assets),
 and the italicised headings preceding them.
- (2) The amendments made by this section have effect for expenditure incurred on or after 1 April 2013.

71 Restrictions on buying capital allowances

Schedule 26 contains provision amending Chapter 16A of Part 2 of CAA 2001 (restrictions on allowance buying).

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72 Hire cars for disabled persons

- (1) In section 268D of CAA 2001 (hire cars for disabled persons), in subsection (2), after paragraph (a) insert—
 - “(aa) personal independence payment under the Welfare Reform Act 2012, or the corresponding provision having effect in Northern Ireland, because of entitlement to the mobility component,
 - (ab) armed forces independence payment under a scheme established under section 1 of the Armed Forces (Pensions and Compensation) Act 2004.”.
- (2) The amendment made by this section has effect in relation to expenditure incurred on or after 1 April 2013.

73 Contribution allowances: plant and machinery

- (1) Section 538 of CAA 2001 (contribution allowances: plant and machinery) is amended as follows.
- (2) In subsection (1), omit the “and” at the end of paragraph (a) and after that paragraph insert—
 - “(aa) C's contribution is to expenditure on the provision of plant or machinery, and”.
- (3) In subsection (2)—
 - (a) in paragraph (a), for “asset provided by means of C's contribution” substitute “ plant or machinery ”,
 - (b) in paragraph (b), for “asset” substitute “ plant or machinery ”, and
 - (c) in paragraph (c)—
 - (i) for “asset” substitute “ plant or machinery ”, and
 - (ii) after “times” insert “ plant or machinery ”.
- (4) The amendments made by this section have effect in relation to expenditure pooled, and to claims made, on or after 29 May 2013 (“the commencement date”).
- (5) In relation to such expenditure and claims, when determining for the purposes of section 536(3)(a) of CAA 2001 whether an allowance can be made under Chapter 2 of Part 11 of that Act, the amendments made by this section are to be treated as always having had effect.
- (6) Nothing in this section applies to a claim by a person for a contribution allowance under Part 2 of CAA 2001 in respect of a contribution made before the commencement date.
- (7) Subsection (8) applies if—
 - (a) expenditure which a person has been regarded as having incurred (despite section 532(1) of CAA 2001) by virtue of section 536(1) of that Act has been pooled by virtue of section 53 of that Act—
 - (i) on or after 1 January 2013 but before the commencement date, or
 - (ii) before 1 January 2013 in circumstances where no claim was made in respect of the expenditure before that date, and

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- (b) had the amendments made by this section had effect at the time the expenditure was incurred, that person would not have been regarded as having incurred that expenditure (“the relevant expenditure”).
- (8) Part 2 of CAA 2001 has effect as if an event had occurred as a result of which the person is required to bring into account as a disposal receipt under that Part, for the chargeable period in which the commencement date falls, a disposal value of an amount equal to E-A.
- (9) For the purposes of subsection (8)—
 E is the amount of the relevant expenditure, and
 A is the total amount of writing-down allowances made in respect of the relevant expenditure.
- (10) For the purpose of calculating A, the total amount of writing-down allowances made in respect of expenditure on an item of plant or machinery is to be determined as if that item were the only item of plant or machinery in relation to which Chapter 5 of Part 2 of CAA 2001 had effect.
- (11) The event mentioned in subsection (8) is not to be regarded as a disposal event for the purposes of section 60(3) of CAA 2001.

Miscellaneous

74 Community investment tax relief

Schedule 27 makes provision about community investment tax relief.

75 Lease premium relief

Schedule 28 makes provision in relation to relief for lease premiums.

76 Manufactured payments: stock lending arrangements

- (1) Section 596 of ITA 2007 (deemed manufactured payments: stock lending arrangements) is amended in accordance with subsections (2) and (3).
- (2) For subsection (1) substitute—
 “(1) This section applies if conditions A to C are met.
 (1A) Condition A is that there is a stock lending arrangement in respect of securities.
 (1B) Condition B is that a dividend or interest on the securities is paid, as a result of the arrangement, to a person other than the person who is the lender under the arrangement.
 (1C) Condition C is that—
 (a) no provision is made for securing that the lender receives payments representative of the dividend or interest, or
 (b) provision is made for securing that the lender receives—
 (i) payments representative of the dividend or interest, and

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- (ii) another benefit in respect of the dividend or interest (including the release of the whole or part of any liability to pay an amount).”
- (3) In subsection (2), for paragraph (a) substitute—
 - “(a) were required, under the arrangement—
 - (i) in a case falling within paragraph (a) of subsection (1C), to pay the lender an amount representative of the dividend or interest, or
 - (ii) in a case falling within paragraph (b) of that subsection, to pay the lender an amount representative of the dividend or interest but deducting from that amount any payment mentioned in sub-paragraph (i) of that paragraph on which tax has been, or is to be, charged, and”.
- (4) Section 812 of CTA 2010 (deemed manufactured payments: stock lending arrangements) is amended in accordance with subsections (5) to (7).
- (5) For subsection (1) substitute—
 - “(1) This section applies if conditions A to C are met.
 - (1A) Condition A is that there is a stock lending arrangement in respect of securities.
 - (1B) Condition B is that a dividend or interest on the securities is paid, as a result of the arrangement, to a person other than the person who is the lender under the arrangement.
 - (1C) Condition C is that—
 - (a) no provision is made for securing that the lender receives payments representative of the dividend or interest, or
 - (b) provision is made for securing that the lender receives—
 - (i) payments representative of the dividend or interest, and
 - (ii) another benefit in respect of the dividend or interest (including the release of the whole or part of any liability to pay an amount).”
- (6) In subsection (2), for paragraph (a) substitute—
 - “(a) were required, under the arrangement—
 - (i) in a case falling within paragraph (a) of subsection (1C), to pay the lender an amount representative of the dividend or interest, or
 - (ii) in a case falling within paragraph (b) of that subsection, to pay the lender an amount representative of the dividend or interest but deducting from that amount any payment mentioned in sub-paragraph (i) of that paragraph on which tax has been, or is to be, charged, and”.
- (7) After subsection (6) insert—
 - “(7) This section has effect regardless of section 358 of CTA 2009 (exclusion of credits on release of connected companies debts) or any other provision of Part

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5 of that Act (loan relationships) which prevents a credit from being brought into account.”

- (8) The amendments made by this section have effect in relation to cases in which a dividend or interest is paid, or is treated as paid, on or after 5 December 2012.

77 **Manufactured payments: general**

Schedule 29 contains provision for, and in connection with, the application of the Tax Acts to manufactured payment relationships and payments representative of dividends and interest.

78 **Relationship between rules prohibiting and allowing deductions**

- (1) In section 31 of ITTOIA 2005 (trade profits: relationship between rules prohibiting and allowing deductions)—

- (a) after subsection (1) insert—

“(1A) But, if the relevant permissive rule would allow a deduction in calculating the profits of a trade in respect of an amount which arises directly or indirectly in consequence of, or otherwise in connection with, relevant tax avoidance arrangements, that rule—

- (a) does not have priority under subsection (1)(a), and
 (b) is subject to any relevant prohibitive rule in this Part (and to the provisions mentioned in subsection (1)(b)).”, and”

- (b) after subsection (3) insert—

“(4) In this section “relevant tax avoidance arrangements” means arrangements—

- (a) to which the person carrying on the trade is a party, and
 (b) the main purpose, or one of the main purposes, of which is the obtaining of a tax advantage (within the meaning of section 1139 of CTA 2010).

“Arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).”

- (2) In section 274 of ITTOIA 2005 (property businesses: relationship between rules prohibiting and allowing deductions)—

- (a) after subsection (1) insert—

“(1A) But, if the relevant permissive rule would allow a deduction in calculating the profits of a property business in respect of an amount which arises directly or indirectly in consequence of, or otherwise in connection with, relevant tax avoidance arrangements, that rule—

- (a) does not have priority under subsection (1)(a), and
 (b) is subject to any relevant prohibitive rule in this Part (and to the provisions mentioned in subsection (1)(b)).”, and”

- (b) after subsection (3) insert—

“(3A) In this section “relevant tax avoidance arrangements” means arrangements—

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- (a) to which the person carrying on the property business is a party, and
- (b) the main purpose, or one of the main purposes, of which is the obtaining of a tax advantage (within the meaning of section 1139 of CTA 2010).

“Arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).”

- (3) In section 51 of CTA 2009 (trade profits: relationship between rules prohibiting and allowing deductions)—

- (a) after subsection (1) insert—

“(1A) But, if the relevant permissive rule would allow a deduction in calculating the profits of a trade in respect of an amount which arises directly or indirectly in consequence of, or otherwise in connection with, relevant tax avoidance arrangements, that rule—

- (a) does not have priority under subsection (1)(a), and
- (b) is subject to any relevant prohibitive rule (and to the provisions mentioned in subsection (1)(b)).”, and

- (b) after subsection (3) insert—

“(4) In this section “relevant tax avoidance arrangements” means arrangements—

- (a) to which the company carrying on the trade is a party, and
- (b) the main purpose, or one of the main purposes, of which is the obtaining of a tax advantage (within the meaning of section 1139 of CTA 2010).

“Arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).”

- (4) In section 214 of CTA 2009 (property businesses: relationship between rules prohibiting and allowing deductions)—

- (a) after subsection (1) insert—

“(1A) But, if the relevant permissive rule would allow a deduction in calculating the profits of a property business in respect of an amount which arises directly or indirectly in consequence of, or otherwise in connection with, relevant tax avoidance arrangements, that rule—

- (a) does not have priority under subsection (1)(a), and
- (b) is subject to any relevant prohibitive rule (and to the provisions mentioned in subsection (1)(b)).”, and

- (b) after subsection (3) insert—

“(3A) In this section “relevant tax avoidance arrangements” means arrangements—

- (a) to which the company carrying on the property business is a party, and
- (b) the main purpose, or one of the main purposes, of which is the obtaining of a tax advantage (within the meaning of section 1139 of CTA 2010).

Status: Point in time view as at 06/04/2024.

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“Arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).”

- (5) The amendments made by this section have effect in relation to deductions in respect of amounts which arise directly or indirectly in consequence of, or otherwise in connection with—
- (a) arrangements which are entered into on or after 21 December 2012, or
 - (b) any transaction forming part of arrangements which is entered into on or after that date.
- (6) But those amendments do not have effect where the arrangements are, or any such transaction is, entered into pursuant to an unconditional obligation in a contract made before that date.
- (7) “An unconditional obligation” means an obligation which may not be varied or extinguished by the exercise of a right (whether under the contract or otherwise).

79 Close companies

Schedule 30 (which makes provision about close companies) has effect.

PART 2

OIL

Decommissioning relief agreements

80 Decommissioning relief agreements

- (1) There are to be paid out of money provided by Parliament any sums which a Minister of the Crown is liable to pay under a decommissioning relief agreement.
- (2) A “decommissioning relief agreement” is an agreement which—
- (a) is made between a Minister of the Crown and a qualifying company, and
 - (b) provides that, in such circumstances as are specified in the agreement, if the amount of tax relief in respect of any decommissioning expenditure incurred by that or another qualifying company is less than an amount determined in accordance with the agreement (“the reference amount”), the difference is payable to the company that incurred the expenditure.
- (3) “Qualifying company” means—
- (a) any company that has at any time carried on a ring fence trade,
 - (b) any company that is associated with a company carrying on a ring fence trade,
 - (c) any company that has at any time been associated with a company that was carrying on a ring fence trade at that time, and
 - (d) in the case of decommissioning expenditure incurred in connection with any plant or machinery, or any land, situated in the UK sector of a cross-boundary field, any company that is a party to a joint operating agreement or unitisation agreement in relation to that field.

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- (4) For the purposes of subsection (2)(b) the amount of tax relief in respect of any decommissioning expenditure is to be determined in accordance with the agreement; and in making such a determination tax relief in respect of expenditure incurred by the qualifying company that is not decommissioning expenditure may, in such circumstances as are specified in the agreement, be treated as if it were tax relief in respect of decommissioning expenditure.
- (5) A payment made to a company under a decommissioning relief agreement is not to be regarded as income or a gain of the company for any purpose of the Tax Acts.
- (6) Section 18(1) of CRCA 2005 (restriction on disclosure by Revenue and Customs officials) does not prevent—
- (a) disclosure to a Minister of the Crown for the purpose of enabling the Minister of the Crown to determine the extent of any liability under a decommissioning relief agreement, or
 - (b) disclosure to a company that has rights under a decommissioning relief agreement for the purpose of enabling the company to determine the reference amount.
- (7) In this section—
- “company” has the meaning given by section 1121 of CTA 2010,
 - “cross-boundary field” has the meaning given by section 10(9) of the Petroleum Act 1998,
 - “decommissioning expenditure” has the meaning given by section 81,
 - “Minister of the Crown” includes the Treasury,
 - “ring fence trade” has the same meaning as in Part 8 of CTA 2010 (see section 277 of that Act),
 - “the UK sector of a cross-boundary field” means that part of a cross-boundary field lying within the UK marine area (as defined by section 42 of the Marine and Coastal Access Act 2009), and
 - “unitisation agreement” has the meaning given by paragraph 1(2) of Schedule 17 to FA 1980.
- (8) Subsections (8) to (9) of section 30 of the Petroleum Act 1998 (which specifies when one body corporate is associated with another) apply for the purposes of this section as they apply for the purposes of that section.

81 Meaning of “decommissioning expenditure”

- (1) In section 80 “decommissioning expenditure” means expenditure incurred in connection with—
- (a) demolishing any plant or machinery,
 - (b) preserving any plant or machinery pending its reuse or demolition,
 - (c) preparing any plant or machinery for reuse,
 - (d) arranging for the reuse of any plant or machinery, or
 - (e) the restoration of any land.
- (2) It is immaterial for the purposes of subsection (1)(b) whether the plant or machinery is reused, is demolished or is partly reused and partly demolished.
- (3) It is immaterial for the purposes of subsection (1)(c) and (d) whether the plant or machinery is in fact reused.

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- (4) In subsection (1)(e) “restoration” includes landscaping.
- (5) The Treasury may by order amend this section.
- (6) An order under subsection (5) may include transitional provision and savings.
- (7) The power to make an order under subsection (5) is exercisable by statutory instrument.
- (8) A statutory instrument containing an order under subsection (5) is subject to annulment in pursuance of a resolution of the House of Commons.

82 Annual report

- (1) For each financial year the Treasury must prepare a report containing the information in subsection (2).
- (2) The information is—
 - (a) the number of decommissioning relief agreements entered into in that year,
 - (b) the total number of decommissioning relief agreements in force at the end of that year,
 - (c) the number of payments made under any decommissioning relief agreements during that year, and the amount of each payment,
 - (d) the total number of payments that have been made under any decommissioning relief agreements as at the end of that year, and the total amount of those payments, and
 - (e) an estimate of the maximum amount liable to be paid under any decommissioning relief agreements.
- (3) The report for a financial year must be laid before the House of Commons as soon as is reasonably practicable after the end of that year.
- (4) In this section “decommissioning relief agreement” has the same meaning as in section 80.
- (5) This section has effect in relation to financial years ending on or after 31 March 2014.

83 Effect of claim on PRT

- (1) This section applies where a sum is payable to a company (“the claimant”) under a decommissioning relief agreement.
- (2) Subsection (3) applies where the reference amount is calculated by reference to what the claimant's assessable profit in any chargeable period would be if any expenditure incurred by it were used to reduce its profit in a particular way (rather than in any way that it has in fact been used).
- (3) For the purposes of petroleum revenue tax—
 - (a) the expenditure is treated as having been used to reduce the claimant's profit in that way (rather than in any way that it has in fact been used), and
 - (b) the claimant is treated as if it had received the tax relief it would receive if its profit were reduced in that way (so no repayment of tax is to be made by virtue of this subsection).

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- (4) Subsection (5) applies where the reference amount is calculated by reference to what any other company's assessable profit in any chargeable period would be if any expenditure incurred by the claimant—
- (a) had been incurred by the other company, and
 - (b) were used to reduce the other company's profit in a particular way.
- (5) For the purposes of petroleum revenue tax—
- (a) the expenditure is treated as incurred by the other company (and not the claimant),
 - (b) the expenditure is treated as having been used by the other company to reduce its profit in that way, and
 - (c) the other company is treated as if it had received the tax relief it would receive if its profit were reduced in that way (so no repayment of tax is to be made by virtue of this subsection).
- (6) In this section—
- “assessable profit” and “chargeable period” have the same meaning as in Part 1 of OTA 1975,
 - “company” has the meaning given by section 1121 of CTA 2010,
 - “decommissioning relief agreement” has the same meaning as in section 80, and
 - “the reference amount” means the reference amount (within the meaning of that section) that relates to the sum mentioned in subsection (1).

84 Terminal losses accruing by virtue of another's default

- (1) This section applies where—
- (a) a company defaults on a liability under—
 - (i) a relevant agreement, or
 - (ii) an abandonment programme,to make a payment towards decommissioning expenditure in respect of an oil field,
 - (b) in consequence of the default, another company (“the other company”) that has rights under a decommissioning relief agreement at the time of the default incurs decommissioning expenditure in respect of that oil field, and
 - (c) but for paragraph 15 of Schedule 17 to FA 1980 (terminal losses), a sum (or a sum of a greater amount) would be payable to the other company under the decommissioning relief agreement.
- (2) Paragraph 15 of Schedule 17 to FA 1980 does not apply in relation to any allowable loss accruing to the other company from that oil field.
- (3) Any allowable unrelievable field loss (within the meaning of section 6 of OTA 1975) that—
- (a) consists of the unrelieved portion of an allowable loss within subsection (2), and
 - (b) would (in the absence of this subsection) arise as a result of subsection (2), is not to be regarded as arising.
- (4) Nothing in this section affects the operation of section 83(3) or (5).

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(5) In this section—

“abandonment programme” means an abandonment programme approved under Part 4 of the Petroleum Act 1998 (including such a programme as revised),

“company” has the meaning given by section 1121 of CTA 2010,

“decommissioning expenditure” has the same meaning as in section 80,

“decommissioning relief agreement” has the same meaning as in that section,

“oil field” has the same meaning as in OTA 1975,

“relevant agreement” has the meaning given by section 104(5)(a) of FA 1991, and

“unrelieved portion”, in relation to an allowable loss, is to be read in accordance with section 6 of OTA 1975.

85 Claims under agreement not to affect oil allowance

(1) This section applies where—

(a) a company defaults on a liability under—

(i) a relevant agreement, or

(ii) an abandonment programme,

to make a payment towards decommissioning expenditure in respect of an oil field,

(b) in consequence of the default, another company that has rights under a decommissioning relief agreement at the time of the default incurs decommissioning expenditure in respect of that oil field, and

(c) by virtue of section 83, any expenditure incurred by that company (whether or not that decommissioning expenditure) is treated as having been used by that company or any other company (“the affected company”) to reduce its assessable profit in a chargeable period in a particular way.

(2) If, in the absence of section 83, the assessable profit accruing to the affected company from an oil field in that chargeable period would be reduced under section 8(1) of OTA 1975, the amount of the oil allowance for the oil field utilised by the affected company in that chargeable period for the purposes of section 8 of that Act is to be determined as if section 83 did not apply.

(3) In this section—

“abandonment programme” means an abandonment programme approved under Part 4 of the Petroleum Act 1998 (including such a programme as revised),

“company” has the meaning given by section 1121 of CTA 2010,

“decommissioning expenditure” has the same meaning as in section 80,

“decommissioning relief agreement” has the same meaning as in that section,

“oil field” has the same meaning as in OTA 1975, and

“relevant agreement” has the meaning given by section 104(5)(a) of FA 1991.

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Decommissioning security settlements

86 Removal of IHT charges in respect of decommissioning security settlements

- (1) In Chapter 3 of Part 3 of IHTA 1984 (settled property: settlements without interests in possession etc), section 58 (relevant property) is amended as follows.
- (2) In subsection (1), omit the “and” at the end of paragraph (ea) and before paragraph (f) insert—
 - “(eb) property comprised in a decommissioning security settlement; and”.
- (3) At the end insert—
 - “(6) For the purposes of subsection (1)(eb) above a settlement is a “decommissioning security settlement” if the sole or main purpose of the settlement is to provide security for the performance of obligations under an abandonment programme.
 - (7) In subsection (6)—
 - “abandonment programme” means an abandonment programme approved under Part 4 of the Petroleum Act 1998 (including such a programme as revised);
 - “security” has the same meaning as in section 38A of that Act.”
- (4) This section is treated as having come into force on 20 March 1993.
- (5) For the purposes of section 58 of IHTA 1984—
 - (a) any reference in that section to Part 4 of the Petroleum Act 1998 has effect, in relation to any period before the coming into force of that Part, as a reference to Part 1 of the Petroleum Act 1987, and
 - (b) section 38A of the Petroleum Act 1998 is to be treated as having come into force at the same time as this section.
- (6) There is to be no charge to tax under section 65 of IHTA 1984 if the only reason for such a charge would be that property ceases to be relevant property by virtue of the coming into force of this section.

87 Loan relationships arising from decommissioning security settlements

- (1) In Part 8 of CTA 2010 (oil activities), after section 287 insert—

“287A Restriction where debits or credits relate to decommissioning security settlement

- (1) No debits or credits are to be brought into account for the purposes of Part 5 of CTA 2009 (loan relationships) in respect of a company's loan relationship so far as the loan relationship is in respect of property comprised in a decommissioning security settlement.
- (2) For the purposes of this section a settlement is a “decommissioning security settlement” if the sole or main purpose of the settlement is to provide security for the performance of obligations under an abandonment programme.
- (3) In subsection (2)—

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“abandonment programme” means an abandonment programme approved under Part 4 of the Petroleum Act 1998 (including such a programme as revised), and

“security” has the same meaning as in section 38A of that Act.”

- (2) In section 464 of CTA 2009 (priority of Part 5 for corporation tax purposes), in subsection (3)(e), for “and 287” substitute “ to 287A ”.
- (3) The amendments made by this section have effect in relation to accounting periods beginning on or after the day on which this Act is passed.

Decommissioning expenditure etc

88 Decommissioning expenditure taken into account for PRT purposes

- (1) Section 330B of CTA 2010 (decommissioning expenditure taken into account for PRT purposes) is amended as follows.
- (2) In subsection (1), omit the “and” at the end of paragraph (a) and after paragraph (b) insert “, and
- (c) an amount equal to the appropriate fraction of the used-up amount of that expenditure is added under section 330A(2) in calculating the participator's adjusted ring fence profits for an accounting period.”
- (3) For subsection (2) substitute—
- “(2) In calculating for the purposes of section 330(1) the amount of the participator's adjusted ring fence profits for the accounting period, there is to be deducted the amount given by—

$$RP \times AF \times D$$

where—

RP is the relevant percentage of the decommissioning expenditure,

AF is the appropriate fraction, and

D is the PRT difference.”

- (4) In subsection (3)—
- (a) before the definition of “the appropriate fraction” insert—
- ““the relevant percentage of the decommissioning expenditure” is the percentage of that expenditure that is the used-up amount referred to in subsection (1)(c),”;
- (b) in the definition of “the appropriate fraction”, omit “relevant”;
- (c) in the definition of “the PRT difference”, for “subsection (1)” substitute “ subsection (1)(a) ”.
- (5) In subsection (4), for “subsection (1)” substitute “ subsection (1)(a) ”.
- (6) In subsection (7)—
- (a) omit the definition of “the relevant accounting period”, and

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(b) at the end insert—

““the used-up amount”, in relation to any expenditure, has the same meaning as in section 330A (see subsection (3) of that section).”

(7) The amendments made by this section have effect in relation to expenditure incurred in connection with decommissioning carried out on or after the day on which this Act is passed.

89 Miscellaneous amendments relating to decommissioning

- (1) Part 1 of Schedule 31 contains provision about expenditure on and under abandonment guarantees and abandonment expenditure.
- (2) Part 2 of Schedule 31 contains provision about calculating the profits of a ring fence trade carried on by a person who incurs expenditure on meeting another person's decommissioning liabilities.

Capital allowances

90 Expenditure on decommissioning onshore installations

- (1) Section 163 of CAA 2001 (meaning of “general decommissioning expenditure”) is amended as follows.
- (2) In subsection (1)—
 - (a) the words after “if” become paragraph (a) of that subsection,
 - (b) in that paragraph, for “subsections (3) to (4)” substitute “subsections (3), (3A) and (4)”, and
 - (c) at the end of that paragraph insert “, or
 - (b) the conditions in subsections (3B) and (4) are met.”
- (3) After subsection (3A) insert—

“(3B) The expenditure must have been incurred on decommissioning plant or machinery—

 - (a) which has been brought into use wholly or partly for the purposes of a ring fence trade, and
 - (b) which—
 - (i) is, or forms part of, a relevant onshore installation, or
 - (ii) when last in use for the purposes of a ring fence trade, was, or formed part of, such an installation.
- (3C) In subsection (3B) “relevant onshore installation” means any building or structure which—
 - (a) falls within any of sub-paragraphs (ii) to (iv) of section 3(4)(c) of OTA 1975,
 - (b) is not an offshore installation, and
 - (c) is or has been used for purposes connected with the winning of oil from an oil field any part of which lies within—
 - (i) the boundaries of the territorial sea of the United Kingdom, or

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(ii) an area designated under section 1(7) of the Continental Shelf Act 1964.”

- (4) In subsection (5)(a), for “ “oil field” has” substitute “ “oil” and “oil field” have”.
- (5) The amendments made by this section have effect in relation to expenditure incurred on decommissioning carried out on or after the day on which this Act is passed.

91 Expenditure on decommissioning certain redundant plant or machinery

- (1) In section 164 of CAA 2001 (general decommissioning expenditure incurred before cessation of ring fence trade), after subsection (1B) insert—

“(1C) If the plant or machinery concerned is incidentally-acquired redundant plant or machinery (see subsection (1D)), it is to be regarded for the purposes of this section as having been brought into use for the purposes of the ring fence trade.

(1D) Plant or machinery is “incidentally-acquired redundant plant or machinery” if—

- (a) it has not been brought into use for the purposes of the ring fence trade,
- (b) it forms part of a relevant installation (see subsection (1E)) which has been brought into use for the purposes of the ring fence trade,
- (c) at the time R acquired an interest in the relevant installation, the plant or machinery was not being used for any purposes, and
- (d) the acquisition of the interest in the plant or machinery was merely incidental to the acquisition of the interest in the relevant installation.

(1E) For the purposes of subsection (1D)—

“relevant installation” means—

- (a) an offshore installation,
- (b) a submarine pipeline, or
- (c) a relevant onshore installation;

“offshore installation” and “submarine pipeline” have the same meaning as in Part 4 of the Petroleum Act 1998;

“relevant onshore installation” has the meaning given by section 163(3C).”

- (2) The amendment made by this section has effect in relation to expenditure incurred on decommissioning carried out on or after the day on which this Act is passed.

92 Expenditure on site restoration

- (1) Part 5 of CAA 2001 (mineral extraction allowances) is amended as follows.
- (2) In section 395 (qualifying expenditure), in subsection (1)(d), omit “post-trading”.
- (3) In section 403 (qualifying expenditure on acquiring a mineral asset), after subsection (2) insert—

“(2A) For the purposes of this section the reference to expenditure on acquiring a mineral asset does not include expenditure incurred on the restoration of a relevant site (within the meaning of section 416 or 416ZA).”

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- (4) In section 416 (expenditure on restoration within 3 years of ceasing to trade)—
- (a) in subsections (1)(a) and (6)(a), before “mineral extraction trade” insert “relevant”;
 - (b) in subsection (5), at the end insert—

“But it does not include decommissioning any plant or machinery (within the meaning of section 163).”;
 - (c) after subsection (7) insert—

“(7A) Relevant mineral extraction trade” means a mineral extraction trade that is not a ring fence trade within the meaning of Part 8 of CTA 2010 (see section 277 of that Act).”;
 - (d) the heading of section 416 becomes “**Non-ring fence trades: expenditure on restoration within 3 years of ceasing to trade**”.
- (5) In Chapter 5, after section 416 insert—

“416ZA Ring fence trades: expenditure on site restoration

- (1) If—
- (a) a person who is carrying on, or has ceased to carry on, a ring fence trade incurs expenditure on the restoration of a relevant site,
 - (b) that part of the restoration work to which the expenditure relates has been carried out, and
 - (c) the expenditure has not been deducted in calculating for tax purposes the profits of any trade carried on by the person,
- the net cost of the restoration is qualifying expenditure for the relevant period in which that part of the work to which the expenditure relates was carried out.
- (2) “Relevant period” means—
- (a) in the case of restoration work carried out while the person is carrying on the trade, a chargeable period, and
 - (b) in the case of restoration work carried out after the person has ceased to carry on the trade, a notional accounting period.
- For the meaning of “notional accounting period”, see section 416ZB.
- (3) The qualifying expenditure for a notional accounting period is treated as incurred on the last day of trading.
- (4) If the amount of expenditure incurred on any part of the restoration work carried out in a relevant period is disproportionate to that part of the restoration work, only so much of the net cost of the restoration as is proportionate to that part of the restoration work (the “allowable expenditure for the period”) is to be treated as qualifying expenditure for that period.
- (5) But subsection (4) does not prevent that part of the expenditure that is not allowable expenditure for the period from being treated as qualifying expenditure for a subsequent relevant period.
- (6) If any expenditure incurred by a person is qualifying expenditure under this section—

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- (a) the whole of the expenditure on the restoration (not just the net cost) is not deductible in calculating the person's income for any tax purposes, and
 - (b) none of the amounts subtracted to produce the net cost is to be treated as the person's income for any tax purposes.
- (7) “Restoration” includes—
- (a) landscaping,
 - (b) in relation to land in the United Kingdom, the carrying out of any works required as a condition of granting planning permission for development relating to the winning of oil from an oil field,
 - (c) in relation to land in the UK marine area, the carrying out of any works required in order to comply with—
 - (i) an approved abandonment programme,
 - (ii) a condition to which the approval of an abandonment programme is subject, or
 - (iii) a requirement imposed by the Secretary of State, or an agreement made with the Secretary of State, in relation to a relevant site, and
 - (d) in relation to land in a foreign sector of the continental shelf, the carrying out of any works required in order to comply with anything corresponding to a matter within paragraph (c)(i), (ii) or (iii) under the law of a territory outside the United Kingdom.
- But it does not include decommissioning any plant or machinery (within the meaning of section 163).
- (8) A “relevant site” means—
- (a) the site of a source to the working of which the ring fence trade relates (or related), or
 - (b) land used in connection with working such a source.
- (9) “The net cost of the restoration” means the expenditure incurred on the restoration less any amounts that—
- (a) are received, or are to be received, by the person, and
 - (b) are attributable to the restoration of the relevant site.
- (10) All such adjustments are to be made, by way of discharge or repayment of tax or otherwise, as are necessary to give effect to this section.
- (11) In this section—
- “abandonment programme”, “approval” and “approved” (in relation to an abandonment programme) have the same meaning as in Part 4 of the Petroleum Act 1998,
 - “foreign sector of the continental shelf” means an area within which rights are exercisable with respect to the sea bed and subsoil and their natural resources by a territory outside the United Kingdom,
 - “oil” and “oil field” have the same meaning as in Part 1 of OTA 1975,
 - “ring fence trade” has the same meaning as in Part 8 of CTA 2010 (see section 277 of that Act), and
 - “UK marine area” has the meaning given by section 42 of the Marine and Coastal Access Act 2009.

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416ZB “Notional accounting period”

- (1) For the purposes of section 416ZA “notional accounting period”, in relation to a person (“the former trader”) who has ceased to carry on a ring fence trade, means each of the following periods—
 - (a) the period that—
 - (i) begins with the day following the last day on which the former trader carried on the ring fence trade, and
 - (ii) ends with the day on which the first termination event subsequently occurs, and
 - (b) each period that—
 - (i) begins with the day following the last day of a period determined under paragraph (a) or this paragraph, and
 - (ii) ends with the day on which the first termination event subsequently occurs.
- (2) But there are to be no notional accounting periods after the end of the post-cessation period (see subsection (4)).
- (3) “Termination event”, in relation to a notional accounting period, means each of the following—
 - (a) the end of the period of 12 months beginning with the first day of the notional accounting period,
 - (b) the occurrence of an accounting date of the former trader or, if there is a period for which the former trader does not make up accounts, the end of that period (but see subsections (6) and (7)), and
 - (c) the end of the post-cessation period.
- (4) “The post-cessation period” means the period that—
 - (a) begins with the day following the last day on which the former trader carried on the ring fence trade, and
 - (b) ends with the day on which the appropriate authority is satisfied that the restoration of the relevant site has been completed.
- (5) In subsection (4) “the appropriate authority” means—
 - (a) in the case of restoration falling within section 416ZA(7)(c), the Secretary of State, and
 - (b) in any other case, such person or body as the Commissioners for Her Majesty's Revenue and Customs may specify.
- (6) If the former trader—
 - (a) carries on more than one trade,
 - (b) makes up accounts of any of them to different dates, and
 - (c) does not make up general accounts for the whole of the former trader's activities,subsection (3)(b) applies with reference to the accounting date of such one of the trades as the former trader may determine.
- (7) If the Commissioners for Her Majesty's Revenue and Customs are of the opinion, on reasonable grounds, that a date determined by the former trader for the purposes of subsection (6) is inappropriate, the Commissioners may

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by notice direct that the accounting date of such other of the trades referred to in that subsection as appears to the Commissioners to be appropriate is to be used instead.

- (8) Expressions used in this section and in section 416ZA have the same meaning in this section as they do in that section.”
- (6) In section 416B (first-year qualifying expenditure), in subsection (2), at the end insert “ (within the meaning of section 403) ”.
- (7) Part 4 of CTA 2010 (loss relief) is amended as follows.
- (8) In section 40 (ring fence trades: extension of periods for which relief may be given), in subsection (1)(b), for “403” substitute “ by virtue of section 416ZA ”.
- (9) In section 43 (claim period in case of ring fence or mineral extraction trades), in subsection (1)(b)—
- (a) after “416” insert “ or 416ZA ”, and
 - (b) for the words from “restoration” to “trade” substitute “ site restoration ”.
- (10) The amendments made by this section have effect in relation to expenditure incurred on restoration carried out on or after the day on which this Act is passed.

93 Restrictions on allowances for certain oil-related expenditure

Schedule 32 contains provision in connection with restrictions on allowances for certain oil-related expenditure.

PART 3

ANNUAL TAX ON ENVELOPED DWELLINGS

Modifications etc. (not altering text)

- C1 Pt. 3 applied (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), s. 223(8)(9)(e)
- C2 Pt. 3 modified (temp.) (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), [Sch. 24 para. 2](#)

The charge to tax

94 Charge to tax

- (1) A tax (called “annual tax on enveloped dwellings”) is to be charged in accordance with this Part.
- (2) Tax is charged in respect of a chargeable interest if on one or more days in a chargeable period—
- (a) the interest is a single-dwelling interest and has a taxable value of more than [F16£500,000], and
 - (b) a company, partnership or collective investment scheme meets the ownership condition with respect to the interest.
- (3) The tax is charged for the chargeable period concerned.

Status: Point in time view as at 06/04/2024.

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- (4) A company meets the ownership condition with respect to a single-dwelling interest on any day on which the company is entitled to the interest (otherwise than as a member of a partnership or for the purposes of a collective investment scheme).
- (5) A partnership meets the ownership condition with respect to a single-dwelling interest on any day on which a member of the partnership that is a company is entitled to the interest (as a member of the partnership).
- (6) A collective investment scheme meets the ownership condition with respect to a single-dwelling interest on any day on which the interest is held for the purposes of the scheme.
- (7) If a company is jointly entitled to a chargeable interest (as a member of a partnership or otherwise), then regardless of whether the company is entitled as a joint tenant or tenant in common (or, in Scotland, as a joint owner or owner in common) the ownership condition is regarded as met in relation to the whole chargeable interest.
- (8) The chargeable periods are—
 - (a) the period beginning with 1 April 2013 and ending with 31 March 2014, and
 - (b) each subsequent period of 12 months beginning with 1 April.
- (9) See also section 95.

Textual Amendments

F16 Words in s. 94(2)(a) substituted (1.4.2016) (with effect in accordance with s. 110(4) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 110\(2\)](#)

95 Entitlement to interests

- (1) In this Part “entitled” means beneficially entitled—
 - (a) whether solely or jointly with another person, and
 - (b) whether as a member of a partnership or otherwise.This is subject to subsection (2).
- (2) References in this Part to entitlement to a single-dwelling interest (or any other chargeable interest) do not include—
 - (a) entitlement in the capacity of a trustee or personal representative, or
 - (b) entitlement as a beneficiary under a settlement.
- (3) Subsection (1)(b) does not apply where the contrary is specified.
- (4) In this section “settlement” has the same meaning as in Part 4 of FA 2003 (see paragraph 1 of Schedule 16 to that Act).

96 Person liable

- (1) The chargeable person is liable to pay tax charged under this Part.
- (2) “The chargeable person” means—
 - (a) in relation to tax charged by virtue of section 94(4), the company;
 - (b) in relation to tax charged by virtue of section 94(5), the responsible partners.

Status: Point in time view as at 06/04/2024.

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- (3) In relation to tax charged by virtue of section 94(6) “the chargeable person” means—
- (a) if the collective investment scheme is a unit trust scheme, the trustee of the scheme;
 - (b) if the collective investment scheme is an open-ended investment company, the body corporate referred to in section 236(2) of the Financial Services and Markets Act 2000;
 - (c) in relation to an EEA UCITS which is not an open-ended investment company or unit trust scheme, the management company for that UCITS;
 - (d) in any other case, the person who has day-to-day control over the management of the property subject to the scheme.
- (4) The liability of the responsible partners to pay tax charged on them under this Part is joint and several.
- (5) References in this section to “the responsible partners” are to all the persons who are members of the partnership concerned on the first day in the chargeable period on which the partnership meets the ownership condition with respect to the single-dwelling interest.
- (6) Tax charged under this Part is said to be “charged on” the chargeable person (and that person is said to be “chargeable to” the tax).

97 Liability of persons jointly entitled

- (1) Subsection (2) applies if—
- (a) a company is within the charge for a chargeable period with respect to a single-dwelling interest by virtue of section 96(2)(a), and
 - (b) one or more other persons are jointly entitled to the interest on the first day in that period on which the company is within the charge with respect to it.
- (2) The company and the other person or persons are jointly and severally liable for the tax charged for that period with respect to the interest (whether or not those other persons are also within the charge with respect to the interest on the day in question).
- (3) Subsection (4) applies if—
- (a) a company that is a member of a partnership is entitled (as a member of the partnership) to a single-dwelling interest on a day in a chargeable period, and
 - (b) as a result, the responsible partners are within the charge with respect to the interest for the period.
- (4) If, on the first day in the chargeable period on which the responsible partners are within the charge a person (“P”) who is not one of the responsible partners is jointly entitled to the chargeable interest, P and the responsible partners are jointly and severally liable for the tax charged for the period with respect to the interest (whether or not P is also within the charge with respect to the interest on the day in question).

98 Collective investment schemes: liability for and collection of tax

- (1) Subsection (2) applies where tax is charged for a chargeable period with respect to a single-dwelling interest by virtue of section 94(6).

Status: Point in time view as at 06/04/2024.

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- (2) The persons who are major participants in the scheme on the first day of the chargeable period on which the chargeable person is within the charge with respect to the interest are jointly and severally liable with the chargeable person for the tax charged.
- (3) Subsection (2) does not permit the recovery from a major participant of an amount exceeding the market value of the participant's holding in the scheme.
- (4) The reference in subsection (3) to a participant's holding in a collective investment scheme is to the interests or rights by virtue of which the participant takes part in the scheme.
- (5) Tax chargeable by virtue of section 94(6) may be recovered from the depositary (if any) of a collective investment scheme, but only up to the amount or value of any money or other property subject to the scheme that has been entrusted to the depositary for safekeeping.
- (6) The depositary—
 - (a) may retain out of any money entrusted to it as mentioned in subsection (5) enough money to pay that tax, and
 - (b) is entitled to be fully reimbursed by the participants in the scheme (by that method or another) for amounts recovered under subsection (5).
- (7) In this section—
 - (a) “depositary”, in relation to a collective investment scheme (other than a unit trust scheme), has the meaning given by section 237(2) of the Financial Services and Markets Act 2000;
 - (b) “major participant”, in relation to a collective investment scheme, is to be read in accordance with section 136(4);
 - (c) “participant”, in relation to a collective investment scheme, is to be read in accordance with section 235 of the Financial Services and Markets Act 2000.
- (8) For the purposes of this Part “market value” is to be determined as for the purposes of TCGA 1992 (see, particularly, section 272 of that Act).

99 Amount of tax chargeable

- (1) The amount of tax charged for a chargeable period with respect to a single-dwelling interest is stated in subsection (2) or (3).
- (2) If the chargeable person is within the charge with respect to the single-dwelling interest on the first day of the chargeable period, the amount of tax charged is equal to the annual chargeable amount.
- (3) Otherwise, the amount of tax charged is equal to the relevant fraction of the annual chargeable amount.
- (4) The annual chargeable amount for a single-dwelling interest and a chargeable period is determined in accordance with the following table, by reference to the taxable value of the interest on the relevant day.

Annual chargeable amount

Taxable value of the interest on the relevant day

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[^{F17} £3,500	More than £500,000 but not more than £1 million.]
[^{F18} £7,000	More than £1 million but not more than £2 million.]
[^{F19} £23,350	More than £2 million but not more than £5 million.]
[^{F19} £54,450	More than £5 million but not more than £10 million.]
[^{F19} £109,050	More than £10 million but not more than £20 million.]
[^{F19} £218,200	More than £20 million.]

- (5) The “relevant day” is—
- (a) for the purposes of subsection (2), the first day of the chargeable period;
 - (b) for the purposes of subsection (3), the first day in the chargeable period on which the chargeable person is within the charge with respect to the interest.
- (6) The relevant fraction is—

$$\frac{N}{Y}$$

where—

“N” is the number of days from (and including) the relevant day to the end of the chargeable period;

“Y” is the number of days in the chargeable period.

- (7) See also—
- (a) section 100 (interim relief), and
 - (b) section 106 (adjustment of amount chargeable).

Textual Amendments

- F17** Words in s. 99(4) inserted (1.4.2016) (with effect in accordance with s. 110(4) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 110\(3\)](#)
- F18** Words in s. 99(4) inserted (1.4.2015) (with effect in accordance with s. 109(4) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 109\(3\)](#)
- F19** Words in s. 99(4) substituted (with effect in accordance with s. 70(2) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 70\(1\)](#)

100 Interim relief

- (1) Where tax is charged for a chargeable period with respect to a single-dwelling interest, the chargeable person may claim relief before the end of the chargeable period if—
- (a) one or more days in the period is relievable with respect to the interest (by virtue of any of sections 133 to 150),

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- (b) one or more days in the chargeable period (after the first day in the period on which the chargeable person is within the charge with respect to the interest) are days on which the chargeable person is not within the charge with respect to the interest, or
 - (c) the taxable value of the single-dwelling interest on the first day in the chargeable period on which the chargeable person is within the charge with respect to the interest is higher than its taxable value on a later day in the chargeable period on which the chargeable person remains within the charge with respect to the interest.
- (2) Relief under this section is called “interim relief”, and must be claimed—
- (a) in an annual tax on enveloped dwellings return, or
 - (b) by amending such a return.
- (3) Where interim relief is claimed under this section, section 163(1) (payment of tax by filing date for annual tax on enveloped dwellings return) has effect as if the amount of tax charged with respect to the single-dwelling interest were the sum of amounts A and B.
- (4) Amount A is the total of all the daily amounts for days in the pre-claim period on which the chargeable person is within the charge with respect to the single-dwelling interest, other than days that are relievably with respect to the single-dwelling interest.
- (5) Amount B is zero if—
- (a) the day of the claim is relievably with respect to the single-dwelling interest by virtue of any of sections 133 to 150, or
 - (b) the chargeable person is not within the charge with respect to the single-dwelling interest on the day of the claim.
- (6) Otherwise, amount B is the appropriate fraction of the annual chargeable amount for the single-dwelling interest.

For this purpose the annual chargeable amount is determined (under section 99(4)) on the basis that the day of the claim is the relevant day.

- (7) In subsection (6) “appropriate fraction” means—

$$\frac{X}{Y}$$

where—

“X” is the number of days in the period beginning with the day of the claim and ending at the end of the chargeable period, and

“Y” is the number of days in the chargeable period.

- (8) In this section—

“day of the claim” means the day on which the return mentioned in subsection (2)(a), or notice of the amendment made under subsection (2)(b), is delivered to HMRC;

“pre-claim period” means the period—

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- (a) beginning with the first day in the chargeable period mentioned in subsection (1) on which the chargeable person is within the charge with respect to the single-dwelling interest, and
 - (b) ending with the day before the day of the claim.
- (9) See sections 105 and 106 for provision about the adjustment of the amount of tax charged.

101 Indexation of annual chargeable amounts

- (1) If the consumer prices index for September in 2013 or any later year (“the later year”) is higher than it was for the previous September, section 99(4) applies in relation to chargeable periods beginning on or after 1 April in the year after the later year with the following amendments.
- (2) For each of the annual chargeable amounts stated in the table in section 99(4) (as it applies in relation to chargeable periods beginning in the previous 12 months) there is substituted the indexed amount.
- (3) “The indexed amount” is found by—
- (a) increasing the previous amount by the same percentage increase as the percentage increase in the consumer prices index, and
 - (b) rounding down the result to the nearest multiple of £50.
- (4) In this section “consumer prices index” means the all items consumer prices index published by the Statistics Board.
- (5) The Treasury must, before 1 April 2014 and before each subsequent 1 April, make an order stating the amounts that by virtue of this section are to be the annual chargeable amounts for chargeable periods beginning on or after that date.

Modifications etc. (not altering text)

- C3 S. 101(1) excluded (26.3.2015) by [Finance Act 2015 \(c. 11\), s. 70\(3\)](#)
 C4 S. 101(5) modified (26.3.2015) by [Finance Act 2015 \(c. 11\), s. 70\(4\)](#)

102 Taxable value

- (1) The taxable value of a single-dwelling interest on any day (“the relevant day”) is equal to its market value at the end of the latest day that—
- (a) falls on or before that day, and
 - (b) is a valuation date in the case of that interest.
- (2) Each of the following is a valuation date in the case of any single-dwelling interest—
- (a) 1 April 2012;
 - (b) each 1 April falling 5 years, or a multiple of 5 years, after 1 April 2012.
- [^{F20}(2A) But a day that is a valuation date only because of subsection (2)(b) (a “5-yearly valuation date”) is to be treated as if it were not a valuation date for the purpose of determining the taxable value of a single-dwelling interest on any day in the chargeable period beginning with that 5-yearly valuation date.]

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- (3) The following are also valuation dates in the case of any single-dwelling interest to which a company is entitled on the relevant day (otherwise than as a member of a partnership)—
 - (a) the effective date of any substantial acquisition by the company of a chargeable interest in or over the dwelling concerned;
 - (b) the effective date of any substantial disposal of part (but not the whole) of the single-dwelling interest.
- (4) The following are also valuation dates in the case of any single-dwelling interest to which a company is entitled on the relevant day as a member of a partnership—
 - (a) the effective date of any substantial acquisition as a result of which a chargeable interest in or over the dwelling concerned became an asset of the partnership,
 - (b) the effective date of any substantial disposal of part (but not the whole) of the single-dwelling interest.
- (5) The following are also valuation dates in the case of any single-dwelling interest that is on the relevant day held for the purposes of a collective investment scheme—
 - (a) the effective date of any substantial acquisition, made for the purposes of the scheme, of a chargeable interest in or over the dwelling concerned;
 - (b) the effective date of any substantial disposal of part (but not the whole) of the single-dwelling interest.
- (6) In this section references to a disposal of part of a single-dwelling interest include the grant of a chargeable interest out of the single-dwelling interest.
- (7) The grant of an option does not count as the grant of a chargeable interest for the purposes of subsection (6).

Textual Amendments

F20 S. 102(2A) inserted (26.3.2015) by [Finance Act 2015 \(c. 11\), s. 71](#)

103 Section 102: “substantial” acquisitions and disposals

- (1) For the purposes of section 102—
 - (a) the acquisition of a chargeable interest in a dwelling is a “substantial acquisition” only if the chargeable consideration for the acquisition is £40,000 or more;
 - (b) the disposal of part (but not the whole) of a single-dwelling interest is a “substantial disposal” only if the chargeable consideration for the acquisition of the chargeable interest by the person acquiring it is £40,000 or more.
- (2) If the acquisition mentioned in subsection (1)(a) is a transaction between persons who are connected with each other or not acting at arm's length, subsection (1)(a) applies as if the reference to the chargeable consideration for the acquisition were to the market value of the chargeable interest acquired.
- (3) If the disposal mentioned in subsection (1)(b) is a transaction between persons who are connected with each other or not acting at arm's length, subsection (1)(b) applies as if the reference to the chargeable consideration for the acquisition in question were to the market value of the part of the single-dwelling interest disposed of.

Status: Point in time view as at 06/04/2024.

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- (4) The chargeable consideration for the acquisition mentioned in subsection (1)(a) is taken to include the chargeable consideration for any linked acquisition of a chargeable interest in or over the same dwelling.
- (5) The chargeable consideration for the transaction mentioned in subsection (1)(b) is taken to include the chargeable consideration for any linked disposal of part (but not the whole) of the single-dwelling interest concerned.
- (6) For the purposes of subsection (2) the market value of the chargeable interest acquired is taken to be the sum of the market values of that chargeable interest and any chargeable interest in or over the same dwelling that is acquired in a linked transaction.
- (7) For the purposes of subsection (3) the market value of the part of the single-dwelling interest disposed of is taken to be the sum of the market values of that chargeable interest and any chargeable interest in or over the same dwelling that is disposed of in a linked transaction.
- (8) For the purposes of this section two or more transactions are “linked” if they form part of a single scheme, arrangement or series of transactions between the same vendor and purchaser or, in either case, persons connected with them.
- (9) In this section “chargeable consideration”, “purchaser” and “vendor” have the same meaning as in Part 4 of FA 2003.
- (10) In this section references to a disposal of part of a single-dwelling interest include the grant of a chargeable interest out of the single-dwelling interest.

104 No double charge

Tax in respect of a given single-dwelling interest is charged only once for any chargeable day even if more than one person is “the chargeable person” with respect to the tax charged.

Adjustment of amount charged

105 “Adjusted chargeable amount”

- (1) In relation to a person on whom tax is charged for a chargeable period with respect to a single-dwelling interest, the “adjusted chargeable amount” is the total of the daily amounts for all the days in the period on which the chargeable person is within the charge with respect to the interest.
- (2) The daily amount for any such day (“the actual day”) is—

$$\frac{1}{Y} \times A$$

where—

“Y” is the number of days in the chargeable period;

“A” is the annual chargeable amount for the single-dwelling interest, determined (under section 99(4)) on the basis that the actual day is the relevant day.

Status: Point in time view as at 06/04/2024.

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106 Adjustment of amount chargeable

- (1) Where tax is charged for a chargeable period with respect to a single-dwelling interest and the adjusted chargeable amount is greater than the initial charged amount, the amount of tax charged is taken to be increased to the adjusted chargeable amount.
- (2) In this section “the initial charged amount” means the amount of tax charged under section 99 for the period in respect of the interest.
- (3) Subsection (4) applies where—
 - (a) tax is charged for a chargeable period with respect to a single-dwelling interest,
 - (b) the adjusted chargeable amount is less than the initial charged amount, and
 - (c) a claim for relief is made under this subsection.
- (4) The amount of tax charged for the period with respect to the interest is taken to be reduced (at the end of the chargeable period) to the adjusted chargeable amount.
- (5) Relief under subsection (3) must be claimed—
 - (a) in an annual tax on enveloped dwellings return, or
 - (b) by amending an annual tax on enveloped dwellings return.
- (6) The claim must be delivered by the end of the chargeable period following the one to which the claim relates.
- (7) Relief under subsection (3) may be given by repayment of tax or otherwise.
- (8) See also section 160 (return of adjusted amount chargeable); and see section 163(2) for provision about payment of additional tax by reference to the adjusted chargeable amount.

Chargeable interests and “single-dwelling interest”

107 Chargeable interests

- (1) In this Part “chargeable interest” means—
 - (a) an estate, interest, right or power in or over land in the United Kingdom, or
 - (b) the benefit of an obligation, restriction or condition affecting the value of any such estate, interest, right or power.
- (2) Where two or more persons are jointly entitled to a chargeable interest the chargeable interest is not regarded, for the purposes of this Part, as consisting of separate interests corresponding to the shares (if any) that those persons have by virtue of their joint entitlement.
- (3) An exempt interest is not a chargeable interest for the purposes of this Part.
- (4) The following are exempt interests—
 - (a) any security interest;
 - (b) a licence to use or occupy land;
 - (c) in England and Wales or Northern Ireland, a tenancy at will.

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- (5) In subsection (4) “security interest” means an interest or right (other than a rentcharge) held for the purpose of securing the payment of money or the performance of any other obligation.
- (6) In the application of this Part in Scotland the reference in subsection (5) to a rentcharge is to be read as a reference to a feu duty or a payment mentioned in section 56(1) of the Abolition of Feudal Tenure etc (Scotland) Act 2000 (asp 5).
- (7) The Treasury may by regulations provide that any other description of interest or right in or over a dwelling is an exempt interest.

108 Meaning of “single-dwelling interest”

- (1) References in this Part to a “single-dwelling interest” are to be read in accordance with this section.
- (2) A chargeable interest that is exclusively in or over land consisting (on any day) of a single dwelling is a single-dwelling interest (on that day).
- (3) Where a person is entitled to a chargeable interest that is exclusively in or over land consisting (on any day) of two or more single dwellings—
 - (a) provisions referring to a “single-dwelling interest” operate as if the person had (on that day) a separate chargeable interest in or over each dwelling, and
 - (b) the chargeable interest in or over each dwelling is therefore a single-dwelling interest.
- (4) Where a person is entitled to a chargeable interest in or over land that on any day consists of one or more single dwellings and non-residential land—
 - (a) provisions referring to a “single-dwelling interest” operate as if the person had (on that day) a separate chargeable interest in or over each dwelling and a further separate chargeable interest in or over the non-residential land, and
 - (b) the chargeable interest in or over each dwelling is therefore a single-dwelling interest.
- (5) A single-dwelling interest is referred to as a single-dwelling interest “in” the dwelling concerned.
- (6) A single-dwelling interest in one dwelling is distinct from any single-dwelling interest in another dwelling, even if the dwellings stand successively on the same land.
- (7) In this section—
 - (a) “non-residential land” means land that is not a dwelling or part of a dwelling;
 - (b) references to a dwelling include a part of a dwelling.

109 Different interests held in the same dwelling

- (1) Subsection (2) applies if on one or more days in a chargeable period—
 - (a) a company is entitled to two or more single-dwelling interests in the same dwelling, or
 - (b) two or more single-dwelling interests in the same dwelling are held for the purposes of the same collective investment scheme.

Status: Point in time view as at 06/04/2024.

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- (2) This Part has effect with respect to that chargeable period as if those separate interests constituted just one single-dwelling interest, the taxable value of which on any day is the sum of the taxable values of the separate interests.
- (3) In calculating the taxable values of the separate interests for the purposes of subsection (2), the market value of each interest is determined, under the provisions of TCGA 1992 applied by section 98(8), on the assumption that the other interest or interests are placed on the open market with that interest (on the valuation date appropriate to that interest).

110 Interests held by connected persons

- (1) If on any day [^{F21}(“the relevant day”)] a company (“C”) is entitled to a single-dwelling interest in a dwelling and another person (“P”) who is connected with C is entitled to a different single-dwelling interest in the same dwelling, this Part has effect—
 - (a) in relation to C as if C were on that day entitled to P's single-dwelling interest as well as C's single-dwelling interest, and
 - (b) (if P is a company) in relation to P as if P were on that day entitled to C's single-dwelling interest as well as P's single-dwelling interest.

- (2) This subsection provides for an exception to subsection (1).

Where P is an individual, C is not treated ^{F22}... as entitled to P's single-dwelling interest [^{F23} on the relevant day] unless on that day C is entitled to a single-dwelling interest in the dwelling that is a freehold or leasehold interest with a taxable value of more than [^{F24}£250,000].

[^{F25}(2A) Subsection (2B) applies in any case where—

- (a) C would (without subsection (2B)) be treated, as a result of subsection (1) (read with section 109), as entitled to a single-dwelling interest with a taxable value (on the relevant day) of more than £2 million, but
- (b) C would not be so treated if the value specified in subsection (2) were £500,000 (instead of £250,000).

(2B) Subsection (2) has effect as if the value specified in it were £500,000 (instead of £250,000).]

- (3) If on any day a single-dwelling interest (“the scheme interest”) is held for the purposes of a collective investment scheme and a person (“P”) who is connected with the scheme is entitled to a different single-dwelling interest in the same dwelling, this Part has effect—
 - (a) in relation to the scheme, as if both those separate interests were on that day held for the purposes of the scheme, and
 - (b) (if P is a company) in relation to P as if P were on that day entitled to the scheme interest as well as P's single-dwelling interest.
- (4) If on any day a single-dwelling interest in a dwelling is held for the purposes of a collective investment scheme (“the first scheme”) and another interest in the same dwelling is held for the purposes of another collective investment scheme (“the second scheme”) that is connected with the first scheme, this Part has effect—
 - (a) in relation to the first scheme, as if both the interests were held on that day for the purposes of that scheme, and

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- (b) in relation to the second scheme, as if both interests were held on that day for the purposes of that scheme.
- (5) See also—
 - (a) section 97, for provision about the liability to tax of persons treated under this section (read with section 104) as jointly entitled to a single-dwelling interest;
 - (b) paragraph 55 of Schedule 33, for provision about returns in cases involving joint entitlement.
- (6) The provisions mentioned in subsection (5) are to be read as including corresponding provision for cases where the same single-dwelling interest is treated under this section as held—
 - (a) for the purposes of different collective investment schemes, or
 - (b) by a company and for the purposes of a collective investment scheme.
- (7) In the application of this section to Scotland—
 - (a) the reference to a freehold interest is to the interest of the owner;
 - (b) the reference to a leasehold interest is to a tenant's right over or interest in property subject to a lease.

Textual Amendments

- F21** Words in s. 110(1) inserted (with effect in accordance with s. 72(5) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 72\(2\)](#)
- F22** Words in s. 110(2) omitted (with effect in accordance with s. 72(5) of the amending Act) by virtue of [Finance Act 2015 \(c. 11\), s. 72\(3\)\(a\)](#)
- F23** Words in s. 110(2) inserted (with effect in accordance with s. 72(5) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 72\(3\)\(b\)](#)
- F24** Word in s. 110(2) substituted (with effect in accordance with s. 72(5) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 72\(3\)\(c\)](#)
- F25** S. 110(2A)(2B) inserted (with effect in accordance with s. 72(5) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 72\(4\)](#)

111 Different interests held in the same dwelling: effect of reliefs etc

- (1) References in section 110 to a person do not include—
 - (a) a public body, as defined in section 153,
 - (b) a body listed in section 154(2) (bodies established for national purposes).
- (2) Subsections (1) to (4) of section 110 do not apply in relation to a single-dwelling interest if—
 - (a) the day in question is relievable with respect to that interest by virtue of section 150 (providers of social housing),
 - (b) by virtue of section 151 (charitable companies) the ownership condition is regarded as not met with respect to the interest on that day, or
 - (c) the taxable value of the interest on that day is taken to be zero by virtue of section 155 (dwelling conditionally exempt from inheritance tax).
- (3) Subsection (4) applies where the separate interests (the “relevant interests”) that under section 110 (or that section and section 109) are treated as constituting, on a day, just one single-dwelling interest (“the combined interest”) include—

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- (a) a freehold or leasehold interest, and
 - (b) a leasehold interest (“the inferior interest”) granted out of that interest.
- (4) If the inferior interest is the most inferior relevant interest, the combined interest, and the dwelling itself (where relevant), are regarded for the purposes of the relevant relieving provisions as being exploited, on the day mentioned in subsection (3), in the way the inferior interest is exploited on that day.
- (5) If the inferior interest is an interest in part only (“the sub-let part”) of the land that is the subject-matter of the combined interest, subsection (4) has effect in relation to the combined interest only so far as that interest relates to the sub-let part.
- (6) In this section “the relevant relieving provisions” means sections 132 to 150.
- (7) The inferior interest counts as “the most inferior relevant interest” if no relevant interest (see subsection (3)) is a leasehold interest granted out of it.
- (8) In this section the reference to a leasehold interest includes the interest of a lessee under an agreement for a lease.
- (9) In the application of this section to Scotland—
- (a) the reference to a freehold interest is to the interest of the owner;
 - (b) the reference to a leasehold interest is to a tenant's right over or interest in property subject to a lease;
 - (c) the reference to an agreement for lease includes missives of let.

Meaning of “dwelling”

112 Meaning of “dwelling”

- (1) A building or part of a building counts as a dwelling at any time when—
- (a) it is used or suitable for use as a single dwelling, or
 - (b) it is in the process of being constructed or adapted for such use.
- (2) Land that is, or is at any time intended to be, occupied or enjoyed with a dwelling as a garden or grounds (including any building or structure on such land) is taken to be part of that dwelling at that time.
- (3) Land that subsists, or is at any time intended to subsist, for the benefit of a dwelling is taken to be part of the dwelling at that time.
- (4) A building, or part of a building, used for a purpose specified in section 116(2) or (3) of FA 2003 is not used as a dwelling for the purposes of subsection (1).
- (5) Where a building, or part of a building, is used for a purpose mentioned in subsection (4), no account is to be taken for the purposes of subsection (1) of its suitability for any other use.
- (6) If a building or part of a building becomes temporarily unsuitable for use as a dwelling for any reason (including accidental damage, repairs or any other physical change to the building or its environment), that temporary unsuitability is ignored in determining whether or not the building or part of a building is, during the period in question, a dwelling for the purposes of this Part.

This subsection does not affect any of the provisions in sections 126 to 131.

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113 Substantial performance of “off plan” purchase

- (1) Subsection (2) applies where—
 - (a) a contract is entered into for the acquisition of a chargeable interest in or over land that consists of or includes a building, or part of a building, that is to be constructed or adapted for use as a single dwelling,
 - (b) substantial performance is treated as constituting the acquisition of the chargeable interest (under section 122), and
 - (c) construction or adaptation of the building, or the part of a building, has not begun by the time the contract is substantially performed.
- (2) The chargeable interest deemed to be acquired as mentioned in subsection (1)(b) is taken to be in or over land that consists of or (as appropriate) includes a dwelling.
- (3) If at any time after the substantial performance of the contract the obligation under the contract to carry out the construction or adaptation ceases to have effect without the construction or adaptation having been begun, subsection (2) ceases to apply at that time.
- (4) A building or part of a building used for a purpose specified in section 116(2) or (3) of FA 2003 is not used as a dwelling for the purposes of subsection (1).
- (5) In this section—
 - “contract” includes any agreement (including, in the case of Scotland, missives of let not constituting a lease);
 - “substantially performed” has the same meaning as in section 44 of FA 2003.

114 Power to modify meaning of “use as a dwelling”

- (1) The Treasury may by order amend this Part so as to specify cases where use of a building is to be use of a building as a dwelling for the purposes of section 112(1) or 113(1).
- (2) The reference in section 116(8)(a) of FA 2003 (power to amend section 116(2) and (3)) to “the purposes of subsection (1)” includes a reference to the purposes of sections 112(1) and 113(1).

115 Parts of a greater whole

- (1) The fact that a part of a building is suitable for use as a dwelling does not prevent that part from forming part of a larger single dwelling.
- (2) The fact that a building or structure that is—
 - (a) in the garden or grounds of a dwelling, and
 - (b) occupied or enjoyed with the dwelling,
 is itself suitable for use as a single dwelling does not prevent it from being treated (in accordance with section 112(2)) as part of the dwelling.

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116 Dwelling in grounds of another dwelling

- (1) Subsection (4) applies where the conditions in subsection (2) are met in relation to two dwellings (the “main dwelling” and the “associated dwelling”) on a day (“the day in question”) in a chargeable period.
- (2) The conditions are that—
 - (a) the main dwelling has a garden or grounds,
 - (b) the associated dwelling stands within the garden or grounds of the main dwelling, but is not occupied or enjoyed with that dwelling,
 - (c) the associated dwelling does not have separate access, and is not part of the same building as the main dwelling, and
 - (d) the common ownership condition is met.
- (3) The common ownership condition is that—
 - (a) a company is entitled to a chargeable interest in the main dwelling, and the company or a person connected with the company is entitled to a chargeable interest in the associated dwelling, or
 - (b) a chargeable interest in the main dwelling is held for the purposes of a collective investment scheme, and a chargeable interest in the associated dwelling is held for the purposes of the same collective investment scheme.

(It does not matter whether or not the interest in the main dwelling and the interest in the associated dwelling are held for the same title.)
- (4) This Part has effect in relation to the interests mentioned in paragraph (a) or (as the case may be) (b) of subsection (3) as if the main dwelling and the associated dwelling were, on the day in question, suitable for use as a single dwelling.
- (5) Subsection (4) does not apply if—
 - (a) the day in question is, in relation to the interest in the main dwelling or the interest in the associated dwelling, relievable by virtue of a provision mentioned in subsection (6), or
 - (b) the ownership condition is, by virtue of section 151 (charitable companies), regarded as not being met on that day with respect to one or other of those interests.
- (6) Those provisions are—
 - section 133 (property rental businesses);
 - section 134 (rental property: preparation for sale etc);
 - section 137 (dwellings opened to the public);
 - section 138 (property developers);
 - section 139 (property developers: exchange of dwellings);
 - section 141 (property traders);
 - section 143 (financial institutions acquiring dwellings in the course of lending);
 - [^{F26}section 144A (regulated home reversion plans);]
 - section 145 (occupation by [^{F27}employees or partners of a qualifying trade or property rental business]);
 - [^{F28}section 147A (caretaker flat owned by management company);]
 - section 148 (farmhouses);
 - section 150 (providers of social housing).

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- (7) The reference in subsection (3)(a) to a person connected with the company does not include a public body (as defined in section 153) or a body listed in section 154(2) (bodies established for national purposes).
- (8) The reference in subsection (3)(b) to a chargeable interest being held for the purposes of the same collective investment scheme includes a reference to a person connected with the scheme being entitled to the interest.
- (9) The associated dwelling has “separate access” only if—
- (a) there is access to the associated dwelling directly from a highway (in Scotland, a road) that the dwelling adjoins, or
 - (b) the person entitled to possession of the associated dwelling has access to that dwelling from a highway (in Scotland, a road), exclusively by passing over land that the person is entitled to pass over by reason of one or more rights of way or other interests in land to which the person is separately entitled.

- (10) In this section—

in relation to a dwelling or dwellings, references to the “garden or grounds” are to land occupied or enjoyed with the dwelling or dwellings as a garden or grounds;

references to the person entitled to possession of a dwelling are to the person entitled to possession of the dwelling by reason of an estate or interest held by that person;

“separately entitled” means entitled otherwise than by reason of a chargeable interest in or over the main dwelling.

Textual Amendments

- F26** Words in s. 116(6) inserted (15.9.2016) (with effect in accordance with s. 134(7) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 134\(3\)](#)
- F27** Words in s. 116(6) substituted (15.9.2016) (with effect in accordance with s. 135(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 135\(8\)\(a\)](#)
- F28** Words in s. 116(6) inserted (15.9.2016) (with effect in accordance with s. 135(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 135\(8\)\(b\)](#)

117 Dwellings in the same building

- (1) Two parts of a building are “linked dwellings” if—
- (a) each of them counts as a dwelling,
 - (b) there is private access between the two dwellings,
 - (c) the two parts of the building are not (together) used or suitable for use as a single dwelling, and
 - (d) the common ownership condition and the use condition are met.
- (2) The common ownership condition is that—
- (a) a company is entitled to a chargeable interest in one of the dwellings, and the company or a person connected with the company is entitled to a chargeable interest in the other dwelling, or
 - (b) a chargeable interest in one of the dwellings is held for the purposes of a collective investment scheme, and a chargeable interest in the other dwelling is held for the purposes of the same collective investment scheme.

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(It does not matter whether or not the interests are held for the same title.)

- (3) If on a day in a chargeable period (“the day in question”) two parts of a building constitute linked dwellings, this Part has effect in relation to the interests mentioned in paragraph (a) or (as the case may be) (b) of subsection (2) as if the two parts were, on the day in question, suitable for use as a single dwelling.
- (4) Subsection (3) does not apply if—
- (a) the day in question is, in relation to a chargeable interest mentioned in subsection (2)(a) or (as the case may be) (2)(b), relievable by virtue of a provision mentioned in subsection (5), or
 - (b) (in a case where paragraph (a) of subsection (2) applies) the ownership condition is, by virtue of section 151 (charitable companies), regarded as not being met on that day with respect to one or other of the chargeable interests mentioned in that paragraph.
- (5) Those provisions are—
- section 133 (property rental businesses);
 - section 134 (rental property: preparation for sale etc);
 - section 137 (dwellings opened to the public);
 - section 138 (property developers);
 - section 139 (property developers: exchange of dwellings);
 - section 141 (property traders);
 - section 143 (financial institutions acquiring dwellings in the course of lending);
 - [^{F29}section 144A (regulated home reversion plans);]
 - section 145 (occupation by [^{F30}employees or partners of a qualifying trade or property rental business]);
 - [^{F31}section 147A (caretaker flat owned by management company);]
 - section 148 (farmhouses);
 - section 150 (providers of social housing).
- (6) The reference in subsection (2)(a) to a person connected with the company does not include a public body (as defined in section 153) or a body listed in section 154(2) (bodies established for national purposes).
- (7) If two dwellings in a building (dwelling A and dwelling B) are treated under this section as suitable for use as a single dwelling, and dwelling B and a third dwelling in the building (“dwelling C”) are treated under this section as suitable for use as a single dwelling, all three are treated as suitable for use as a single dwelling (and so on).

Textual Amendments

- F29** Words in s. 117(5) inserted (15.9.2016) (with effect in accordance with s. 134(7) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 134\(4\)](#)
- F30** Words in s. 117(5) substituted (15.9.2016) (with effect in accordance with s. 135(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 135\(9\)\(a\)](#)
- F31** Words in s. 117(5) inserted (15.9.2016) (with effect in accordance with s. 135(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 135\(9\)\(b\)](#)

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118 Section 117: supplementary

- (1) The reference in section 117(2)(b) to a chargeable interest being held for the purposes of the same collective investment scheme includes a reference to a person connected with the scheme being entitled to the interest.
- (2) For the purposes of section 117, there is private access between two dwellings if the person entitled to possession of each dwelling is entitled, by reason of a right of way or other interest in land, to have access to that person's dwelling from the other dwelling, without passing over any part of the building (or any other land) in which a third party has an interest entitling that third party to enter it.
- (3) In subsection (2) “third party” means a person other than—
 - (a) the persons entitled to possession of the dwellings mentioned in subsection (2), and
 - (b) persons connected with any of them.
- (4) The use condition mentioned in section 117(1)(d) is that each of the two dwellings—
 - (a) is occupied (or usually occupied) by a relevant individual,
 - (b) is intended to be so occupied (or usually so occupied), or
 - (c) is not occupied.
- (5) In subsection (4) “relevant individual” means—
 - (a) an individual connected with the company mentioned in section 117(2)(a),
 - (b) an individual connected with the collective investment scheme mentioned in section 117(2)(b),
 - (c) an individual who occupies (or is to occupy) the dwelling concerned otherwise than on commercial terms, or
 - (d) an individual who is employed wholly or partly in connection with the occupation by a person falling within any of paragraphs (a) to (c) of a dwelling in the building, or provides services in connection with such a person's occupation of a dwelling in the building.
- (6) In this section references to the person entitled to possession of a dwelling are to the person entitled to possession of the dwelling by reason of an estate or interest held by that person.

119 Terraces etc

Any structure (such as a terrace of houses or a pair of semi-detached houses) that is composed of or includes dwellings is regarded as a building for the purposes of sections 117 and 118.

Acquisitions and disposals

120 Acquisitions and disposals of chargeable interests

- (1) References in this Part to the acquisition of a chargeable interest include any acquisition however effected (including an acquisition effected by the act of parties to a transaction, by order of a court or other authority, by or under any statutory provision or by operation of law).
- (2) The surrender or release of a chargeable interest is—

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- (a) an acquisition of that interest by any person whose interest or right is benefited or enlarged by the transaction, and
 - (b) a disposal by the person ceasing to be entitled to that interest.
- (3) The variation of a chargeable interest is—
- (a) an acquisition of a chargeable interest by the person benefiting from the variation, and
 - (b) a disposal of a chargeable interest by the person whose interest is subject to or limited by the variation.

121 Date of acquisition or disposal

- (1) A person who acquires a chargeable interest in or over land that consists of or includes a dwelling is treated for the purposes of this Part as acquiring the interest on the effective date of the acquisition (and therefore as entitled to the interest with effect from that date: see section 171).
- (2) A person who disposes of a chargeable interest in or over land that consists of or includes a dwelling is treated for the purposes of this Part as ceasing to be entitled to the interest on the effective date of the disposal (and therefore as not being entitled to the interest on that day: see section 171).
- (3) If a person's acquisition and disposal of a chargeable interest are completed on the same day, then for the purposes of this Part—
- (a) the person's acquisition of the interest is ignored if it precedes the disposal;
 - (b) the person's disposal of the interest is ignored if it precedes the acquisition.
- (4) The effective date of an acquisition of a chargeable interest is—
- (a) the date on which the acquisition is completed, or
 - (b) any alternative date the Commissioners for Her Majesty's Revenue and Customs may prescribe by regulations.
- (5) The effective date of a disposal of a chargeable interest is—
- (a) the date on which the disposal is completed, or
 - (b) any alternative date the Commissioners for Her Majesty's Revenue and Customs may specify by regulations.

122 Contract and conveyance: the purchaser

- (1) This section applies where a person (“P”) enters into a contract under which—
- (a) P is to acquire a relevant chargeable interest, and
 - (b) the acquisition is to be completed by a conveyance.
- (2) P is not regarded as acquiring any chargeable interest by reason of entering into the contract.
- (3) If the contract is substantially performed without having been completed, this Part has effect as if the substantial performance of the contract were the completion of the acquisition provided for by the contract.
- (4) Accordingly, where subsection (3) applies and the contract is subsequently completed by a conveyance, that completion is not treated for the purposes of section 102 (taxable value) as effecting the acquisition of a chargeable interest.

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- (5) Where subsection (3) applies and—
- (a) the contract is afterwards rescinded or annulled, or
 - (b) performance of the contract is for any other reason terminated before the contract has been carried fully into effect,
- this Part has effect as if P had at the relevant time disposed of the chargeable interest referred to in subsection (1)(a).
- (6) In subsection (5) “the relevant time” means—
- (a) the time when the rescission or annulment takes effect, or
 - (b) (as the case requires) the time when performance of the contract ceases.
- (7) Where subsection (3) applies and the contract is afterwards varied (or partially rescinded) so that the chargeable interest to be acquired under the contract is not the same as the chargeable interest to which the contract originally related, this Part (including subsection (3)) has effect as if the variation of the contract effected—
- (a) the disposal by P of the chargeable interest referred to in subsection (1)(a), and
 - (b) the substantial performance of the contract, as varied.
- (8) If the parties to the contract proceed as if they had varied the contract in the way mentioned in subsection (7) (without actually doing so), subsection (7) applies as if they had actually made the corresponding variation in the terms of the contract.
- (9) In this section—
- (a) references to completion are to the completion of the acquisition proposed, whether or not between the original parties;
 - (b) “contract” includes any agreement;
 - (c) “conveyance” includes any instrument;
 - (d) “relevant chargeable interest” means a chargeable interest in or over land that consists of or includes a dwelling;
 - (e) “substantially performed” has the same meaning as in section 44 of FA 2003.

123 Contract and conveyance: the vendor

- (1) This section applies where a person (“V”) enters into a contract under which—
- (a) V is to dispose of a relevant chargeable interest, and
 - (b) the disposal is to be completed by a conveyance.
- (2) V is not regarded as disposing of a chargeable interest by reason of entering into the contract.
- (3) If the contract is substantially performed without having been completed, this Part has effect as if the substantial performance of the contract were the completion of the disposal provided for by the contract.
- (4) Accordingly, where subsection (3) applies and the contract is subsequently completed by a conveyance, that completion is not treated for the purposes of section 102 as effecting the disposal of a chargeable interest.
- (5) Where subsection (3) applies and—
- (a) the contract is afterwards rescinded or annulled, or
 - (b) performance of the contract is for any other reason terminated before the contract has been carried fully into effect,

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this Part has effect as if V had at the relevant time re-acquired the chargeable interest referred to in subsection (1)(a).

- (6) In subsection (5) “the relevant time” means—
 - (a) the time when the rescission or annulment takes effect, or
 - (b) (as the case requires) the time when performance of the contract ceases.
- (7) Where subsection (3) applies and the contract is afterwards varied (or partially rescinded) so that the chargeable interest to be disposed of under the contract is not the same as the chargeable interest to which the contract originally related, this Part (including subsection (3)) has effect as if the variation of the contract effected—
 - (a) the re-acquisition by V of the chargeable interest referred to in subsection (1)(a), and
 - (b) the substantial performance of the contract, as varied.
- (8) If the parties to the contract proceed as if they had varied the contract in the way mentioned in subsection (7) (without actually doing so), subsection (7) applies as if they had actually made the corresponding variation in the terms of the contract.
- (9) In this section—
 - (a) references to completion are to the completion of the disposal proposed, between the same parties, in substantial conformity with the contract;
 - (b) “contract” includes any agreement;
 - (c) “conveyance” includes any instrument;
 - (d) “relevant chargeable interest” means a chargeable interest in or over land that consists of or includes a dwelling;
 - (e) “substantially performed” has the same meaning as in section 44 of FA 2003.

New dwellings, conversions, demolition etc

124 New dwellings

- (1) Where a new dwelling is being or has been constructed (whether or not as part of a larger building) the earlier of the following days is a valuation date in the case of a single-dwelling interest in that dwelling—
 - (a) the completion day;
 - (b) the day on which the dwelling is first occupied.
- (2) The reference in subsection (1) to the construction of a new dwelling—
 - (a) includes the production of a new dwelling by the alteration (whether structural or otherwise) of an existing building, but
 - (b) does not include a case to which section 125 (dwellings produced from other dwellings) or section 128 (demolition and replacement: new dwellings) applies.
- (3) The reference in subsection (1) to the “completion day” is to the day on which the new dwelling is treated as having come into existence for the purposes of—
 - (a) Part 1 of the Local Government Finance Act 1992 (council tax: England and Wales) (see section 17 of that Act), or
 - (b) Part 2 of that Act (council tax: Scotland) (see section 83 of that Act), or

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- (c) the Rates (Northern Ireland) Order 1977 (S.I. 1977/2157 (N.I. 28)) (see Article 25B of that Order).

- (4) In this section “building” includes a part of a building.

125 Dwellings produced from other dwellings

- (1) This section applies where an existing building that is a dwelling or dwellings (“the old dwelling” or “the old dwellings”) becomes a different dwelling or dwellings (“new” dwellings) as a result of structural alteration.
- (2) Any question as to whether or not a person has a single-dwelling interest at any time either in the old dwelling or dwellings or in a new dwelling is determined on the assumption that the old dwelling or dwellings cease to exist, and any new dwelling come into existence, only when the conversion is completed.
- (3) The day after the conversion is completed is a valuation date in the case of any single-dwelling interest in a new dwelling.
- (4) References to when the conversion is completed are to the end of the day on which the new dwelling is treated as having come into existence (or the first day on which all the new dwellings are treated as having come into existence) for the purposes of—
 - (a) Part 1 of the Local Government Finance Act 1992 (council tax: England and Wales) (see section 17 of that Act), or
 - (b) Part 2 of that Act (council tax: Scotland) (see section 83 of that Act), or
 - (c) the Rates (Northern Ireland) Order 1977 (S.I. 1977/2157 (N.I. 28)) (see Article 25B of that Order).
- (5) In this section “building” includes a part of a building.

126 Demolition of a dwelling

- (1) This section and sections 127 to 129 apply where a building that is a dwelling (“the old dwelling”) is demolished after 1 April 2013.
- (2) Except so far as express provision to the contrary is made in sections 127 to 129, any question as to whether a person has a single-dwelling interest in the dwelling, and any question as to the taxable value of such an interest, is determined as if the dwelling had not been demolished.
- (3) For the purposes of subsection (1) the demolition of a building is treated as having occurred after 1 April 2013 if a day after 1 April 2013 is the first day on which—
 - (a) the demolition has begun, and
 - (b) as a result, the building is no longer suitable for use as a dwelling.
- (4) In this section “building” includes a part of a building.

127 Demolition without replacement

- (1) Subsection (2) applies if a person entitled to a single-dwelling interest in the old dwelling notifies an officer of Revenue and Customs that to the best of the person's knowledge there is no proposal to construct any dwelling or dwellings on the site of the old dwelling.

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- (2) Any question as to whether a person has a single-dwelling interest in the old dwelling is determined on the assumption that the old dwelling ceases (or ceased) to exist with effect from the end of the day mentioned in subsection (3).
- (3) That day is the first day on which—
 - (a) the demolition has begun, and
 - (b) as a result, the building in question is no longer suitable for use as a dwelling.
- (4) A notification under subsection (1) must be given—
 - (a) in an annual tax on enveloped dwellings return, or
 - (b) by amending such a return.
- (5) In this section—
 - (a) “building” includes part of a building;
 - (b) “the site of the old dwelling” means the land on which the dwelling stood and that counted as part of the dwelling;
 - (c) the reference to the construction of a dwelling or dwellings on that site is to the construction of a dwelling or dwellings wholly or partly on the site.

128 Demolition and replacement: new dwellings

- (1) Subsection (2) applies if one or more dwellings (referred to below as “new dwellings”) are constructed on the site of the old dwelling after the demolition.
- (2) Any question as to whether or not a person has a single-dwelling interest at any time either in the old dwelling or in a new dwelling is determined on the assumption that the old dwelling ceases to exist, and the new dwellings come into existence, only when the rebuilding is completed.
- (3) The day after the rebuilding is completed is a valuation date in the case of any single-dwelling interest in a new dwelling.
- (4) In subsection (1)—
 - (a) “the site of the old dwelling” means the land on which the dwelling stood and that counted as part of the dwelling;
 - (b) the reference to the construction of a dwelling on that site is to the construction of a dwelling wholly or partly on the site.
- (5) References to when the rebuilding is completed are to the end of whichever of the following days is earlier—
 - (a) the completion day;
 - (b) the day on which the last of the new dwellings to be occupied is first occupied.
- (6) The reference in subsection (5) to the “completion day” is to the day on which the new dwelling is treated as having come into existence (or the first day on which all the new dwellings are treated as having come into existence) for the purposes of—
 - (a) Part 1 of the Local Government Finance Act 1992 (council tax: England and Wales) (see section 17 of that Act), or
 - (b) Part 2 of that Act (council tax: Scotland) (see section 83 of that Act), or
 - (c) the Rates (Northern Ireland) Order 1977 (S.I. 1977/2157 (N.I. 28)) (see Article 25B of that Order).

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129 Demolition and replacement: other cases

- (1) This section applies if—
 - (a) a building is constructed on the site of the old dwelling after the demolition, and
 - (b) section 128 does not apply.
- (2) Any question as to whether a person has a single-dwelling interest in the old dwelling is determined on the assumption that the old dwelling ceases to exist on the day after—
 - (a) the day on which the change of use is approved, or
 - (b) if later, the day on which the old dwelling ceased to be occupied.
- (3) In subsection (1)—
 - (a) “the site of the old dwelling” means the land on which the dwelling stood and that counted as part of the dwelling;
 - (b) the reference to the construction of a dwelling on that site is to the construction of a dwelling wholly or partly on the site.

130 Conversion of dwelling for non-residential use

- (1) This section applies where a building or part of a building—
 - (a) has been suitable for use as a dwelling, and
 - (b) is altered for the purpose of making it suitable for use otherwise than as a dwelling.
- (2) The question whether or not the alterations make the building or part unsuitable for use as a dwelling is one of fact (but see subsection (3)).
- (3) The building or part will not be regarded as having become unsuitable for use as a dwelling as a result of the alterations at any time unless by that time any planning permission or development consent required for the alterations has been granted (and the alterations have been made in accordance with any such permission or consent).
- (4) In this section “planning permission” has the meaning given by the relevant planning enactment.
- (5) “The relevant planning enactment” means—
 - (a) in relation to land in England and Wales, section 336(1) of the Town and Country Planning Act 1990;
 - (b) in relation to land in Scotland, section 277(1) of the Town and Country Planning (Scotland) Act 1997;
 - (c) in relation to land in Northern Ireland, Article 2(2) of the Planning (Northern Ireland) Order 1991 (S.I. 1991/1220 (N.I. 11)).
- (6) In this section “development consent” means development consent under the Planning Act 2008.

131 Damage to a dwelling

- (1) This section applies where a dwelling is damaged so as to be temporarily unsuitable for use as a dwelling.

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- (2) The unsuitability for use as a dwelling is taken into account in applying the definition of “dwelling” for the purposes of this Part (see section 112) only if the first and second conditions are met.
- (3) The first condition is that the damage is—
 - (a) accidental, or
 - (b) otherwise caused by events beyond the control of the person entitled to the single-dwelling interest.
- (4) The second condition is that, as a result of the damage, the building concerned is unsuitable for use as a dwelling for at least 90 consecutive days.
- (5) Where the first and second conditions are met—
 - (a) the entire period of unsuitability for use as a dwelling (including the first 90 days) is taken into account in applying the definition of “dwelling”, and
 - (b) work done in that period to restore the building to suitability for use as a dwelling does not count, for the purposes of section 112 or 113, as construction or adaptation of the building for use as a dwelling.
- (6) The first condition is regarded as not being met if the damage occurs in the course of work that—
 - (a) is done for the purpose of altering the dwelling (or a building of which it forms part), and
 - (b) itself involves, or could be expected to involve, making the building unsuitable for use as a dwelling for 30 days or more.
- (7) In this section—
 - (a) references to alteration include partial demolition;
 - (b) references to a building include a part of a building.
- (8) In this section references to damage include damage done before 1 April 2013; and days before 1 April 2013 may be taken into account for the purposes of subsection (4).

Reliefs

132 Effect of reliefs under sections 133 to 150

- (1) Subsection (2) applies where tax is charged, in respect of a single-dwelling interest, for a chargeable period that includes one or more days that are relievable as a result of any of the provisions listed in subsection (3) (or for more than one such period).
- (2) For any such period, the adjusted chargeable amount is to be calculated on the basis that the chargeable person is not within the charge with respect to the interest on any relievable day.
- (3) The provisions are—
 - section 133 (property rental businesses);
 - section 134 (rental property: preparation for sale etc);
 - section 137 (dwellings opened to the public);
 - section 138 (property developers);
 - section 139 (property developers: exchange of dwellings);
 - section 141 (property traders);

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section 143 (financial institutions acquiring dwellings in the course of lending);
 [^{F32}section 144A (regulated home reversion plans);]
 section 145 (occupation by [^{F33}employees or partners of a qualifying trade or property rental business]);
 [^{F34}section 147A (caretaker flat owned by management company);]
 section 148 (farmhouses);
 section 150 (providers of social housing).

(4) See also section 106 (adjustment of amount chargeable and claim for relief).

Textual Amendments

- F32** Words in s. 132(3) inserted (15.9.2016) (with effect in accordance with s. 134(7) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 134\(5\)](#)
- F33** Words in s. 132(3) substituted (15.9.2016) (with effect in accordance with s. 135(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 135\(10\)\(a\)](#)
- F34** Words in s. 132(3) inserted (15.9.2016) (with effect in accordance with s. 135(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 135\(10\)\(b\)](#)

133 Property rental businesses

- (1) A day in a chargeable period is relievably in relation to a single-dwelling interest if on that day the interest—
- (a) is being exploited as a source of rents or other receipts (other than excluded rents) in the course of a qualifying property rental business carried on by a person entitled to the interest, or
 - (b) steps are being taken to secure that the interest will, without undue delay, be so exploited in the course of a qualifying property rental business that is being carried on, or is to be carried on, by a person entitled to the interest.
- (2) A day is not relievably by virtue of subsection (1) or section 134 in the case of a single-dwelling interest if on that day a non-qualifying individual is permitted to occupy the dwelling.
- (3) In this Part “qualifying property rental business” means a property rental business that is run on a commercial basis and with a view to profit.
- (4) A business is a “property rental business” for the purposes of subsection (3) if it is a property business as defined in Chapter 2 of Part 4 of CTA 2009, but—
- (a) the question whether or not a business is a property rental business for the purposes of subsection (3) is determined without reference to whether or not any profits of the business are chargeable to corporation tax (and section 204(2) of CTA 2009 is therefore disregarded), and
 - (b) for the purposes of this subsection the “rents or other receipts” referred to in section 207(1) of CTA 2009 are taken not to include excluded rents
- (5) In subsection (1)(b) “without undue delay” means without delay except so far as delay is justified by commercial considerations or cannot be avoided.
- (6) In this Part “excluded rents” means rents within any of classes 2 to 6 in the table in section 605(2) of CTA 2010.

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134 Rental property: preparation for sale, demolition etc

(1) A day (“day X”) on which a person (“P”) is entitled to a single-dwelling interest is relievable in relation to that interest if—

- (a) on day X the dwelling is unoccupied and any of the first to fourth conditions is met (see below),
- (b) day X is preceded by one or more days (“qualifying days”) that are relievable under section 133 in relation to the interest and on which P, or a relevant partner, was entitled to the interest, and
- (c) the days (if any) between day X and the last of the qualifying days to precede day X are all relievable under this section.

First condition The first condition is that steps are being taken to secure that the interest will be sold without undue delay.

Second condition The second condition is that—

- (a) steps are being taken to secure that the dwelling will be demolished without undue delay, and
- (b) if it is intended that a new dwelling will be constructed on the site of the existing dwelling, the intention is that it will be used in a relievable way.

Third condition The third condition is that—

- (a) steps are being taken to secure that the dwelling will be converted into a different dwelling without undue delay, and
- (b) it is intended that the new dwelling will be used in a relievable way.

Fourth condition The fourth condition is that steps are being taken to secure that the dwelling will be converted into a building other than a dwelling without undue delay.

(2) A dwelling is “used in a relievable way” for the purposes of subsection (1) if the single-dwelling interest in question is exploited in such a way, or held in such a way and for such purposes, (or, as the case requires, the dwelling itself is exploited or used in such a way) that a day of such exploitation, ownership or use would be relievable under any of sections 133, 137, 145 and 148.

(3) In this section—

“relevant partner”, where P is (on day X) entitled to the interest as a member of a partnership, means a person who was at the time in question carrying on the qualifying rental property business concerned as a member of that partnership; “without undue delay” means without delay, except so far as delay is justified by commercial considerations or cannot be avoided.

135 Non-qualifying occupation: look-forward and look-back

(1) Subsection (2) applies if on a day in a chargeable period (“the day of non-qualifying occupation”)—

- (a) a single-dwelling interest to which a person (“the landlord”) is entitled is being exploited as mentioned in section 133(1)(a), or steps are being taken to secure that the interest will be so exploited, as mentioned in section 133(1)(b), and
- (b) a non-qualifying individual is permitted to occupy the dwelling.

(2) No subsequent day in that chargeable period, or in any of the subsequent 3 chargeable periods, that meets the continuity of ownership condition and would (in the absence of this subsection) be relievable by virtue of section 133(1)(b) is treated as relievable

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by virtue of that provision unless a day of qualifying use falls between that day and the day of non-qualifying occupation.

- (3) A day meets the continuity of ownership condition if on that day—
 - (a) the landlord is entitled to the single-dwelling interest, or
 - (b) if the landlord carried on or (as the case requires) intended to carry on the property rental business in partnership, another member of the partnership is entitled to the interest.
- (4) Subsection (5) applies if a person who is a non-qualifying individual in relation to a single-dwelling interest occupies the dwelling on a day in a chargeable period (“the day of non-qualifying occupation”).
- (5) An earlier day in that or the preceding chargeable period (“the earlier day”) is not relievable by virtue of section 133(1)(b) or 134 if a relevant person is entitled to the single-dwelling interest on that day.
- (6) In subsection (5) “relevant person” means—
 - (a) a person who is entitled to the single-dwelling interest on the day of non-qualifying occupation, or
 - (b) if a person falling within paragraph (a) is or has been a member of a partnership whose members have at any time exploited the single-dwelling interest as a source of rents and receipts in a property rental business, any other member of that partnership.
- (7) Subsection (5) does not apply in relation to the earlier day if a day that is relievable by virtue of section 133(1)(a) falls between that earlier day and the day of non-qualifying occupation.
- (8) For the purposes of this section—
 - (a) “day of qualifying use”, in relation to a single-dwelling interest, means a day that is relievable in the case of the interest by virtue of section 133(1)(a);
 - (b) occupation of any part of a dwelling is regarded as occupation of the dwelling.

136 Meaning of “non-qualifying individual”

- (1) In sections 133 and 135 “non-qualifying individual”, in relation to a single-dwelling interest, means any of the following—
 - (a) an individual who is entitled to the interest (otherwise than as a member of a partnership),
 - (b) an individual (“a connected person”) who is connected with a person entitled to the interest,
 - (c) if a person is entitled to the interest as a member of a partnership, an individual who is, or is connected with, a qualifying member of that partnership,
 - (d) an individual (“a relevant settlor”) who is the settlor in relation to a settlement of which a trustee is (in the capacity of trustee) connected with a person who is entitled to the interest,
 - (e) the spouse or civil partner of a connected person or of a relevant settlor,
 - (f) a relative of a connected person or of a relevant settlor, or the spouse or civil partner of a relative of a connected person or of a relevant settlor,
 - (g) a relative of the spouse or civil partner of a connected person or of a relevant settlor,

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- (h) the spouse or civil partner of a person falling within paragraph (g), or
 - (i) an individual who is a major participant in a relevant collective investment scheme or is connected with a major participant in a relevant collective investment scheme.
- (2) In subsection (1)(c) “qualifying member”, in relation to a partnership, means a member of the partnership who is entitled to a 50% or greater share—
- (a) in the income profits of the partnership, or
 - (b) in the partnership's assets.
- (3) In subsection (1)(i) “relevant collective investment scheme”, in relation to a single-dwelling interest, means a collective investment scheme that meets the ownership condition with respect to the interest.
- (4) A person who participates in a collective investment scheme is a “major participant” in the scheme if the person—
- (a) is entitled to a share of at least 50% either of all the profits or income arising from the scheme or of any profits or income arising from the scheme that may be distributed to participants, or
 - (b) would in the event of the winding up of the scheme be entitled to 50% or more of the assets of the scheme that would then be available for distribution among the participants.
- (5) The reference in subsection (4)(a) to profits or income arising from the scheme is to profits or income arising from the acquisition, holding, management or disposal of the property subject to the scheme.
- (6) For the purposes of subsection (1), section 1122 of CTA 2010 (as applied by section 172) has effect as if subsections (7) and (8) of that section (application of rules about connected persons to partnerships) were omitted.
- (7) In this section—
- “relative” means brother, sister, ancestor or lineal descendant;
 - “settlement” and “settlor” have the same meaning as in Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act).
- (8) In subsection (1)(d) “trustee” is to be read in accordance with section 1123(3) of CTA 2010 (“connected persons”: supplementary).

137 Dwellings opened to the public

- (1) A day in a chargeable period is relievably in relation to a single-dwelling interest if the first or second condition is met on that day.
- (2) The first condition is that the dwelling is being exploited as a source of income in the course of a qualifying trade in the normal course of which the public are offered the opportunity to make use of, stay in or otherwise enjoy the dwelling as customers of the trade on least 28 days in any year.
- (3) The second condition is that steps are being taken to secure—
- (a) that the dwelling will (in that or a future chargeable period) be exploited as a source of income in the course of a qualifying trade such as is mentioned in subsection (2), and

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- (b) that it will be so exploited without delay, except so far as delay is justified by commercial considerations or cannot otherwise be avoided.
- (4) In this section “qualifying trade” means a trade carried on on a commercial basis and with a view to profit.
- (5) For the purposes of this section persons are not taken to have an opportunity to make use of, stay in or otherwise enjoy a dwelling unless the areas that they are permitted to make use of, stay in or otherwise enjoy include a significant part of the interior of the dwelling.
- (6) The size (relative to the size of the whole dwelling), nature, and function of the area or areas concerned are to be taken into account in determining whether they form a significant part of the interior of the dwelling.

138 Property developers

- (1) A day in a chargeable period is relievably in relation to a single-dwelling interest if on that day—
 - (a) a person carrying on a property development trade (“the property developer”) is entitled to the interest, and
 - (b) the interest is held exclusively for the purpose of developing and reselling the land in the course of the trade.
- (2) If the property developer holds an interest for the purpose mentioned in subsection (1) (b), any additional purpose the property developer may have of exploiting the interest as a source of rents or other receipts in the course of a qualifying property rental business (after developing the land and before reselling it) is treated as not being a separate purpose in applying the test in subsection (1)(b).
- (3) A day is not relievably by virtue of subsection (1) if on the day a non-qualifying individual is permitted to occupy the dwelling.
- (4) In this Part “property development trade” means a trade that—
 - (a) consists of or includes buying and developing for resale residential or non-residential property, and
 - (b) is run on a commercial basis and with a view to profit.
- (5) In this section references to development include redevelopment.

139 Property developers: exchange of dwellings

- (1) A day in a chargeable period is relievably in relation to a single-dwelling interest if—
 - (a) a person (“the property developer”) is on that day entitled to a single-dwelling interest (“the returned interest”) that was acquired (by the relevant person) in the course of a property development trade, and
 - (b) that acquisition (“the reverse acquisition”) was part of a qualifying exchange.
- (2) A day is not relievably by virtue of this section if on that day a non-qualifying individual is permitted to occupy the dwelling.
- (3) In this section “the relevant person” means—

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- (a) if the property developer is entitled to the returned interest as a member of a partnership, the persons who acquired the interest as members of the partnership, or
 - (b) otherwise, the property developer (and any person who acquired the returned interest jointly with the property developer).
- (4) The reverse acquisition is “part of a qualifying exchange” only if—
- (a) it was made by way of transfer,
 - (b) the person from whom the acquisition was made itself acquired (by way of grant or transfer) a chargeable interest in or over a new dwelling from the relevant person, and
 - (c) each of those acquisitions was entered into in consideration of the other.
- (5) A building or part of a building is a “new dwelling” if—
- (a) it has been constructed for use as a single dwelling and has not previously been occupied, or
 - (b) it has been adapted for use as a single dwelling and has not been occupied since its adaptation.

140 Property developers: supplementary

- (1) Subsection (2) applies if on a day in a chargeable period—
- (a) a person carrying on a property development trade (“the property developer”) is entitled to a single-dwelling interest that has been acquired in the course of that trade (whether or not the acquisition was part of a qualifying exchange for the purposes of section 139), and
 - (b) a non-qualifying individual is permitted to occupy the dwelling.
- (2) No subsequent day is relievable in the case of the single-dwelling interest by virtue of section 138(1) or 139(1) if—
- (a) the day falls within that chargeable period, or any of the subsequent 3 chargeable periods, and
 - (b) there is continuity of ownership on that day.
- (3) There is “continuity of ownership” on any day on which—
- (a) the property developer is entitled to the single-dwelling interest, or
 - (b) if the property developer carried on the property development trade in partnership, another member of the partnership is entitled to the interest.
- (4) Subsection (5) applies if—
- (a) on a day in a chargeable period (“the day of non-qualifying occupation”) a person who is a non-qualifying individual in relation to a single-dwelling interest is occupying the dwelling in question, and
 - (b) on an earlier day in that, or the preceding, chargeable period (“the earlier day”) the conditions in section 138(1)(a) and (b) are met in relation to the same single-dwelling interest.
- (5) The earlier day is not relievable by virtue of section 138(1) in the case of the single-dwelling interest if—
- (a) a person who is entitled to the interest on the earlier day is also entitled to it on the day of non-qualifying occupation, or

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- (b) if the trade mentioned in section 138(1) is carried on in partnership, a person who has at any time carried that business on in partnership is entitled to the interest on the day of non-qualifying occupation.
- (6) Subsection (7) applies if—
- (a) on a day in a chargeable period (“the day of non-qualifying occupation”) a person who is a non-qualifying individual in relation to a single-dwelling interest is occupying the dwelling in question, and
 - (b) on an earlier day in that, or the preceding, chargeable period (“the earlier day”) the conditions in section 139(1)(a) and (b) are met in relation to the same single-dwelling interest.
- (7) The earlier day is not relievable by virtue of section 139(1) in the case of the single-dwelling interest if—
- (a) a person who is entitled to the interest on the earlier day is also entitled to it on the day of non-qualifying occupation, or
 - (b) where the trade mentioned in section 139(1) is carried on in partnership, a person who has at any time carried that trade on in partnership is entitled to the interest on the day of non-qualifying occupation.
- (8) If a day that is relievable by virtue of section 133(1)(a) falls between the earlier day mentioned in subsection (5) or (as the case may be) (7) and the day of non-qualifying occupation, that subsection does not apply in relation to that earlier day.
- (9) For the purposes of sections 138 and 139 and this section—
- (a) “non-qualifying individual” has the meaning given by section 136(1);
 - (b) occupation of any part of a dwelling is regarded as occupation of the dwelling.

141 Property traders

- (1) A day in a chargeable period is relievable in relation to a single-dwelling interest if on that day—
- (a) a person carrying on a property trading business is entitled to the interest, and
 - (b) the interest is held as stock of the business and for the sole purpose of resale in the course of the business.
- (2) A single-dwelling interest in a dwelling is taken not to be held for the sole purpose of resale in the course of a property trading business at any time when a non-qualifying individual is permitted to occupy the dwelling.
- (3) In this Part “property trading business” means a business that—
- (a) consists of or includes activities in the nature of a trade of buying and selling dwellings, and
 - (b) is carried on on a commercial basis and with a view to profit.

142 Property traders: supplementary

- (1) Subsection (2) applies if on a day in a chargeable period (“the day of non-qualifying occupation”)—
- (a) a person carrying on a property trading business (“the property trader”) is entitled to a single-dwelling interest that is held as mentioned in section 141(1)(b), and

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- (b) a non-qualifying individual is permitted to occupy the dwelling.
- (2) No subsequent day is relievable in the case of the single-dwelling interest by virtue of section 141(1) if—
 - (a) the day falls within that chargeable period, or any of the subsequent 3 chargeable periods, and
 - (b) the property trader or a relevant partner is entitled to the interest on that day.
- (3) If on the day of non-qualifying occupation mentioned in subsection (1) the property trader carries on the property trading business in partnership, “relevant partner” means any other person who is, at any time, a member of that partnership.
- (4) Subsection (5) applies if—
 - (a) on a day in a chargeable period (“the day of non-qualifying occupation”) a person who is a non-qualifying individual in relation to a single-dwelling interest is occupying the dwelling in question, and
 - (b) on an earlier day in that, or the preceding, chargeable period (“the earlier day”) the conditions in section 141(1)(a) and (b) are met in relation to the same single-dwelling interest.
- (5) The earlier day is not relievable by virtue of section 141(1) in the case of the single-dwelling interest if—
 - (a) a person who is entitled to the interest on the earlier day is also entitled to it on the day of non-qualifying occupation, or
 - (b) if the business mentioned in section 141(1) is carried on in partnership, a person who has at any time carried that business on in partnership is entitled to the interest on the day of non-qualifying occupation.
- (6) Subsection (5) does not apply in relation to the earlier day if a day that is relievable by virtue of section 133(1)(a) falls between the earlier day and the day of non-qualifying occupation.
- (7) For the purposes of this section and section 141—
 - (a) “non-qualifying individual” has the meaning given by section 136(1);
 - (b) occupation of any part of a dwelling is regarded as occupation of the dwelling.

143 Financial institutions acquiring dwellings in the course of lending

- (1) A day in a chargeable period is relievable in relation to a single-dwelling interest if matters stand as follows on that day—
 - (a) a financial institution carrying on a business that involves the lending of money is entitled to the interest,
 - (b) the financial institution has acquired the interest in the course of that business and in connection with those lending activities, and
 - (c) the interest is held with the intention that it will be sold in the course of that business without delay (except so far as delay is justified by commercial considerations or cannot be avoided).
- (2) A single-dwelling interest in a dwelling is taken not to be held with the intention mentioned in subsection (1)(c) at any time when a non-qualifying individual is permitted to occupy the dwelling.

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- (3) In this Part (except where otherwise stated) “financial institution” has the meaning given by section 564B of ITA 2007; but for this purpose section 564B(1) is to be read as if paragraph (d) of that subsection were omitted.

144 Section 143: supplementary

- (1) Subsection (2) applies if on a day in a chargeable period—
- (a) a financial institution that carries on a business involving the lending of money is entitled to a single-dwelling interest that has been acquired by it as mentioned in section 143(1)(b), and
 - (b) a non-qualifying individual is permitted to occupy the dwelling.
- (2) No subsequent day is relivable in the case of the single-dwelling interest by virtue of section 143(1) if—
- (a) the day falls within that chargeable period, or any of the subsequent 3 chargeable periods, and
 - (b) there is continuity of ownership on that day.
- (3) There is continuity of ownership on a day on which—
- (a) the financial institution is entitled to the single-dwelling interest, or
 - (b) if the financial institution carried on the business mentioned in subsection (1)
 - (a) in partnership, another member of the partnership is entitled to the interest.
- (4) Subsection (5) applies if—
- (a) on a day in a chargeable period (“the day of non-qualifying occupation”) a person who is a non-qualifying individual in relation to a single-dwelling interest is occupying the dwelling in question, and
 - (b) on an earlier day in that, or the preceding, chargeable period (“the earlier day”) the conditions in section 143(1)(a) to (c) are met in relation to the same single-dwelling interest.
- (5) The earlier day is not relivable by virtue of section 143(1) in the case of the single-dwelling interest if—
- (a) a person who is entitled to the interest on the earlier day is also entitled to it on the day of non-qualifying occupation, or
 - (b) if the business mentioned in section 143(1) is carried on in partnership, a person who has at any time carried that business on in partnership is entitled to the interest on the day of non-qualifying ownership.
- (6) Subsection (5) does not apply in relation to the earlier day if a day that is relivable by virtue of section 133(1)(a) falls between the earlier day and the day of non-qualifying occupation.
- (7) For the purposes of this section and section 143—
- (a) “non-qualifying individual” has the meaning given by section 136(1);
 - (b) occupation of any part of a dwelling is regarded as occupation of the dwelling.

[^{F35}144A Regulated home reversion plans

- (1) A day in a chargeable period is relivable in relation to a single dwelling interest held by a person (“P”) who is an authorised plan provider if—

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- (a) P has, as plan provider, entered into a regulated home reversion plan relating to the single dwelling interest, and
 - (b) the occupation condition is met on that day.
- (2) If no qualifying termination event has occurred, the “occupation condition” is that a person who was originally entitled to occupy the dwelling (or any part of it) under the regulated home reversion plan is still entitled to do so.
- (3) If a qualifying termination event has occurred, the “occupation condition” is that—
 - (a) the single dwelling interest is being held with the intention that it will be sold without delay (except so far as delay is justified by commercial considerations or cannot be avoided), and
 - (b) no non-qualifying individual is permitted to occupy the dwelling (or any part of it).
- (4) In this section—

“authorised plan provider” means a person authorised under the Financial Services and Markets Act 2000 to carry on in the United Kingdom the regulated activity specified in article 63B(1) of the Regulated Activities Order (entering into regulated home reversion plan as plan provider);

“qualifying termination event” is to be interpreted in accordance with article 63B of the Regulated Activities Order;

“the Regulated Activities Order” means the Financial Services and Markets (Regulated Activities) Order 2001 (S.I. 2001/544);

“regulated home reversion plan” means an arrangement which is a regulated home reversion plan for the purposes of Chapter 15A of Part 2 of the Regulated Activities Order (but see also subsection (6)).
- (5) In this section references to entering into a regulated home reversion plan “as plan provider” are to be interpreted as if the references were in the Regulated Activities Order (but see also subsection (6)).
- (6) For the purposes of this section—
 - (a) an arrangement which P entered into before 6 April 2007 is treated for the purposes of this section as a regulated home reversion plan entered into by P as plan provider if that arrangement would have been so treated for the purposes of article 63B(1) of the Regulated Activities Order had P entered into that arrangement on the day mentioned in subsection (1);
 - (b) an arrangement in relation to which P acquired rights or obligations before 6 April 2007 is treated for the purposes of this section as a regulated home reversion plan entered into by P as plan provider if that arrangement would have been so treated for the purposes of article 63B(1) of the Regulated Activities Order had P acquired those rights or obligations on the day mentioned in subsection (1).
- (7) Section 136 (meaning of “non-qualifying individual”) applies in relation to this section as in relation to sections 133 and 135.]

Textual Amendments

- F35** S. 144A inserted (15.9.2016) (with effect in accordance with s. 134(7) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 134\(2\)](#)

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145 [F36 Occupation by employees or partners of a qualifying trade or property rental business]

- (1) A day in a chargeable period is a relievable if matters stand as follows on that day—
 - (a) a person (“P”) is entitled to a single-dwelling interest,
 - (b) P, or a relevant group member, carries on a qualifying trade [F37 or qualifying property rental business] ,
 - (c) the interest is held for the purpose of making the dwelling available to one or more qualifying employees or qualifying partners for use as living accommodation, and
 - (d) the dwelling is, or is to be, made available as mentioned in paragraph (c) for purposes that are solely or mainly purposes of the [F38 qualifying trade or qualifying property rental business] .
- (2) “Qualifying trade” means a trade that is carried on on a commercial basis and with a view to profit.
- (3) In this section references to making a dwelling available to a qualifying employee or qualifying partner include making it available to persons who are to share the accommodation with such an individual as their family.
- (4) Where P is a company, “a relevant group member” means a company which is a member of the same group as P for the purposes mentioned in paragraph 1(2) of Schedule 7 to FA 2003 (stamp duty land tax: group relief).

[F39(5) For the meaning of “qualifying property rental business” see section 133(3).]

Textual Amendments

- F36** S. 145 heading substituted (15.9.2016) (with effect in accordance with s. 135(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 135\(5\)](#)
- F37** Words in s. 145(1)(b) inserted (15.9.2016) (with effect in accordance with s. 135(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 135\(3\)\(a\)](#)
- F38** Words in s. 145(1)(d) substituted (15.9.2016) (with effect in accordance with s. 135(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 135\(3\)\(b\)](#)
- F39** S. 145(5) inserted (15.9.2016) (with effect in accordance with s. 135(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 135\(4\)](#)

146 Meaning of “qualifying employee” and “qualifying partner” in section 145

- (1) In a case where the person carrying on the trade [F40 or property rental business] mentioned in section 145(1)(b) carries it on in partnership with one or more other persons, “qualifying partner” means any individual who is a member of the partnership, except one who is entitled to a 10% or greater share—
 - (a) in the income profits of the partnership, or
 - (b) in any company that is entitled to the single-dwelling interest mentioned in section 145(1)(a), or
 - (c) in the partnership's assets.
- (2) “Qualifying employee” means any individual employed for the purposes of the qualifying trade [F41 or qualifying property rental business] , except one who—
 - (a) is entitled to a 10% or greater share—

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- (i) in the income profits of the trade [^{F42}or (as the case may be) property rental business] , or
 - (ii) in any company that is entitled to the single-dwelling interest mentioned in section 145(1)(a), or
 - (iii) in that single-dwelling interest, or
- (b) provides excluded domestic services.
- (3) The reference in subsection (2)(b) to an individual who provides excluded domestic services is to an individual the duties of whose employment include the provision of services in connection with the (actual or intended) occupation, by a non-qualifying individual, of the dwelling mentioned in section 145(1)(c) (“the relevant dwelling”), or a linked dwelling.
- (4) In subsection (3) “non-qualifying individual” means an individual connected with a person who is entitled to the single-dwelling interest.
- (5) The following are “linked” dwellings for the purposes of subsection (3)—
 - (a) if the conditions in section 116(2) are met in relation to the relevant dwelling and another dwelling, that other dwelling;
 - (b) a dwelling that is linked to the relevant dwelling, as described in section 117(1).
- (6) In this section references to employment include the holding of an office.
- (7) For the purposes of subsections (1)(c) and (2)(a)(iii) persons who are entitled to a chargeable interest as beneficial joint tenants (or, in Scotland, as joint owners) are taken to be entitled to the chargeable interest as beneficial tenants in common (or, in Scotland, as owners in common) in equal shares.

Textual Amendments

- F40** Words in s. 146(1) inserted (15.9.2016) (with effect in accordance with s. 135(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 135\(6\)\(a\)](#)
- F41** Words in s. 146(2) inserted (15.9.2016) (with effect in accordance with s. 135(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 135\(6\)\(b\)\(i\)](#)
- F42** Words in s. 146(2)(a)(i) inserted (15.9.2016) (with effect in accordance with s. 135(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 135\(6\)\(b\)\(ii\)](#)

147 Meaning of “10% or greater share in a company”

- (1) This section applies for the purposes of section 146.
- (2) An individual (“P”) is taken to be entitled to a 10% or greater share in a company (“C”) if P possesses (directly or indirectly) or is entitled to acquire—
 - (a) 10% or more of the share capital of C,
 - (b) 10% or more of the issued share capital of C,
 - (c) 10% or more of the voting power in C,
 - (d) so much of the issued share capital of C as would, on the assumption that the whole of the income of C were distributed among the participators, entitle P to receive 10% or more of the amount so distributed, or

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- (e) such rights as would entitle P, in the event of the winding up of C or in any other circumstances, to receive 10% or more of the assets of C which would then be available for distribution among the participators.
- (3) Any rights that P or any other person has as a loan creditor are to be disregarded for the purposes of the assumption in subsection (2)(d).
- (4) For the purposes of subsection (2) a person is treated as entitled to acquire anything which the person—
 - (a) is entitled to acquire at a future date, or
 - (b) will at a future date be entitled to acquire.
- (5) If a person—
 - (a) possesses any rights or powers on behalf of another person (“A”), or
 - (b) may be required to exercise any rights or powers on A's direction or behalf, those rights or powers are to be attributed to A.
- (6) The following are also to be attributed to a person—
 - (a) the rights and powers of any company of which the person has, or the person and associates of the person have, control;
 - (b) the rights and powers of any two or more companies within paragraph (a);
 - (c) the rights and powers of any associate of the person (or of any two or more associates of the person).
- (7) The rights and powers which are to be attributed under subsection (6)—
 - (a) include those attributed to a company or associate under subsection (5), but
 - (b) do not include those attributed to an associate under subsection (6).
- (8) A person who does not meet the conditions in subsection (2) is nevertheless treated as having a 10% or greater share in a company if the person exercises, is able to exercise or is entitled to acquire, direct or indirect control over the company's affairs.
- (9) In this section—
 - “associate” has the same meaning as in Part 10 of CTA 2010 (see section 448 of that Act); but for this purpose section 448 is to be read as if the words “or partner” were omitted in subsection (1)(a);
 - “control” has the same meaning as in that Part (see section 450 of that Act);
 - “loan creditor” has the same meaning as in that Part (see section 453 of that Act);
 - “participator” has the same meaning as in that Part (see section 454 of that Act).

Modifications etc. (not altering text)

C5 S. 147 applied by 2003 c. 14, Sch. 4A para. 5E(9) (as inserted (with effect in accordance with Sch. 40 para. 8 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 40 para. 2\(4\)](#))

[^{F43}147A Caretaker flat owned by management company

- (1) A day in a chargeable period is relievable in relation to a single-dwelling interest if the dwelling in question is a flat in relation to which the conditions in subsection (2) are met.

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- (2) The conditions are that on that day—
- (a) a company (“the management company”) holds the single-dwelling interest for the purpose of making the flat available as caretaker accommodation,
 - (b) the flat is contained in premises which also contain two or more other flats,
 - (c) the tenants of at least two of the other flats in the premises are members of the management company,
 - (d) the management company owns the freehold of the premises, and
 - (e) the management company is not carrying on a trade or property rental business.
- (3) For the purposes of subsection (2), the management company makes a flat available “as caretaker accommodation” if it makes it available to an individual for use as living accommodation in connection with the individual's employment as caretaker of the premises.
- (4) In this section “premises” means premises constituting the whole or part of a building.]

Textual Amendments

F43 S. 147A inserted (15.9.2016) (with effect in accordance with s. 135(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 135\(7\)](#)

148 Farmhouses

- (1) This section applies where on a day in a chargeable period—
- (a) a dwelling (“the farmhouse”) forms part of land occupied for the purposes of a qualifying trade of farming, and
 - (b) a person carrying on the trade is entitled to, or connected with a person who is entitled to, a single-dwelling interest in the farmhouse.
- (2) That day is relievably in relation to the single-dwelling interest if on that day the farmhouse is occupied—
- (a) by a farm worker who occupies it for the purposes of the trade, or
 - (b) by a former long-serving farm worker, or the surviving spouse or civil partner of a former farm worker.
- (3) A trade of farming is a “qualifying trade of farming” only if it is carried on—
- (a) on a commercial basis, and
 - (b) with a view to profit.
- (4) In this section—
- “farming” has the same meaning as in the Corporation Tax Acts (see section 1125 of CTA 2010), except that in this section “farming” includes market gardening;
- “market gardening” has the same meaning as in the Corporation Tax Acts (see section 1125(5) of CTA 2010).

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149 “Farm worker” and “former long-serving farm worker”

- (1) An individual is a “farm worker” in relation to the qualifying trade of farming mentioned in section 148(1) at any time when the individual has a substantial involvement in—
 - (a) the day-to-day work of the trade, or
 - (b) the direction and control of the conduct of the trade.
- (2) Where section 148 applies, an individual occupying the farmhouse on the day mentioned in section 148(1) is a “former long-serving farm worker” if the individual had, before that day, been a farm worker in relation to the qualifying trade of farming for—
 - (a) a qualifying period of 3 or more years, or
 - (b) qualifying periods together amounting to 3 or more years within a 5 year period.
- (3) In subsection (2) “qualifying period” means a period throughout which—
 - (a) the individual occupied the farmhouse for the purposes of the trade,
 - (b) the land of which the farmhouse forms part was occupied for the purposes of the trade,
 - (c) the trade was carried on by—
 - (i) a person who is entitled to the single-dwelling interest in the farmhouse on the day mentioned in section 148(1), or
 - (ii) a person connected with such a person, and
 - (d) a person who is entitled to the single-dwelling interest in the farmhouse on the day mentioned in section 148(1) was entitled to that interest.
- (4) A person occupying part of a dwelling is regarded as occupying the dwelling for the purposes of this section and section 148.

150 Providers of social housing [^{F44}etc]

- (1) A day in a chargeable period is relievably in relation to a single-dwelling interest if on that day—
 - (a) a profit-making registered provider of social housing (P) is entitled to the interest, and
 - (b) P's acquisition of the interest (or of any part of the interest) was funded with the assistance of public subsidy.
- (2) A day in a chargeable period is relievably in relation to a single-dwelling interest if on that day—
 - (a) a [^{F45}qualifying] housing provider ^{F46}... is entitled to the interest, and
 - (b) the condition in subsection (3) is met.
- (3) The condition mentioned in subsection (2) is that—
 - (a) the [^{F47}qualifying] housing provider is controlled by its tenants,
 - (b) the person from whom the [^{F47}qualifying] housing provider acquired the interest (or any part of the interest) is a qualifying body, or
 - (c) the [^{F47}qualifying] housing provider's acquisition of the interest (or of any part of the interest) was funded with the assistance of a public subsidy.

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[^{F48}(3A) A day in a chargeable period is relievable in relation to a single-dwelling interest if on that day a qualifying housing co-operative (as defined by section 150A) is entitled to the interest.]

(4) In this section—

- [^{F49}(a) subsection (2) of section 71 of FA 2003 applies in relation to a reference to a qualifying housing provider controlled by its tenants as it applies to a reference in that section to a non-profit registered provider of social housing controlled by its tenants;
- (b) “qualifying body” means—
- (i) anything described as a qualifying body in subsection (3) of that section,
 - (ii) the Scottish Ministers,
 - (iii) a council constituted under section 2 of the Local Government etc. (Scotland) Act 1994, or
 - (iv) Scottish Homes;
- (c) “public subsidy” means—
- (i) anything that is a public subsidy for the purposes of section 71 of FA 2003, and for the purposes of this section the reference in subsection (5)(a) of that section to “the purchaser” is to be treated as a reference to P or the qualifying housing provider (as the case may be);
 - (ii) any grant or other financial assistance under section 18 of the Housing Act 1996 (c. 52) (social housing grants);
 - (iii) any grant or other financial assistance under section 2 of the Housing (Scotland) Act 1988 (c. 43) (general functions of the Scottish Ministers);
- (d) “qualifying housing provider” means—
- (i) a relevant housing provider (within the meaning of section 71 of FA 2003),
 - (ii) a body registered as a social landlord in a register maintained under section 1(1) of the Housing Act 1996 (Welsh registered social landlords), or
 - (iii) a body registered under section 20(1) of the Housing (Scotland) Act 2010 (asp 17) (Scottish registered social landlords).]

Textual Amendments

- F44** Word in s. 150 heading inserted (with effect in accordance with s. 90(3)-(6) of the amending Act) by [Finance Act 2021 \(c. 26\), s. 90\(1\)\(b\)](#)
- F45** Word in s. 150(2)(a) substituted (retrospective to 6.3.2024) by [Finance \(No. 2\) Act 2024 \(c. 12\), s. 9\(13\)\(a\)\(i\)\(14\)](#)
- F46** Words in s. 150(2)(a) omitted (retrospective to 6.3.2024) by virtue of [Finance \(No. 2\) Act 2024 \(c. 12\), s. 9\(13\)\(a\)\(ii\)\(14\)](#)
- F47** Word in s. 150(3) substituted (retrospective to 6.3.2024) by [Finance \(No. 2\) Act 2024 \(c. 12\), s. 9\(13\)\(b\)\(14\)](#)
- F48** [S. 150\(3A\)](#) inserted (with effect in accordance with s. 90(3)-(6) of the amending Act) by [Finance Act 2021 \(c. 26\), s. 90\(1\)\(a\)](#)
- F49** [S. 150\(4\)\(a\)-\(d\)](#) substituted for [s. 150\(4\)\(a\)-\(c\)](#) (retrospective to 6.3.2024) by [Finance \(No. 2\) Act 2024 \(c. 12\), s. 9\(13\)\(c\)\(14\)](#)

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[^{F50}150A Meaning of “qualifying housing co-operative”

- (1) A company is a “qualifying housing co-operative” for the purposes of section 150(3A) on any day if on that day—
 - (a) it is a housing association within the meaning of—
 - (i) the Housing Associations Act 1985, or
 - (ii) Part 2 of the Housing (Northern Ireland) Order 1992 (S.I. 1992/1725 (N.I. 15)),
 - (b) it is 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, and
 - (c) the rules of the association comply with subsection (2).
- (2) The rules of the association—
 - (a) must restrict membership to persons who are tenants, or prospective tenants, of the association,
 - (b) must preclude the granting or assignment of tenancies to persons other than members,
 - (c) must prevent members from transferring any of their shares,
 - (d) must prevent members from receiving any more than the nominal value of their shares on a return of share capital, and
 - (e) must confer on members equal voting rights.]

Textual Amendments

F50 S. 150A inserted (with effect in accordance with s. 90(3)-(6) of the amending Act) by [Finance Act 2021 \(c. 26\), s. 90\(2\)](#)

Exemptions

151 Charitable companies

- (1) A charitable company that is entitled to a single-dwelling interest is regarded as not meeting the ownership condition with respect to the interest on any day on which the interest is held by the company for qualifying charitable purposes, other than an excluded day.
- (2) The interest is “held for qualifying charitable purposes” if it is held—
 - (a) for use in furtherance of the charitable purposes of the charitable company or of another charity, or
 - (b) as an investment from which the profits are (or are to be) applied to the charitable purposes of the charitable company.
- (3) A day is an “excluded day” if the following conditions are met—
 - (a) a person (“the donor”) has on or before that day made, or agreed to make, a gift to the charitable company or to a charity that is connected with it,
 - (b) there exist on that day arrangements under which or as a result of which a linked individual is permitted, or is to be or may in the future be permitted, to occupy the dwelling, and

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- (c) it is reasonable to assume from either or both of—
- (i) the likely effects of the gift and the arrangements, or
 - (ii) the circumstances in which the gift was made and the circumstances in which the arrangements were entered into,
- that the gift would not have been made and the arrangements would not have been entered into independently of one another;
- but see the exception in subsection (5).
- (4) In subsection (3)(b) “linked individual” means an individual who—
- (a) is the donor, or
 - (b) was, when the arrangements were entered into, an associate of the donor.
- (5) A day is not an “excluded day” if the first, second or third condition is met on that day.
- The first condition is that the activities undertaken for carrying out the primary purposes of the charitable company include, or normally include, opening the dwelling to the public.
- The second condition is that the dwelling is being exploited through commercial activities that involve, or normally involve, opening the dwelling to the public.
- The third condition is that steps are being taken—
- (a) to secure that the first or second condition will be met without undue delay, or
 - (b) to secure that the single-dwelling interest will be sold without undue delay.
- (6) In subsection (5)—
- (a) “opening the dwelling to the public” means offering the public the opportunity to make use of, stay in or otherwise enjoy, on at least 28 days in any year, areas that constitute a significant part of the interior of the dwelling or of the dwelling's garden or grounds;
 - (b) “without undue delay” means without delay, except so far as delay is justified by commercial considerations or for the sake of a primary purpose of the charitable company.
- (7) For the purposes of subsection (6)(a), the size (relative to the size of the whole dwelling or of the whole garden or grounds), nature, and function of the areas concerned are to be taken into account in determining whether they form a significant part of the interior of the dwelling or (as the case may be) of the garden or grounds.
- (8) For the purposes of subsection (3)(a)—
- (a) “connected” means connected in a matter relating to the structure, administration or control of the charitable company, and
 - (b) section 172 does not apply.

152 Section 151: supplementary

- (1) In section 151 “associate”, in relation to the donor, means any of the following—
- (a) an individual (“a connected person”) who is connected with the donor,
 - (b) an individual who is the settlor in relation to a settlement of which a trustee is (in the capacity of trustee) connected with the donor,
 - (c) the spouse or civil partner of a connected person or of a relevant settlor,

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- (d) a relative of a connected person or of a relevant settlor, or the spouse or civil partner of a relative of a connected person or of a relevant settlor,
 - (e) a relative of the spouse or civil partner of a connected person or of a relevant settlor, or
 - (f) the spouse or civil partner of a person falling within paragraph (e).
- (2) In subsection (1)—
- “relative” means brother, sister, ancestor or lineal descendant;
 - “settlement” and “settlor” have the same meaning as in Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act).
- (3) In subsection (1)(b) “trustee” is to be read in accordance with section 1123(3) of CTA 2010 (“connected persons”: supplementary).
- (4) For the purposes of section 151 occupation of any part of a dwelling is regarded as occupation of the dwelling.
- (5) For the purposes of section 151(3)—
- (a) the making of a gift is disregarded if it is made before the day on which this Act is passed, and
 - (b) an agreement to make a gift is disregarded if the agreement is made before that day.
- (6) Arrangements entered into before the day on which this Act is passed are disregarded for the purposes of section 151(3) unless a material alteration has been made to them on or after that date.
- “Material alteration” means an alteration affecting anything in the arrangements that relates to the individual's having (at any time), or potentially having, permission to occupy the dwelling.
- (7) References in section 151 and this section to a gift include the disposal of an asset for consideration of an amount or value which is less than the market value of the asset.
- (8) In section 151 and this section “arrangements” includes any scheme, arrangement or understanding of any kind, whether or not legally enforceable, involving a single transaction or two or more transactions.

153 Public bodies

- (1) A public body is not regarded as a company for the purposes of this Part.
- (2) In this section—
- (a) “public body” means any body corporate that is a public body for the purposes of section 66 of FA 2003, and
 - (b) references to a public body accordingly include a company such as is mentioned in subsection (5) of that section (companies wholly owned by the listed bodies).
- (3) The power of the Treasury to prescribe persons by an order under section 66(4) of FA 2003 may be exercised so as to make different provision for purposes relating to annual tax on enveloped dwellings and stamp duty land tax.

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- (4) In paragraph (b) of subsection (2) “company” means a company as defined by section 1 of the Companies Act 2006 (and subsection (1) is to be ignored in interpreting that paragraph).

154 Bodies established for national purposes

- (1) A body listed in subsection (2) is not regarded as a company for the purposes of this Part.
- (2) The bodies are—
- the Historic Buildings and Monuments Commission for England;
 - the Trustees of the British Museum;
 - the Trustees of the National Heritage Memorial Fund;
 - the Trustees of the Natural History Museum.

155 Dwelling conditionally exempt from inheritance tax

- (1) Subsection (2) applies to a single-dwelling interest if—
- (a) the whole or part of the dwelling has been designated under section 31 of IHTA 1984 (buildings of outstanding historic or architectural interest etc),
 - (b) an undertaking has been made with respect to the dwelling under section 30 of that Act (conditionally exempt transfers), and
 - (c) a transfer of value is exempt from inheritance tax by virtue of that designation and that undertaking.
- (2) The taxable value of the single-dwelling interest on any day is taken to be zero if no chargeable event has occurred with respect to the dwelling in the time between the transfer of value and the beginning of that day.
- (3) Subsection (4) applies to a single-dwelling interest if—
- (a) the whole or part of the dwelling has been designated under section 31 of IHTA 1984,
 - (b) an undertaking has been made with respect to the dwelling under section 78 of that Act (settled property: conditionally exempt occasions), and
 - (c) a transfer of property or other event is a conditionally exempt occasion by virtue of that designation and that undertaking.
- (4) The taxable value of the single-dwelling interest on any day is taken to be zero if no chargeable event has occurred with respect to the dwelling in the time between the conditionally exempt occasion and the beginning of that day.
- (5) In this section—
- “chargeable event” means an event which is a chargeable event under section 32 of IHTA 1984;
 - “conditionally exempt occasion” is to be read in accordance with section 78(2) of that Act;
 - “transfer of value” has the same meaning as in that Act.

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Power to modify reliefs

156 Modification of reliefs

- (1) The Treasury may by regulations—
- (a) amend this Part for the purpose of providing further relief, or further exemptions, from tax (whether by modifying an existing relief or exemption or otherwise);
 - (b) amend or repeal any of sections 132 to 155 for purposes not falling within paragraph (a);
 - (c) make any amendment of any other provision of this Part that may be necessary in consequence of provision under paragraph (b).
- (2) In subsection (1)—
- (a) the reference to providing further relief from tax includes the provision of relief for additional persons or categories of person or in additional cases or circumstances;
 - (b) the reference to providing further exemptions from tax includes the provision of exemptions for additional persons or categories of person or in additional cases or circumstances.

Alternative property finance

157 [^{F51}Land in England, Wales or Northern Ireland sold to financial institution and leased to person]

- (1) This section applies where—
- (a) section 71A of FA 2003 (land sold to financial institution and leased to person) ^{F52}... applies in relation to arrangements entered into between a financial institution and another person (“the lessee”), and
 - (b) the land in which the institution purchases a major interest under the first transaction [^{F53}is in England, Wales or Northern Ireland and] consists of or includes one or more dwellings (or parts of a dwelling).
- (2) If the lessee is a company, this Part has effect in relation to times when the arrangements are in operation as if—
- (a) the interest held by the financial institution as mentioned in subsection (3)(b) were held by the lessee (and not by the financial institution), and
 - (b) the lease or sub-lease granted under the second transaction had not been granted.
- (3) The reference in subsection (2) to times when the arrangements are in operation is to times when—
- (a) the lessee holds the leasehold interest granted to it under the second transaction, and
 - (b) the interest purchased under the first transaction (or that interest except so far as transferred by a further transaction) is held by a financial institution.
- (4) A company treated under subsection (2)(a) as holding an interest at a particular time is treated as holding it as a member of a partnership if at the time in question the company

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holds the leasehold interest as a member of the partnership (and this Part has effect accordingly in relation to the other members of the partnership).

- (5) In relation to times when the arrangements operate for the benefit of a collective investment scheme, this Part has effect as if—
- (a) the interest held by the financial institution as mentioned in subsection (6)(b) were held by the lessee for the purposes of a collective investment scheme (and were not held by the financial institution), and
 - (b) the lease or sub-lease granted under the second transaction had not been granted.
- (6) The reference in subsection (5) to times when the arrangements operate for the benefit of a collective investment scheme is to times when—
- (a) the lessee holds the leasehold interest for the purposes of a collective investment scheme, and
 - (b) the interest purchased under the first transaction (or that interest except so far as transferred by a further transaction) is held by a financial institution.
- (7) In this section—
- “financial institution” has the meaning given by section 73BA of FA 2003;
 - “the first transaction” has the same meaning as in section 71A^{F54}... of FA 2003;
 - “further transaction” has the same meaning as in section 71A of FA 2003;
 - “the leasehold interest” means the interest granted to the lessee under the second transaction;
 - “the second transaction” has the same meaning as in section 71A^{F55}... of FA 2003.
- (8) The reference in subsection (1) to a major interest in land is to be read in accordance with section 117 of FA 2003.
- (9) Where the lessee is an individual, references in subsections (5) and (6) to the lessee are to be read, in relation to times after the death of the lessee, as references to the lessee's personal representatives.

^{F56}(10)

Textual Amendments

- F51** S. 157 heading substituted (15.9.2016) (with effect in accordance with s. 136(8) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 136\(6\)](#)
- F52** Words in s. 157(1)(a) omitted (15.9.2016) (with effect in accordance with s. 136(8) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\), s. 136\(3\)\(a\)](#)
- F53** Words in s. 157(1)(b) inserted (15.9.2016) (with effect in accordance with s. 136(8) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 136\(3\)\(b\)](#)
- F54** Words in s. 157(7) omitted (15.9.2016) (with effect in accordance with s. 136(8) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\), s. 136\(4\)\(a\)](#)
- F55** Words in s. 157(7) omitted (15.9.2016) (with effect in accordance with s. 136(8) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\), s. 136\(4\)\(b\)](#)
- F56** S. 157(10) omitted (15.9.2016) (with effect in accordance with s. 136(8) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\), s. 136\(5\)](#)

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[^{F57}157A] Land in Scotland sold to financial institution and leased to person

- (1) This section applies where Conditions A and B are met.
- (2) Condition A is that arrangements are entered into between a person (“the lessee”) and a financial institution under which the institution—
 - (a) purchases a major interest in land (“the first transaction”),
 - (b) grants to the lessee out of that interest a lease (if the interest acquired is the interest of the owner) or a sub-lease (if the interest acquired is the tenant's right over or interest in a property subject to a lease) (“the second transaction”), and
 - (c) enters into an agreement under which the lessee has a right to require the institution to transfer the major interest purchased by the institution under the first transaction.
- (3) Condition B is that the land in which the institution purchases a major interest under the first transaction is in Scotland and consists of or includes one or more dwellings or parts of a dwelling.
- (4) If the lessee is a company, this Part has effect in relation to times when the arrangements are in operation (see subsection (5)) as if—
 - (a) the interest held by the financial institution as mentioned in subsection (5)(b) were held by the lessee (and not by the financial institution), and
 - (b) the lease or sub-lease granted under the second transaction had not been granted.
- (5) The reference in subsection (4) to times when the arrangements are in operation is to times when—
 - (a) the lessee holds the interest granted to it under the second transaction, and
 - (b) the interest purchased under the first transaction is held by a financial institution.
- (6) A company treated under subsection (4)(a) as holding an interest at a particular time is treated as holding it as a member of a partnership if at the time in question the company holds the interest granted to it under the second transaction as a member of the partnership (and this Part has effect accordingly in relation to the other members of the partnership).
- (7) In relation to times when the arrangements operate for the benefit of a collective investment scheme (see subsection (8)), this Part has effect as if—
 - (a) the interest held by the financial institution as mentioned in subsection (8)(b) were held by the lessee for the purposes of a collective investment scheme (and were not held by the financial institution), and
 - (b) the lease or sub-lease granted under the second transaction had not been granted.
- (8) The reference in subsection (7) to times when the arrangements operate for the benefit of a collective investment scheme is to times when—
 - (a) the lessee holds the interest granted to it under the second transaction for the purposes of a collective investment scheme, and
 - (b) the interest purchased under the first transaction is held by a financial institution.
- (9) In this section “financial institution” has the same meaning as in section 71A of FA 2003 (see section 73BA of that Act).

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- (10) References in this section to a “major interest” in land are to—
- (a) ownership of land, or
 - (b) the tenant's right over or interest in land subject to a lease.
- (11) Where the lessee is an individual, references in subsections (7) and (8) to the lessee are to be read, in relation to times after the death of the lessee, as references to the lessee's personal representatives.]

Textual Amendments

F57 S. 157A inserted (15.9.2016) (with effect in accordance with s. 136(8) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 136\(7\)](#)

Administration and payment of tax

158 Responsibility for collection and management

The Commissioners for Her Majesty's Revenue and Customs are responsible for the collection and management of annual tax on enveloped dwellings.

159 Annual tax on enveloped dwellings return

- (1) Where tax is charged on a person for a chargeable period with respect to a single-dwelling interest the person must deliver a return for the period with respect to the interest.
- (2) A return under subsection (1) must be delivered by the end of the period of 30 days beginning with first day in the period on which the person is within the charge with respect to the interest.
- (3) If the first day in the chargeable period on which the person is within the charge with respect to the interest (“day 1”) is a valuation date only because of section 124 (new dwellings) or section 125 (dwellings produced from other dwellings)—
 - (a) subsection (2) does not apply, and
 - (b) the return must be delivered by the end of the period of 90 days beginning with day 1.

[^{F58}(3A) Where a person—

- (a) would (apart from this subsection) be required in accordance with subsection (2) to deliver a return for a chargeable period (“the later period”) by 30 April in that period, and
- (b) is also required in accordance with subsection (3) to deliver a return for the previous chargeable period by a date (“the later date”) which is later than 30 April in the later period,

subsection (2) has effect as if it required the return mentioned in paragraph (a) to be delivered by the later date.]

- (4) A return under this section must be delivered to an officer of Revenue and Customs, and is called an “annual tax on enveloped dwellings return”.

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Textual Amendments

F58 S. 159(3A) inserted (with effect in accordance with s. 73(6) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 73\(2\)](#)

Modifications etc. (not altering text)

C6 S. 159 modified (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 109\(5\)\(6\)](#)

C7 S. 159 modified (26.3.2015) by [Finance Act 2015 \(c. 11\), s. 73\(7\)\(8\)](#)

[^{F59}159A Relief declaration returns

- (1) “Relief declaration return” means an annual tax on enveloped dwellings return which—
 - (a) states that it is a relief declaration return,
 - (b) relates to one (and only one) of the types of relief listed in the table in subsection (9), and
 - (c) specifies which type of relief it relates to.
- (2) A relief declaration return may be made in respect of one or more single-dwelling interests.
- (3) A relief declaration return delivered to an officer of Revenue and Customs on a particular day (“the day of the claim”) is treated as made in respect of any single-dwelling interest in relation to which the conditions in subsection (4) are met (but need not contain information which identifies the particular single-dwelling interest or interests concerned).
- (4) The conditions are that—
 - (a) the person making the return is within the charge with respect to the single-dwelling interest on the day of the claim;
 - (b) the day of the claim is relievable in relation to the single-dwelling interest by virtue of a provision which relates to the type of relief specified in the return (see subsection (9));
 - (c) none of the days in the pre-claim period is a taxable day.
- (5) The statement under subsection (1)(a) in a relief declaration return is treated as a claim for interim relief (see section 100) with respect to the single-dwelling interest (or interests) in respect of which the return is made.
- (6) Subsection (7) applies where—
 - (a) a person has delivered to an officer of Revenue and Customs on any day a relief declaration return for a chargeable period with respect to one or more single-dwelling interests (“the existing return”), and
 - (b) there is a subsequent day (“day S”) in the same chargeable period on which the relevant conditions are met in relation to another single-dwelling interest.
- (7) The existing return is treated as also made with respect to that other single-dwelling interest.
- (8) For the purposes of subsection (6)(b), the “relevant conditions” are the same as the conditions in subsection (4), except that for this purpose references in subsection (4) to the day of the claim are to be read as references to day S.

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- (9) This table sets out the numbered types of relief to which the provisions specified in the left hand column relate—

<i>Provision</i>	<i>Type of relief to which it relates</i>
Section 133 or 134 (property rental business)	1
Section 137 (dwellings opened to the public)	2
Section 138 or 139 (property developers)	3
Section 141 (property traders)	4
Section 143 (financial institutions acquiring dwellings)	5
[^{F60} 144A (regulated home reversion plans)	5A]
Section 145 [^{F61} or 147A (occupation by certain employees etc)]	6
Section 148 (farmhouses)	7
Section 150 (providers of social housing)	8

- (10) Where a person—
- has failed to make annual tax on enveloped dwellings returns in respect of two or more single-dwelling interests, and
 - could have discharged the duties in question by making a single relief declaration return in respect of all the interests,
- the failure may be taken, for the purposes of Schedule 55 to FA 2009, to be a failure to make a single annual tax on enveloped dwellings return.

- (11) In this section—
- “pre-claim period” has the same meaning as in section 100;
- “taxable day”, in relation to a person and a single-dwelling interest, means a day on which the person is within the charge with respect to the interest, other than a day which is relievably in relation to the interest.]

Textual Amendments

- F59** S. 159A inserted (with effect in accordance with s. 73(6) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 73\(3\)](#)
- F60** Words in s. 159A(9) inserted (15.9.2016) (with effect in accordance with s. 134(7) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 134\(6\)](#)
- F61** Words in s. 159A(9) substituted (15.9.2016) (with effect in accordance with s. 135(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 135\(11\)](#)

160 Return of adjusted chargeable amount

- (1) A person on whom tax is charged for a chargeable period with respect to a single-dwelling interest must deliver a further return for the period with respect to the interest if the first or second condition is met.

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- (2) The return must be delivered by the end of the period of 30 days beginning with the first day of the period following the period for which the tax is charged (but see subsection (3)).
- (3) If the return is required because the second condition is met and the adjusted chargeable amount is affected by an event that has occurred after the end of the chargeable period mentioned in subsection (1), the return must be delivered by the end of the period of 30 days beginning with the day on which that event occurred.
- (4) The first condition is that—
 - (a) the person has not made a claim under section 100 (interim relief) with respect to the interest for the chargeable period, and
 - (b) the adjusted chargeable amount is greater than the amount charged under section 99 with respect to the single-dwelling interest for the period.
- (5) The second condition is that—
 - (a) the person has made one or more claims under section 100 with respect to the interest for the chargeable period, and
 - (b) the sum of amounts A and B, as calculated under that section, in connection with the last of those claims is less than the adjusted chargeable amount.
- (6) A return under this section must be delivered to an officer of Revenue and Customs, and is called a “return of the adjusted chargeable amount”.

161 Return to include self assessment

- (1) A return must include a self assessment.
- [^{F62}(2) In subsection (1) “return” means—
 - (a) an annual tax on enveloped dwellings return, or
 - (b) a return of the adjusted chargeable amount.
- (2A) The reference in subsection (2)(a) to an annual tax on enveloped dwellings return does not include a relief declaration return.]
- (3) In the case of an annual tax on enveloped dwellings return, “self assessment” means an assessment of—
 - (a) the amount of tax to which the person is chargeable under section 99 for the period in respect of the interest, and
 - (b) if the return includes a claim under section 100 (interim relief), the tax payable after the relief.
- (4) In the case of a return of the adjusted chargeable amount, “self assessment” means an assessment of—
 - (a) the adjusted chargeable amount, and
 - (b) the additional tax payable in accordance with section 163(2).
- (5) A self assessment must include a statement of the amount taken to be the market value of the interest on each valuation date (earlier than the date on which the return is delivered) that is relevant for the purposes of the assessment.

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Textual Amendments

- F62** S. 161(2)(2A) substituted for s. 161(2) (with effect in accordance with s. 73(6) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 73\(4\)](#)

162 Returns, enquiries, assessments and other administrative matters

- (1) Schedule 33 contains provision about returns, enquiries and related matters.
- (2) The Treasury may by regulations—
 - (a) make any amendments of Schedule 33 that they may at any time think appropriate;
 - (b) make any amendment of any other provision of this Part that may be necessary in consequence of provision under paragraph (a).

163 Payment of tax

- (1) Tax charged on a person under section 99 for a chargeable period with respect to a single-dwelling interest must be paid not later than the filing date for the annual tax on enveloped dwellings return required to be made for the period with respect to the interest.
- (2) So far as a chargeable person's adjusted chargeable amount for a chargeable period with respect to a single-dwelling interest exceeds the amount payable under subsection (1) (as modified, where applicable, by section 100(3)), the amount of the difference must be paid not later than the filing date for the return of the adjusted chargeable amount under section 160.
- (3) Tax payable as a result of the amendment of a return must be paid—
 - (a) immediately, or
 - (b) if the amendment is made on or before the filing date for the return, not later than that date.
- (4) In subsection (3) “return” means—
 - (a) an annual tax on enveloped dwellings return, or
 - (b) a return of the adjusted chargeable amount.
- (5) Tax payable in accordance with a determination or assessment by an officer of Revenue and Customs must be paid within the period of 30 days beginning with the day on which the determination or assessment is issued.

Modifications etc. (not altering text)

- C8** S. 163 modified (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 109\(5\)\(7\)](#)

164 Information and enforcement

- In Schedule 34—
- (a) Part 1 contains provision about information and inspection powers, and
 - (b) Part 2 contains provision about penalties.

Status: Point in time view as at 06/04/2024.

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165 Collection and recovery of tax etc

- (1) Schedule 12 to FA 2003 (stamp duty land tax: collection and recovery of tax) has effect in relation to the collection and recovery of tax under this Part as it has effect in relation to stamp duty land tax.
- (2) The reference in subsection (1) to tax under this Part includes any unpaid penalty or interest under this Part.

Application of provisions

166 Companies

- (1) In this Part “company” means a body corporate but does not include—
 - (a) a corporation sole, or
 - (b) any partnership (see section 167(1)).
- (2) Everything to be done by a company under this Part must be done by the company acting through—
 - (a) the proper officer of the company, or
 - (b) another person who has the express, implied or apparent authority of the company to act on its behalf for the purpose.
- (3) Service of a document on a company under this Part may be effected by serving the document on the proper officer.
- (4) Tax due from any company that is incorporated under the law of a country or territory outside the United Kingdom may be recovered from the proper officer of the company (as well as by any means available in the absence of this subsection).
- (5) The proper officer—
 - (a) may retain, out of any money that may come into the officer's hands on the company's behalf, enough money to pay that tax, and
 - (b) is entitled to be fully reimbursed by the company (whether by that method or another) for amounts recovered from the officer under subsection (4).
- (6) For the purposes of this section the proper officer of a company is—
 - (a) the secretary, or a person acting as secretary, of the company, or
 - (b) if the company does not have a proper officer within paragraph (a), the treasurer, or a person acting as treasurer, of the company.
- (7) If a liquidator has been appointed for the company—
 - (a) subsections (2)(b) and (6) do not apply, and
 - (b) the liquidator is the proper officer of the company.
- (8) If an administrator has been appointed for the company—
 - (a) subsection (6) does not apply, and
 - (b) the administrator is the proper officer of the company.
- (9) If two or more persons are appointed to act jointly or concurrently as the administrator of the company, the proper officer of the company is—
 - (a) whichever of those persons is specified in a notice given by the administrators to an officer of Revenue and Customs for the purposes of this section, or

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- (b) if no notice is given under paragraph (a), whichever of those persons is designated by an officer of Revenue and Customs as the proper officer for those purposes.

(10) See also section 153 (public bodies) and section 154 (bodies established for national purposes).

167 Partnerships

- (1) In this Part “partnership” means—
 - (a) a partnership within the Partnerships Act 1890,
 - (b) a limited partnership registered under the Limited Partnerships Act 1907,
 - (c) a limited liability partnership formed under the Limited Liability Partnerships Act 2000 or the Limited Liability Partnerships Act (Northern Ireland) 2002, or
 - (d) a firm or entity of a similar character to any of those mentioned in paragraphs (a) to (c) formed under the law of a country or territory outside the United Kingdom.
- (2) This Part has effect as follows in relation to a partnership (for instance, a limited liability partnership formed as mentioned in subsection (1)(c)) that is itself capable of being entitled to, or of acquiring or disposing of, a chargeable interest—
 - (a) transactions entered into on behalf of the partnership are treated as entered into by or on behalf of the partners;
 - (b) where the partnership is entitled to a single-dwelling interest, this Part has effect as if the partners were jointly entitled to the interest (and the partnership had no entitlement to it).
- (3) For the purposes of this Part a partnership is treated as the same partnership despite a change in membership if any person who was a member before the change remains a member after the change.
- (4) For the purposes of this Part—
 - (a) a collective investment scheme is not regarded as a partnership, and
 - (b) accordingly, a member of a partnership by or on whose behalf a single-dwelling interest is held for the purposes of a collective investment scheme is not regarded as entitled to the interest as a member of the partnership.
- (5) Anything required or authorised by this Part to be done by or in relation to the responsible partners for a partnership may instead be done by or in relation to any representative partner or partners.
- (6) A representative partner means a partner nominated by a majority of the partners to act as the representative of the partnership for the purposes of this Part of this Act.
- (7) Any such nomination, or the revocation of such a nomination, has effect only after notice of the nomination, or revocation, has been given to an officer of Revenue and Customs.

Supplementary provisions

168 Miscellaneous amendments and transitory provision

Schedule 35 contains—

Status: Point in time view as at 06/04/2024.

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- (a) miscellaneous amendments, and
- (b) provision about the chargeable period beginning on 1 April 2013.

169 Orders and regulations

- (1) Orders and regulations under this Part are to be made by statutory instrument.
- (2) A statutory instrument containing an order or regulations made under this Part is subject to annulment in pursuance of a resolution of the House of Commons.
- (3) Subsection (2) does not apply to—
 - (a) an instrument containing only an order under section 101(5), or
 - (b) an instrument to which subsection (4) applies.
- (4) A statutory instrument containing (whether alone or with other provision) provision made under section 156(1) or 162(2) 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) An order or regulations under this Part—
 - (a) may make different provision for different purposes,
 - (b) may include consequential or transitional provisions or savings.

Interpretation

170 Meaning of “chargeable day” and “within the charge”

- (1) Any day on which the conditions in section 94(2) are met with respect to a single-dwelling interest is a “chargeable day” for that interest.
- (2) Where a day is a chargeable day as a result of subsection (1), the chargeable person is “within the charge” with respect to a single-dwelling interest on that day.

171 References to the state of affairs “on” a day

In determining for the purposes of any provision of this Part whether or not a state of affairs obtains on a particular day, it is to be assumed that the state of affairs obtaining at the end of the day persisted throughout the day.

172 Connected persons

- (1) Section 1122 of the Corporation Tax Act 2010 (connected persons) has effect for the purposes of this Part (except where otherwise stated).
- (2) For the purposes of this Part a person is taken to be connected with a collective investment scheme if the person is a participant in the scheme who—
 - (a) is entitled to a share of at least 50% either of all the profits or income arising from the scheme or of any profits or income arising from the scheme that may be distributed to participants, or
 - (b) would in the event of the winding up of the scheme be entitled to 50% or more of the assets of the scheme that would then be available for distribution among the participants.

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- (3) The reference in subsection (2) to a collective investment scheme does not include a unit trust scheme; but see section 1123(2) of CTA 2010 (provision about the application of rules about connected persons to unit trust schemes).
- (4) The reference in subsection (2)(a) to profits or income arising from the scheme is to profits or income arising from the acquisition, holding, management or disposal of the property subject to the scheme.
- (5) For the purposes of subsection (2) a person is taken to have any rights and powers that the person—
 - (a) is entitled to acquire at a future date, or
 - (b) will at a future date be entitled to acquire.
- (6) For the purposes of subsection (2) the rights and powers of any associate of a person (or of any two or more associates of a person) are to be attributed to the person.
- (7) In this section “associate” has the same meaning as in Part 10 of CTA 2010 (see section 448 of that Act); but for this purpose section 448 is to be read as if the words “or partner” were omitted in subsection (1)(a).

Modifications etc. (not altering text)

- C9** S. 172(2)-(7) applied by 2003 c. 14, Sch. 4A para. 5A(10)(b) (as inserted (with effect in accordance with Sch. 40 para. 8 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 40 para. 2\(4\)](#))

173 Connected persons: cell companies

- (1) For the purposes of this Part a person is to be treated as connected to a cell company where, if any cell of the company were a separate company, the person would be connected to that separate company.
- (2) For the purposes of this section a company is a “cell company” if it meets the first or second condition.
- (3) The first condition is that under the law under which the company is incorporated or formed, under the company's articles of association or other document regulating the company or under arrangements entered into by or in relation to the company—
 - (a) some or all of the assets of the company are available primarily, or only, to meet particular liabilities of the company, and
 - (b) some or all of the members of the company, and some or all of its creditors, have rights primarily, or only, in relation to particular assets of the company.
- (4) The second condition is that the company's articles of association, or other document regulating it, establish an entity (by whatever name known) which—
 - (a) under the law under which the company is incorporated or formed, has legal personality distinct from that of the company, and
 - (b) which is not itself a company.
- (5) For the purposes of this section a “cell”, in relation to a cell company, is—
 - (a) an identifiable part of the company (by whatever name known) that carries on distinct business activities and to which particular assets and liabilities of the company are primarily or wholly attributable, or

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- (b) an entity of the kind specified in subsection (4).

174 General interpretation of Part 3

(1) In this Part—

“chargeable day” (in relation to a single-dwelling interest) is to be read in accordance with section 170;

“chargeable interest” has the meaning given by section 107;

“the chargeable person” has the meaning given by section 96(2) or (3);

“closure notice” has the meaning given by paragraph 16 of Schedule 33;

“collective investment scheme” has the same meaning as in Part 17 of the Financial Services and Markets Act 2000 (see section 235 of that Act);

“company” has the meaning given by section 166(1);

“completion”, in Scotland, means—

- (a) in relation to a lease, when it is executed by the parties (that is to say, by signing) or constituted by any means,

- (b) in relation to any other transaction, the settlement of the transaction;

“discovery assessment” has the meaning given by paragraph 21 of Schedule 33;

“EEAUCITS” has the same meaning as in Part 17 of the Financial Services and Markets Act 2000 (see section 237 of that Act);

“excluded rents” has the meaning given by section 133(6);

“farming” has the meaning given by section 148(4);

“filing date”, in relation to an annual tax on enveloped dwellings return or a return of the adjusted chargeable amount, has the meaning given by paragraph 58 of Schedule 33;

“financial institution” has the meaning given by section 143 (except where otherwise stated);

“HMRC” means Her Majesty's Revenue and Customs;

“HMRC determination” has the meaning given by paragraph 18 of Schedule 33;

“jointly entitled” means—

- (a) in England and Wales, beneficially entitled as joint tenants or tenants in common,

- (b) in Scotland, entitled as joint owners or owners in common,

- (c) in Northern Ireland, beneficially entitled as joint tenants, tenants in common or coparceners;

“land” includes—

- (a) buildings and structures, and

- (b) land covered by water;

“market value” has the meaning given by section 98(8);

“notice of enquiry” has the meaning given by paragraph 8 of Schedule 33;

“open-ended investment company” has the same meaning as in Part 17 of the Financial Services and Markets Act 2000 (see section 236(1) of that Act);

“participant”, in relation to a collective investment scheme, has the meaning given by section 98(7);

“partnership” has the meaning given by section 167;

“property development trade” has the meaning given by section 138(4);

“property rental business” has the meaning given by section 133(4);

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“property trading business” has the meaning given by section 141(3);
“qualifying property rental business” has the meaning given by section 133(3);
“self assessment” has the meaning given by section 161(3);
“tax” means tax under this Part;
“trade” has the same meaning as in section 35 of CTA 2009 (and cognate expressions are to be read accordingly);
“unit trust scheme” has the same meaning as in Part 17 of the Financial Services and Markets Act 2000 (see section 237(1) of that Act).

(2) In this Part—

references to the “adjusted chargeable amount”, in relation to a person on whom tax is charged for a chargeable period with respect to a single-dwelling interest, are to be read in accordance with section 105;

references to an “annual tax on enveloped dwellings return” are to be read in accordance with section 159(4);

references to the “daily amount” for a day are to be read in accordance with section 105(2);

references to “delivery”, in relation to an annual tax on enveloped dwellings return, are to be read in accordance with paragraph 2 of Schedule 33;

references to the “effective date” of an acquisition are to be read in accordance with section 121(4);

references to the “effective date” of a disposal are to be read in accordance with section 121(5);

references to a “major interest” in land are to be read in accordance with section 117 of FA 2003;

[^{F63}references to the “management company”, in relation to an EEA UCITS, are to be read in accordance with Article 2.1(b) of the [Directive 2009/65/EC](#) of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities;]

references to a “return of the adjusted chargeable amount” are to be read in accordance with section 160(6);

references to meeting the “ownership condition” are to be read in accordance with section 94(4) to (6);

references to being “within the charge” with respect to a single-dwelling interest are to be read in accordance with section 170.

Textual Amendments

F63 Words in s. 174(2) inserted (31.12.2020) by [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/689), regs. 1, **22(2)** (with regs. 39-41); 2020 c. 1, Sch. 5 para. 1(1)

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PART 4

EXCISE DUTIES AND OTHER TAXES

Inheritance tax

175 Open-ended investment companies and authorised unit trusts

- (1) In section 65 of IHTA 1984 (settlements without interests in possession etc: charge when property ceases to be relevant property etc), after subsection (7) insert—

“(7A) Tax shall not be charged under this section by reason only that property comprised in a settlement becomes excluded property by virtue of section 48(3A)(a) (holding in an authorised unit trust or a share in an open-ended investment company is excluded property unless settlor domiciled in UK when settlement made).”

- (2) The amendment made by this section is treated as having come into force on 16 October 2002.

176 Treatment of liabilities for inheritance tax purposes

Schedule 36 makes provision in relation to the treatment of liabilities for the purposes of inheritance tax.

177 Election to be treated as domiciled in United Kingdom

- (1) IHTA 1984 is amended as follows.

- (2) In section 267 (persons treated as domiciled in United Kingdom), at the end insert—

“(5) In determining for the purposes of this section whether a person is, or at any time was, domiciled in the United Kingdom, sections 267ZA and 267ZB are to be ignored.”

- (3) After that section insert—

“267ZA Election to be treated as domiciled in United Kingdom

- (1) A person may, if condition A or B is met, elect to be treated for the purposes of this Act as domiciled in the United Kingdom (and not elsewhere).
- (2) A person's personal representatives may, if condition B is met, elect for the person to be treated for the purposes of this Act as domiciled in the United Kingdom (and not elsewhere).
- (3) Condition A is that, at any time on or after 6 April 2013 and during the period of 7 years ending with the date on which the election is made, the person had a spouse or civil partner who was domiciled in the United Kingdom.
- (4) Condition B is that a person (“the deceased”) dies and, at any time on or after 6 April 2013 and within the period of 7 years ending with the date of death, the deceased was—
- (a) domiciled in the United Kingdom, and

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- (b) the spouse or civil partner of the person who would, by virtue of the election, be treated as domiciled in the United Kingdom.
- (5) An election under this section does not affect a person's domicile for the purposes of section 6(2) or (3) or 48(4).
- (6) An election under this section is to be ignored—
 - (a) in interpreting any such provision as is mentioned in section 158(6), and
 - (b) in determining the effect of any qualifying double taxation relief arrangements in relation to a transfer of value by the person making the election.
- (7) For the purposes of subsection (6)(b) a qualifying double taxation relief arrangement is an arrangement which is specified in an Order in Council made under section 158 before the coming into force of this section (other than by way of amendment by an Order made on or after the coming into force of this section).
- (8) In determining for the purposes of this section whether a person making an election under this section is or was domiciled in the United Kingdom, section 267 is to be ignored.

267ZB Section 267ZA: further provision about election

- (1) For the purposes of this section—
 - (a) references to a lifetime election are to an election made by virtue of section 267ZA(3), and
 - (b) references to a death election are to an election made by virtue of section 267ZA(4).
- (2) A lifetime or death election is to be made by notice in writing to HMRC.
- (3) A lifetime or death election is treated as having taken effect on a date specified, in accordance with subsection (4), in the notice.
- (4) The date specified in a notice under subsection (3) must—
 - (a) be 6 April 2013 or a later date,
 - (b) be within the period of 7 years ending with—
 - (i) in the case of a lifetime election, the date on which the election is made, or
 - (ii) in the case of a death election, the date of the deceased's death, and
 - (c) meet the condition in subsection (5).
- (5) The condition in this subsection is met by a date if, on the date—
 - (a) in the case of a lifetime election—
 - (i) the person making the election was married to, or in a civil partnership with, the spouse or civil partner, and
 - (ii) the spouse or civil partner was domiciled in the United Kingdom, or
 - (b) in the case of a death election—

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- (i) the person who is, by virtue of the election, to be treated as domiciled in the United Kingdom was married to, or in a civil partnership with, the deceased, and
 - (ii) the deceased was domiciled in the United Kingdom.
- (6) A death election may only be made within 2 years of the death of the deceased or such longer period as an officer of Revenue and Customs may in the particular case allow.
- (7) Subsection (8) applies if—
- (a) a lifetime or death election is made,
 - (b) a disposition is made, or another event occurs, during the period beginning with the time when the election is treated by virtue of subsection (3) as having taken effect and ending at the time when the election is made, and
 - (c) the effect of the election being treated as having taken effect at that time is that the disposition or event gives rise to a transfer of value.
- (8) This Act applies with the following modifications in relation to the transfer of value—
- (a) subsections (1) and (6)(c) of section 216 have effect as if the period specified in subsection (6)(c) of that section were the period of 12 months from the end of the month in which the election is made, and
 - (b) sections 226 and 233 have effect as if the transfer were made at the time when the election is made.
- (9) A lifetime or death election cannot be revoked.
- (10) If a person who made an election under section 267ZA(1) is not resident in the United Kingdom for the purposes of income tax for a period of four successive tax years beginning at any time after the election is made, the election ceases to have effect at the end of that period.”

178 Transfer to spouse or civil partner not domiciled in United Kingdom

- (1) Section 18 of IHTA 1984 (transfers between spouses or civil partners) is amended as follows.
- (2) In subsection (2) (transfer to spouse or civil partner not domiciled in United Kingdom), for “£55,000” substitute “ the exemption limit at the time of the transfer, ”.
- (3) After subsection (2) insert—
 - “(2A) For the purposes of subsection (2), the exemption limit is the amount shown in the second column of the first row of the Table in Schedule 1 (upper limit of portion of value charged at rate of nil per cent).”
- (4) The amendments made by this section have effect in relation to transfers of value made on or after 6 April 2013.

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Fuel

179 Fuel duties: rates of duty and rebates from 1 April 2013

- (1) HODA 1979 is amended as follows.
- (2) In section 6(1A) (main rates)—
 - (a) in paragraph (a) (unleaded petrol), for “£0.6097” substitute “ £0.5795 ”,
 - (b) in paragraph (aa) (aviation gasoline), for “£0.3966” substitute “ £0.3770 ”,
 - (c) in paragraph (b) (light oil other than unleaded petrol or aviation gasoline), for “£0.7069” substitute “ £0.6767 ”, and
 - (d) in paragraph (c) (heavy oil), for “£0.6097” substitute “ £0.5795 ”.
- (3) In section 8(3) (road fuel gas)—
 - (a) in paragraph (a) (natural road fuel gas), for “£0.2907” substitute “ £0.2470 ”, and
 - (b) in paragraph (b) (other road fuel gas), for “£0.3734” substitute “ £0.3161 ”.
- (4) In section 11(1) (rebate on heavy oil)—
 - (a) in paragraph (a) (fuel oil), for “£0.1126” substitute “ £0.1070 ”, and
 - (b) in paragraph (b) (gas oil), for “£0.1172” substitute “ £0.1114 ”.
- (5) In section 14(1) (rebate on light oil for use as furnace fuel), for “£0.1126” substitute “ £0.1070 ”.
- (6) In section 14A(2) (rebate on certain biodiesel), for “£0.1172” substitute “ £0.1114 ”.
- (7) The following instruments are revoked—
 - (a) Excise Duties (Surcharges or Rebates) (Hydrocarbon Oils etc) Order 2012 (S.I. 2012/3055), and
 - (b) Excise Duties (Road Fuel Gas) (Reliefs) Regulations 2012 (S.I. 2012/3056).
- (8) The amendments and revocations made by this section are treated as having come into force on 1 April 2013.

Alcohol

180 Rates of alcoholic liquor duties

- (1) ALDA 1979 is amended as follows.
- (2) In section 5 (rate of duty on spirits), for “£26.81” substitute “ £28.22 ”.
- (3) In section 36(1AA) (rates of general beer duty)—
 - (a) in paragraph (za) (rate of duty on lower strength beer), for “£9.76” substitute “ £9.17 ”, and
 - (b) in paragraph (a) (standard rate of duty on beer), for “£19.51” substitute “ £19.12 ”.
- (4) In section 37(4) (rate of high strength beer duty), for “£4.88” substitute “ £5.09 ”.
- (5) In section 62(1A) (rates of duty on cider)—

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- (a) in paragraph (a) (rate of duty per hectolitre on sparkling cider of a strength exceeding 5.5 per cent), for “£245.32” substitute “ £258.23 ”,
 - (b) in paragraph (b) (rate of duty per hectolitre on cider of a strength exceeding 7.5 per cent which is not sparkling cider), for “£56.55” substitute “ £59.52 ”, and
 - (c) in paragraph (c) (rate of duty per hectolitre in any other case), for “£37.68” substitute “ £39.66 ”.
- (6) For the table in Schedule 1 substitute—
- “Table of rates of duty on wine and made-wine

PART 1

WINE OR MADE-WINE OF A STRENGTH NOT EXCEEDING 22 PER CENT

<i>Description of wine or made-wine</i>	<i>Rates of duty per hectolitre £</i>
Wine or made-wine of a strength not exceeding 4 per cent	82.18
Wine or made-wine of a strength exceeding 4 per cent but not exceeding 5.5 per cent	113.01
Wine or made-wine of a strength exceeding 5.5 per cent but not exceeding 15 per cent and not being sparkling	266.72
Sparkling wine or sparkling made-wine of a strength exceeding 5.5 per cent but less than 8.5 per cent	258.23
Sparkling wine or sparkling made-wine of a strength of 8.5 per cent or of a strength exceeding 8.5 per cent but not exceeding 15 per cent	341.63
Wine or made-wine of a strength exceeding 15 per cent but not exceeding 22 per cent	355.59

PART 2

WINE OR MADE-WINE OF A STRENGTH EXCEEDING 22 PER CENT

<i>Description of wine or made-wine</i>	<i>Rates of duty per litre of alcohol in wine or made-wine £</i>
Wine or made-wine of a strength exceeding 22 per cent	28.22”.

- (7) The amendments made by this section are treated as having come into force on 25 March 2013.

Status: Point in time view as at 06/04/2024.

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Tobacco

181 Rates of tobacco products duty

(1) For the table in Schedule 1 to TPDA 1979 substitute—

“TABLE

1. Cigarettes	An amount equal to 16.5 per cent of the retail price plus £176.22 per thousand cigarettes
2. Cigars	£219.82 per kilogram
3. Hand-rolling tobacco	£172.74 per kilogram
4. Other smoking tobacco and chewing tobacco	£96.64 per kilogram”.

(2) The amendment made by this section is treated as having come into force at 6 pm on 20 March 2013.

182 Meaning of “tobacco products”

(1) Section 1 of TPDA 1979 (tobacco products) is amended as follows.

(2) In subsection (1), omit “, but does not include herbal smoking products”.

(3) After that subsection insert—

“(1A) But a product is not a tobacco product for the purposes of this Act if—

(a) the product does not contain any tobacco, and

(b) the Commissioners are satisfied that—

(i) the product is of a description that is used for medical purposes, and

(ii) the product is intended to be used exclusively for such purposes.”

(4) In subsection (3), omit “but not including herbal smoking products”.

(5) Omit subsection (6).

(6) The amendments made by this section come into force on 1 January 2014.

Gambling

183 Rates of gaming duty

(1) In section 11(2) of FA 1997 (rates of gaming duty), for the table substitute—

“TABLE

<i>Part of gross gaming yield</i>	<i>Rate</i>
The first £2,242,500	15 per cent
The next £1,546,000	20 per cent

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The next £2,707,500	30 per cent
The next £5,714,500	40 per cent
The remainder	50 per cent”.

- (2) The amendment made by this section has effect in relation to accounting periods beginning on or after 1 April 2013.

184 Combined bingo

- (1) Section 20A of BGDA 1981 (combined bingo) is amended as follows.
- (2) In subsection (3) for the words from the beginning to “second promoter”)—” substitute “Where money representing such payments (so far as they constituted stakes hazarded in the combined bingo) is paid in an accounting period by one promoter of the bingo (“the first promoter”) to another (“the second promoter”), to the extent that the money is used (directly or indirectly) to provide bingo winnings for combined bingo promoted by the second promoter—”.
- (3) Omit subsection (4).
- (4) The amendments made by this section have effect in relation to accounting periods beginning on or after the day on which this Act is passed.

Air passenger duty

185 Air passenger duty: rates of duty from 1 April 2013

- (1) Section 30 of FA 1994 (air passenger duty: rates of duty) is amended as follows.
- (2) In subsection (3)—
- (a) in paragraph (a) for “£65” substitute “ £67 ”, and
 - (b) in paragraph (b) for “£130” substitute “ £134 ”.
- (3) In subsection (4)—
- (a) in paragraph (a) for “£81” substitute “ £83 ”, and
 - (b) in paragraph (b) for “£162” substitute “ £166 ”.
- (4) In subsection (4A)—
- (a) in paragraph (a) for “£92” substitute “ £94 ”, and
 - (b) in paragraph (b) for “£184” substitute “ £188 ”.
- (5) The amendments made by this section have effect in relation to the carriage of passengers beginning on or after 1 April 2013.

186 Air passenger duty: miscellaneous provision

- (1) In section 38 of FA 1994 (accounting for and payment of duty) after subsection (2) insert—
- “(2A) Regulations may require a prescribed person to make, at prescribed times during a prescribed period, payments based on an estimate of what the person's liability will be for duty charged in the period.

Status: Point in time view as at 06/04/2024.

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- (2B) The estimate and the amounts of the payments are to be determined in accordance with provision made by the regulations.
- (2C) The payments are to be treated as being payments on account of the person's liability for duty charged in the period.
- (2D) The regulations must make provision for dealing with cases where this results in an overpayment of duty by providing for amounts—
- (a) to be repaid by the Commissioners, or
 - (b) to be treated as having been paid on account of the person's liability for duty charged in other periods,
- or both.”
- (2) In Part 2 of Schedule 5A to FA 1994 (territories etc) at the appropriate place insert “ South Sudan ”.
- (3) The amendment made by subsection (2) has effect in relation to the carriage of passengers beginning on or after 9 July 2011.

Vehicle excise duty

187 VED rates for light passenger vehicles, light goods vehicles, motorcycles etc

- (1) Schedule 1 to VERA 1994 (annual rates of duty) is amended as follows.
- (2) In paragraph 1 (general)—
- (a) in sub-paragraph (2) (vehicle not covered elsewhere in Schedule otherwise than with engine cylinder capacity not exceeding 1,549cc), for “£220” substitute “ £225 ”, and
 - (b) in sub-paragraph (2A) (vehicle not covered elsewhere in Schedule with engine cylinder capacity not exceeding 1,549cc), for “£135” substitute “ £140 ”.
- (3) In paragraph 1B (graduated rates of duty for light passenger vehicles)—
- (a) for the tables substitute—

“TABLE 1

RATES PAYABLE ON FIRST VEHICLE LICENCE FOR VEHICLE

<i>CO₂ emissions figure</i>		<i>Rate</i>	
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Reduced rate</i>	<i>Standard rate</i>
<i>g/km</i>	<i>g/km</i>	<i>£</i>	<i>£</i>
130	140	115	125
140	150	130	140
150	165	165	175
165	175	275	285
175	185	325	335

Status: Point in time view as at 06/04/2024.

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185	200	465	475
200	225	610	620
225	255	830	840
255		1055	1065

TABLE 2

RATES PAYABLE ON ANY OTHER VEHICLE LICENCE FOR VEHICLE

<i>CO₂ emissions figure</i>		<i>Rate</i>	
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Reduced rate</i>	<i>Standard rate</i>
<i>g/km</i>	<i>g/km</i>	<i>£</i>	<i>£</i>
100	110	10	20
110	120	20	30
120	130	95	105
130	140	115	125
140	150	130	140
150	165	165	175
165	175	190	200
175	185	210	220
185	200	250	260
200	225	270	280
225	255	465	475
255		480	490”;

(b) in the sentence immediately following the tables, for paragraphs (a) and (b) substitute—

(a) in column (3), in the last two rows, “270” were substituted for “465” and “ 480 ”, and

(b) in column (4), in the last two rows, “280” were substituted for “475” and “ 490 ”.”

(4) In paragraph 1J (VED rates for light goods vehicles)—

(a) in paragraph (a), for “£215” substitute “ £220 ”, and

(b) in paragraph (b), for “£135” substitute “ £140 ”.

(5) In paragraph 2(1) (VED rates for motorcycles)—

(a) in paragraph (a), for “£16” substitute “ £17 ”,

(b) in paragraph (b), for “£36” substitute “ £37 ”,

(c) in paragraph (c), for “£55” substitute “ £57 ”, and

(d) in paragraph (d), for “£76” substitute “ £78 ”.

Status: Point in time view as at 06/04/2024.

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- (6) The amendments made by this section have effect in relation to licences taken out on or after 1 April 2013.

188 Not exhibiting licence: period of grace

- (1) In section 33 of VERA 1994 (not exhibiting licence), omit subsections (1B) to (1D).
(2) After that section insert—

“33A Not exhibiting licence: period of grace

- (1) A person is not guilty of an offence under subsection (1) or (1A) of section 33 by using or keeping a vehicle on a public road during any of the following periods.

First registration The period of 14 days beginning with the day on which the vehicle is first registered under this Act.

Change of keeper The period of 14 days beginning with the day on which a new licence or nil licence is issued for the vehicle because of a change in the person by whom the vehicle is being kept.

Renewal etc. The period of 14 days following the time when a licence or nil licence for or in respect of the vehicle, or a relevant declaration applying to the vehicle, ceases to be in force, but only if an application for a licence or nil licence for or in respect of the vehicle to run from that time has been received before that time.

Replacement The period beginning with the time when a licence or nil licence that is in force for or in respect of the vehicle is delivered to the Secretary of State with an application for a replacement licence, and ending with the time when the replacement licence is obtained.

- (2) For the purposes of this section—
- (a) there is a relevant declaration applying to a vehicle if the particulars and declaration required to be furnished and made by regulations under section 22(1D) have been furnished and made in relation to the vehicle in accordance with the regulations, and
 - (b) the relevant declaration ceases to be in force if, after the particulars and declaration have been furnished and made the vehicle is used or kept on a public road (otherwise than under a trade licence).”
- (3) In consequence of the provision made by subsections (1) and (2) omit—
- (a) section 147 of FA 2008, and
 - (b) in regulation 6 of the Road Vehicles (Registration and Licensing) Regulations 2002 (S.I. 2002/2742), paragraph (1) and, in paragraph (2), the words “Except where paragraph (1) applies,”.

189 Vehicles not kept or used on public road

- (1) VERA 1994 is amended as follows.
(2) In section 7A (supplement payable on vehicle ceasing to be appropriately covered), in subsection (1A)(d) omit “within the immediately preceding period of 12 months”.

Status: Point in time view as at 06/04/2024.

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- (3) In Schedule 2A (immobilisation, removal and disposal of vehicles), in paragraph 1(10) (b) omit “within the immediately preceding period of 12 months”.

190 Vehicle licences for disabled people

Schedule 37 makes provision about vehicle licences for disabled people.

Value added tax

191 Repayments of value added tax to health service bodies

- (1) In section 41 of VATA 1994 (application to the Crown), in subsection (7), after “Board” insert “ and a clinical commissioning group, the Health and Social Care Information Centre, the National Health Service Commissioning Board and the National Institute for Health and Care Excellence ”.
- (2) The amendment made by this section is treated as having come into force on 1 April 2013.

192 Valuation of certain supplies of fuel

Schedule 38 contains provision about the valuation of certain supplies of fuel for the purposes of value added tax.

193 Reduced rate for energy-saving materials

- (1) Group 2 (installation of energy-saving materials) of Part 2 of Schedule 7A to VATA 1994 (reduced rate supplies of goods and services) is amended as follows.
- (2) For items 1 and 2 substitute—
- “1 Supplies of services of installing energy-saving materials in residential accommodation.
- 2 Supplies of energy-saving materials by a person who installs those materials in residential accommodation.”
- (3) Omit Note 3 (meaning of “use for a relevant charitable purpose”).
- (4) The amendments made by this section have effect in relation to supplies made on or after 1 August 2013.

Stamp duty land tax

194 Pre-completion transactions: existing cases

- (1) Section 45 of FA 2003 (contract and conveyance: effect of transfer of rights)—
- (a) has effect subject to the amendment in subsection (2) below in relation to agreements for the grant or assignment of an option that are entered into during

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- the period beginning with 21 March 2012 and ending immediately before the day on which this Act is passed, and
- (b) has effect subject to the amendments in subsections (3) to (7) below in relation to transfers of rights (see subsection (1) of that section) entered into during that period.
- (2) At the end of subsection (1A) insert “ or an agreement for the future grant or assignment of an option ”.
- (3) In subsection (3), in the second sentence, after “except” insert “ in a case excluded by subsection (3A) or ”.
- (4) After subsection (3) insert—
- “(3A) A case is excluded by this subsection from the second sentence of subsection (3) if—
- (a) the secondary contract is substantially performed at the same time as, and in connection with, the substantial performance or completion of the original contract but is not completed at that time (“the relevant time”),
- (b) the original purchaser or a person connected with the original purchaser is in possession of the whole, or substantially the whole, of the subject-matter of the transfer of rights at any time after the relevant time, and
- (c) having regard to all the circumstances, it would be reasonable to conclude that the obtaining of a tax advantage for the original purchaser was the main purpose, or one of the main purposes, of the original purchaser in entering into the transfer of rights.
- (3B) In subsection (3A)—
- “possession” has the same meaning as in section 44(5)(a);
- “tax advantage” means—
- (a) a relief from tax or increased relief from tax,
- (b) a repayment of tax or increased repayment of tax, or
- (c) the avoidance or reduction of a charge to tax.
- (3C) Nothing in subsection (3A) or (3B) affects the breadth of the application of sections 75A to 75C.”
- (5) In subsection (4), at the end insert “ except in a case excluded by subsection (4A) ”.
- (6) After subsection (4) insert—
- “(4A) Subsection (3A) applies for the purposes of subsection (4) as if—
- (a) the reference to subsection (3) were a reference to subsection (4),
- (b) a reference to the original contract were a reference to the secondary contract arising from the earlier transfer of rights,
- (c) a reference to the original purchaser were a reference to the transferee under the earlier transfer of rights, and
- (d) a reference to the transfer of rights were a reference to the subsequent transfer of rights.”
- (7) In subsection (5)(b)—
- (a) after “subsection (3) above” insert “ or in subsection (3A) above ”, and

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- (b) after “subsection (4)” insert “ or (4A) ”.
- (8) Subsections (10) to (12) apply where—
- (a) as a result of subsection (2) of this section, section 45 of FA 2003 does not apply in relation to a contract of the kind mentioned in subsection (1)(a) of that section (“the original contract”),
 - (b) the original contract was substantially performed or completed (or, in a case that would have fallen within subsection (5) of that section, substantially performed or completed so far as relating to the relevant part of the subject-matter of the original contract) at the same time as, and in connection with, the substantial performance or completion of an agreement for the grant or assignment of an option, and
 - (c) that time fell before the day on which this Act is passed.
- (9) Subsections (10) to (12) also apply where—
- (a) section 45 of FA 2003 applies in relation to the contract for a land transaction (“the original contract”),
 - (b) as a result of subsections (1) to (7) above, the substantial performance or completion of the original contract (or, in a case within subsection (5) of that section, its substantial performance or completion so far as relating to part of the subject-matter of the original contract) is not disregarded, and
 - (c) the relevant time referred to in subsection (3A)(a) of that section fell before the day on which this Act is passed.
- (10) Section 76 of FA 2003 (duty to deliver land transaction return) is to be regarded as requiring the purchaser under the original contract to deliver a land transaction return relating to the land transaction not later than 30 September 2013.
- (11) Accordingly, 30 September 2013 is for the purposes of Part 4 of FA 2003 the filing date for the land transaction return relating to the transaction.
- (12) If the purchaser under the original contract (“P”) has delivered a land transaction return relating to the land transaction before the day on which this Act is passed, P must not later than 30 September 2013 give notice under paragraph 6 of Schedule 10 to FA 2003 amending the return, but this does not prevent P from making subsequent amendments within the time allowed by sub-paragraph (3) of that paragraph.

195 Pre-completion transactions

Schedule 39 contains provisions about certain transactions relating to a contract that is to be completed by a conveyance.

196 Relief from higher rate

Schedule 40 contains provisions about relief from the higher rate of stamp duty land tax.

197 Leases

Schedule 41 contains provision about stamp duty land tax in relation to leases.

Status: Point in time view as at 06/04/2024.

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Landfill tax

198 Standard rate 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 “£72” substitute “ £80 ”.
- (3) In subsection (2) (reduced rate) for “£72” substitute “ £80 ”.
- (4) The amendments made by this section have effect in relation to disposals made (or treated as made) on or after 1 April 2014.

Climate change levy

199 Climate change levy: main rates

- (1) In paragraph 42(1) of Schedule 6 to FA 2000 (climate change levy: amount payable by way of levy) for the table substitute—

“TABLE

<i>Taxable commodity supplied</i>	<i>Rate at which levy payable if supply is not a reduced-rate supply or a supply for use in scrap metal recycling</i>
Electricity	£0.00541 per kilowatt hour
Gas supplied by a gas utility or any gas supplied in a gaseous state that is of a kind supplied by a gas utility	£0.00188 per kilowatt hour
Any petroleum gas, or other gaseous hydrocarbon, supplied in a liquid state	£0.01210 per kilogram
Any other taxable commodity	£0.01476 per kilogram”.

- (2) The amendment made by subsection (1) has effect in relation to supplies treated as taking place on or after 1 April 2014.

200 Climate change levy: supplies subject to carbon price support rates etc

Schedule 42 amends Schedule 6 to FA 2000 (climate change levy).

Insurance premium tax

201 Contracts that are not taxable

- (1) In Schedule 7A to FA 1994 (IPT: contracts that are not taxable), paragraph 3 (contracts relating to motor vehicles for use by handicapped persons) is amended as follows.
- (2) In sub-paragraph (2)(a)—
 - (a) after “disability living allowance” insert “ , or personal independence payment, ” and

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- (b) after “component” insert “ , or of an armed forces independence payment ”.
- (3) In sub-paragraph (3), after “disability living allowance” insert “ , personal independence payment, armed forces independence payment ”.
- (4) After sub-paragraph (4)(b) insert—
 - “(ba) personal independence payment” means a personal independence payment under Part 4 of the Welfare Reform Act 2012 or the corresponding provision having effect in Northern Ireland;
 - (bb) “armed forces independence payment” means an armed forces independence payment under a scheme established under section 1 of the Armed Forces (Pensions and Contributions) Act 2004;”.
- (5) The amendments made by this section are treated as having come into force on 8 April 2013.

Bank levy

202 Bank levy: rates from 1 January 2013

- (1) Schedule 19 to FA 2011 (bank levy) is amended as follows.
- (2) In paragraph 6 (steps for determining the amount of the bank levy), in sub-paragraph (2)—
 - (a) for “0.044%” substitute “ 0.065% ”, and
 - (b) for “0.088%” substitute “ 0.130% ”.
- (3) In paragraph 7 (special provision for chargeable periods falling wholly or partly before 1 January 2013), in sub-paragraph (2) (as substituted by paragraph 6 of Schedule 34 to FA 2012), in the table in the substituted Step 7—
 - (a) in the second column for “0.0525%” substitute “ 0.065% ”, and
 - (b) in the third column for “0.105%” substitute “ 0.130% ”.
- (4) In Schedule 34 to FA 2012 (bank levy)—
 - (a) omit paragraph 5 (which substituted new rates from 1 January 2013), and
 - (b) in paragraph 7 for “paragraphs 5 and” substitute “ paragraph ”.
- (5) The amendments made by subsections (2) to (4) are treated as having come into force on 1 January 2013 (and accordingly the paragraph repealed by subsection (4) is treated as never having come into force).
- (6) Subsections (7) to (13) apply where—
 - (a) an amount of the bank levy is treated as if it were an amount of corporation tax chargeable on an entity (“E”) for an accounting period of E,
 - (b) the chargeable period in respect of which the amount of the bank levy is charged falls (or partly falls) on or after 1 January 2013, and
 - (c) under the Instalment Payment Regulations, one or more instalment payments, in respect of the total liability of E for the accounting period, were treated as becoming due and payable before the commencement date (“pre-commencement instalment payments”).
- (7) Subsections (1) to (5) are to be ignored for the purpose of determining the amount of any pre-commencement instalment payment.

Status: Point in time view as at 06/04/2024.

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- (8) If there is at least one instalment payment, in respect of the total liability of E for the accounting period, which under the Instalment Payment Regulations is treated as becoming due and payable on or after the commencement date (“post-commencement instalment payments”), the amount of that instalment payment, or the first of them, is to be increased by the adjustment amount.
- (9) If there are no post-commencement instalment payments, a further instalment payment, in respect of the total liability of E for the accounting period, of an amount equal to the adjustment amount is to be treated as becoming due and payable at the end of the period of 30 days beginning with the commencement date.
- (10) “The adjustment amount” is the difference between—
- (a) the aggregate amount of the pre-commencement instalments determined in accordance with subsection (7), and
 - (b) the aggregate amount of those instalment payments determined ignoring subsection (7) (and so taking account of subsections (1) to (5)).
- (11) 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 regulation 4A, 4B, 4C, 4D, 5, 5A or 5B of those Regulations are to be read as including a reference to subsections (6) to (10) (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 subsections (6) to (10).
- (12) 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 is to be read as including a reference to subsections (6) to (11).
- (13) In this section—
- “the chargeable period” is to be construed in accordance with paragraph 4 or (as the case may be) 5 of Schedule 19 to FA 2011;
 - “the commencement date” means the day on which this Act is passed;
 - “the Instalment Payment Regulations” means the Corporation Tax (Instalment Payments) Regulations 1998 (S.I. 1998/3175);
- and references to the total liability of E for an accounting period are to be construed in accordance with regulation 2(3) of the Instalment Payment Regulations.

^{F64}**203 Bank levy: rates from 1 January 2014**

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Textual Amendments

F64 S. 203 repealed (1.1.2014 retrospective) by [Finance Act 2014 \(c. 26\), s. 119\(4\)\(5\)](#)

204 No deductions for UK or foreign bank levies

- (1) Schedule 19 to FA 2011 (the bank levy) is amended as follows.

Status: Point in time view as at 06/04/2024.

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- (2) In paragraph 46 (bank levy to be ignored for purposes of corporation tax and income tax), in paragraph (b), after “paid” insert “ (directly or indirectly) ”.
- (3) In Part 7 (double taxation relief), after paragraph 69 insert—

69A “Foreign levies to be ignored for purposes of income tax or corporation tax

- (1) In calculating profits or losses for the purposes of income tax or corporation tax—
- (a) no deduction is allowed in respect of any tax which is imposed by the law of a territory outside the United Kingdom and corresponds to the bank levy, and
 - (b) no account is to be taken of any amount which is paid (directly or indirectly) by a member of a group to another member for the purposes of meeting or reimbursing the cost of such a tax charged in relation to the group.
- (2) Paragraph 66(3) applies for the purposes of sub-paragraph (1) as it applies for the purposes of paragraph 66(2).”
- (4) Accordingly—
- (a) in paragraph 3, after “double taxation relief” insert “ and with the deduction of foreign levies for the purposes of corporation tax and income tax ”, and
 - (b) in the heading for Part 7, after “RELIEF” insert “ ETC ”
- (5) The amendments made by this section have effect in relation to any period of account beginning on or after 1 January 2013.
- (6) The amendments made by subsections (3) and (4) also have effect in relation to any period of account beginning before that date, but only if, and to the extent that, the tax is the subject of a claim for relief under paragraph 66 or 67 of Schedule 19 to FA 2011 (bank levy: double taxation relief) made on or after 5 December 2012.
- (7) For the purposes of subsections (5) and (6), a period of account beginning before, and ending on or after 1 January 2013 is to be treated as if so much of the period as falls before that date, and so much of the period as falls on or after that date, were separate periods of account.

205 High quality liquid assets

- (1) In paragraph 70 of Schedule 19 to FA 2011 (bank levy: definitions), in subparagraph (1), in the definition of “high quality liquid asset” for “section 12.7.2(1) to (4)” substitute “section 12.7 (assets that are eligible for inclusion in a firm's regulatory liquid assets buffer)!”.
- (2) The amendment made by this section has effect in relation to chargeable periods ending on or after 1 January 2011, and in relation to those chargeable periods the amendment is to be treated as always having had effect.

Status: Point in time view as at 06/04/2024.

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PART 5

GENERAL ANTI-ABUSE RULE

Modifications etc. (not altering text)

- C10** Pt. 5 extended (with effect in accordance with s. 10(7) of the amending Act) by [National Insurance Contributions Act 2014 \(c. 7\), s. 10\(1\)](#) (with s. 10(7))

206 General anti-abuse rule

- (1) This Part has effect for the purpose of counteracting tax advantages arising from tax arrangements that are abusive.
- (2) The rules of this Part are collectively to be known as “the general anti-abuse rule”.
- (3) The general anti-abuse rule applies to the following taxes—
 - (a) income tax,
 - (b) corporation tax, including any amount chargeable as if it were corporation tax or treated as if it were corporation tax,
 - (c) capital gains tax,
 - (d) petroleum revenue tax,
 - ^{F65}(da) diverted profits tax,]
 - ^{F66}(db) apprenticeship levy,]
 - (e) inheritance tax,
 - (f) stamp duty land tax, and
 - (g) annual tax on enveloped dwellings.
 - ^{F67}(h) multinational top-up tax.]
 - ^{F68}(i) domestic top-up tax.]

Textual Amendments

- F65** S. 206(3)(da) inserted (with effect in accordance with s. 116(1) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 115\(1\)](#)
- F66** S. 206(3)(db) inserted (15.9.2016) by [Finance Act 2016 \(c. 24\), s. 104\(2\)](#) (with s. 117)
- F67** S. 206(3)(h) inserted (31.12.2023 in relation to accounting periods commencing on or after that date) by [Finance \(No. 2\) Act 2023 \(c. 30\), s. 264, Sch. 14 para. 68\(4\)](#)
- F68** S. 206(3)(i) inserted (31.12.2023 in relation to accounting periods commencing on or after that date) by [Finance \(No. 2\) Act 2023 \(c. 30\), s. 278, Sch. 18 para. 7\(4\)](#)

Modifications etc. (not altering text)

- C11** S. 206(3) modified (with effect in accordance with s. 10(7) of the amending Act) by [National Insurance Contributions Act 2014 \(c. 7\), s. 10\(2\)](#) (with s. 10(7))

207 Meaning of “tax arrangements” and “abusive”

- (1) Arrangements are “tax arrangements” if, having regard to all the circumstances, it would be reasonable to conclude that the obtaining of a tax advantage was the main purpose, or one of the main purposes, of the arrangements.

Status: Point in time view as at 06/04/2024.

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- (2) Tax arrangements are “abusive” if they are arrangements the entering into or carrying out of which cannot reasonably be regarded as a reasonable course of action in relation to the relevant tax provisions, having regard to all the circumstances including—
- (a) whether the substantive results of the arrangements are consistent with any principles on which those provisions are based (whether express or implied) and the policy objectives of those provisions,
 - (b) whether the means of achieving those results involves one or more contrived or abnormal steps, and
 - (c) whether the arrangements are intended to exploit any shortcomings in those provisions.
- (3) Where the tax arrangements form part of any other arrangements regard must also be had to those other arrangements.
- (4) Each of the following is an example of something which might indicate that tax arrangements are abusive—
- (a) the arrangements result in an amount of income, profits or gains for tax purposes that is significantly less than the amount for economic purposes,
 - (b) the arrangements result in deductions or losses of an amount for tax purposes that is significantly greater than the amount for economic purposes, and
 - (c) the arrangements result in a claim for the repayment or crediting of tax (including foreign tax) that has not been, and is unlikely to be, paid,
- but in each case only if it is reasonable to assume that such a result was not the anticipated result when the relevant tax provisions were enacted.
- (5) The fact that tax arrangements accord with established practice, and HMRC had, at the time the arrangements were entered into, indicated its acceptance of that practice, is an example of something which might indicate that the arrangements are not abusive.
- (6) The examples given in subsections (4) and (5) are not exhaustive.

Modifications etc. (not altering text)

C12 S. 207 modified (with effect in accordance with s. 10(7) of the amending Act) by [National Insurance Contributions Act 2014 \(c. 7\), s. 10\(3\)](#) (with s. 10(8)-(10))

208 Meaning of “tax advantage”

A “tax advantage” includes—

- (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, and
- (f) avoidance of an obligation to deduct or account for tax.

Status: Point in time view as at 06/04/2024.

Changes to legislation: Finance Act 2013 is up to date with all changes known to be in force on or before 31 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

209 Counteracting the tax advantages

- (1) If there are tax arrangements that are abusive, the tax advantages that would (ignoring this Part) arise from the arrangements are to be counteracted by the making of adjustments.
- (2) The adjustments required to be made to counteract the tax advantages are such as are just and reasonable.
- (3) The adjustments may be made in respect of the tax in question or any other tax to which the general anti-abuse rule applies.
- (4) The adjustments that may be made include those that impose or increase a liability to tax in any case where (ignoring this Part) there would be no liability or a smaller liability, and tax is to be charged in accordance with any such adjustment.
- (5) Any adjustments required to be made under this section (whether by an officer of Revenue and Customs or ^{F69} anyone else) may be made by way of an assessment, the modification of an assessment, amendment or disallowance of a claim, or otherwise.

^{F70}(6) But—

- (a) the effect of adjustments made by an officer of Revenue and Customs by virtue of this section is suspended until the procedural requirements of Schedule 43, 43A or 43B have been complied with, and
- (b) the power to make adjustments by virtue of this section is subject to any time limit imposed by or under any enactment other than this Part.

The provision made by this subsection needs to be read with sections 209AA to 209AC and has no effect on adjustments so far as made otherwise than by virtue of this section.]

^{F71}(6A) The procedural requirements mentioned in subsection (6)(a) include any procedural requirements which apply under or by virtue of Schedule 43D (which makes provision in relation to partnerships).]

(7) Any adjustments made under this section have effect for all purposes.

^{F72}^{F73}(8) Where a matter is referred to the GAAR Advisory Panel under paragraph 5 or 6 of Schedule 43 in relation to any tax arrangements, no GAAR-related adjustments may be made in the period (“the closed period”) that—

- (a) begins with the 31st day after the end of the 45 day period mentioned in paragraph 4(1) of Schedule 43, and
- (b) ends immediately before the day on which the notice under paragraph 12 of Schedule 43 is given in relation to the tax arrangements.

(9) Where a pooling notice or notice of binding has been given in relation to any tax arrangements, no GAAR-related adjustments may be made in the period (“the closed period”) that—

- (a) begins with the 31st day after the day on which the notice is given, and
- (b) ends immediately before the day on which a notice under paragraph 8(2) or 9(2) of Schedule 43A, or a notice under paragraph 8(2) of Schedule 43B, is given in relation to the tax arrangements (as the case may be).]

(10) In this section “GAAR-related adjustments” means—

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- (a) for the purposes of subsection (8), adjustments which give effect (wholly or in part) to the proposed counteraction set out in the notice under paragraph 3 of Schedule 43 ^{[^{F74}}or paragraph 5 of Schedule 43D.];
- (b) for the purposes of subsection (9), adjustments which give effect (wholly or partly) to the proposed counteraction set out in the notice of pooling or binding (as the case may be).]

Textual Amendments

- F69** Words in s. 209(5) substituted (with effect in accordance with s. 124(2) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 32 para. 3\(2\)](#)
- F70** S. 209(6) substituted (with effect in accordance with Sch. 14 paras. 10, 15 of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [Sch. 14 para. 2](#)
- F71** S. 209(6A) inserted (with effect in accordance with s. 124(2) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 32 para. 3\(3\)](#)
- F72** S. 209(8)-(10) inserted (15.9.2016) (with effect in accordance with s. 158(15) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 158\(4\)](#)
- F73** S. 209(8)(9) substituted (with effect in accordance with s. 124(2) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 32 para. 3\(4\)](#)
- F74** Words in s. 209(10)(a) inserted (with effect in accordance with s. 124(2) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 32 para. 3\(5\)](#)

Modifications etc. (not altering text)

- C13** S. 209 modified (with effect in accordance with s. 10(7) of the amending Act) by [National Insurance Contributions Act 2014 \(c. 7\)](#), [s. 10\(4\)](#) (with s. 10(7))

^{[^{F75}}209A] **Protective GAAR notices**

- (1) An officer of Revenue and Customs may give a written notice (a “protective GAAR notice”) to a person stating that the officer considers—
 - (a) that a tax advantage might have arisen to the person from tax arrangements that are abusive, and
 - (b) that, on the assumption that the advantage does arise from tax arrangements that are abusive, it ought to be counteracted under section 209.
- (2) The protective GAAR notice must be given within the ordinary assessing time limit applicable to the proposed adjustments.
- (3) But if—
 - (a) a tax enquiry is in progress into a return made by the person, and
 - (b) the return relates to the tax in respect of which the specified adjustments under the protective GAAR notice are made,
 the protective GAAR notice must instead be given no later than the time when the enquiry is completed.
- (4) The protective GAAR notice must—
 - (a) specify the arrangements and the tax advantage, and
 - (b) specify the adjustments that, on the assumption that the advantage does arise from tax arrangements that are abusive, the officer proposes ought to be made.

Status: Point in time view as at 06/04/2024.

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- (5) The adjustments specified in the protective GAAR notice have effect as if they are made by virtue of section 209.
- (6) Notice of appeal may be given against the adjustments specified in the protective GAAR notice (whether or not the adjustments are also made otherwise than by virtue of section 209).
- (7) Any appeal against the specified adjustments (whether made by virtue of section 209 or otherwise) is, as a result of this subsection, stayed—
 - (a) for a period of 12 months beginning with the day on which the protective GAAR notice is given, or
 - (b) if a final GAAR counteraction notice is given before the end of that period, for a period ending with the day on which the final GAAR counteraction notice is given.
- (8) If, in the case of the specified adjustments (whether made by virtue of section 209 or otherwise)—
 - (a) notice of appeal is not given or notice of appeal is given but the appeal is subsequently withdrawn or determined by agreement, and
 - (b) no final GAAR counteraction notice is given,the protective GAAR notice has effect for all purposes (other than the purposes of section 212A) as if it had been given as a final GAAR counteraction notice (and, accordingly, as if the GAAR procedural requirements had been complied with).
- (9) In any case not falling within subsection (8)—
 - (a) the specified adjustments have no effect (so far as they are made by virtue of section 209) unless they (or lesser adjustments) are subsequently specified in a final GAAR counteraction notice, but
 - (b) the giving of the protective GAAR notice is treated as meeting the requirements of section 209(6)(b) in the case of that final GAAR counteraction notice.]

Textual Amendments

F75 S. 209AA inserted (with effect in accordance with Sch. 14 paras. 11, 15 of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [Sch. 14 para. 3](#)

[^{F76}209A] **Adjustments under section 209: notices under Schedule 43 or 43A**

- (1) This section applies in the case of any particular adjustments in respect of a particular period or matter (“the adjustments concerned”) if—
 - (a) a person is given a notice under paragraph 3 of Schedule 43 or a pooling notice or notice of binding under Schedule 43A (“the Schedule 43 or 43A notice”) that specifies the adjustments concerned (whether or not other adjustments are specified),
 - (b) the Schedule 43 or 43A notice is given within the relevant time limit applicable to the adjustments concerned, and
 - (c) the adjustments concerned have not been specified in a provisional counteraction notice under section 209A, or a protective GAAR notice under section 209AA, given before the time at which the Schedule 43 or 43A notice is given.

Status: Point in time view as at 06/04/2024.

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- (2) The Schedule 43 or 43A notice is given within the relevant time limit if—
- (a) it is given within the ordinary assessing time limit applicable to the adjustments concerned, or
 - (b) if a tax enquiry is in progress into a return made by the person and the particular adjustments concerned relate to the matters contained in the return, it is given no later than the time when the enquiry is completed.
- (3) The adjustments concerned have effect as if they are made by virtue of section 209.
- (4) If, in the case of the specified adjustments (whether made by virtue of section 209 or otherwise)—
- (a) notice of appeal is not given or notice of appeal is given but the appeal is subsequently withdrawn or determined by agreement, and
 - (b) no final GAAR counteraction notice is given,
- the Schedule 43 or 43A notice has effect for all purposes (other than the purposes of section 212A) as if it had been given as a final GAAR counteraction notice (and, accordingly, as if the GAAR procedural requirements had been complied with).
- (5) In any case not falling within subsection (4)—
- (a) the adjustments concerned have no effect (so far as they are made by virtue of section 209) unless they (or lesser adjustments) are subsequently specified in a final GAAR counteraction notice, but
 - (b) the giving of the Schedule 43 or 43A notice is treated as meeting the requirements of section 209(6)(b) in the case of that final GAAR counteraction notice.]

Textual Amendments

F76 S. 209AB inserted (with effect in accordance with Sch. 14 paras. 12, 15 of the amending Act) by Finance Act 2020 (c. 14), **Sch. 14 para. 4**

[^{F77}**209AB** adjustments under section 209: notices under Schedule 43D

- (1) This section applies in the case of any particular adjustments in respect of a particular period or matter (“the adjustments concerned”) if, in relation to a partnership—
- (a) the responsible partner is given a notice under paragraph 5 or 10 of Schedule 43D (“the Schedule 43D notice”) that specifies the adjustments concerned (whether or not other adjustments are specified),
 - (b) the Schedule 43D notice is given within the relevant time limit applicable to the adjustments concerned, and
 - (c) the adjustments concerned have not been specified in a protective GAAR notice given before the time at which the Schedule 43D notice is given.
- (2) The Schedule 43D notice is given within the relevant time limit if—
- (a) it is given within the ordinary assessing time limit applicable to the adjustments concerned, or
 - (b) in a case where a tax enquiry is in progress into a partnership return made by the responsible partner and the particular adjustments concerned relate to the matters contained in the return, it is given no later than the time when the enquiry is completed.

Status: Point in time view as at 06/04/2024.

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- (3) The adjustments concerned have effect as if they are made by virtue of section 209.
- (4) If, in the case of the specified adjustments (whether made by virtue of section 209 or otherwise)—
 - (a) notice of appeal is not given or notice of appeal is given but the appeal is subsequently withdrawn or determined by agreement, and
 - (b) no final GAAR counteraction notice is given,the Schedule 43D notice has effect for all purposes (other than the purposes of section 212B) as if it had been given as a final GAAR counteraction notice (and, accordingly, as if the GAAR procedural requirements had been complied with).
- (5) In any case not falling within subsection (4)—
 - (a) the adjustments concerned have no effect (so far as they are made by virtue of section 209) unless they (or lesser adjustments) are subsequently specified in a final GAAR counteraction notice, but
 - (b) the giving of the Schedule 43D notice is treated as meeting the requirements of section 209(6)(b) in the case of that final GAAR counteraction notice.
- (6) In subsection (1) “protective GAAR notice” means a protective GAAR notice given under section 209AA or paragraph 4 of Schedule 43D.
- (7) In this section “the responsible partner” and “partnership return” have the same meaning as in Schedule 43D.]

Textual Amendments

F77 S. 209ABA inserted (with effect in accordance with s. 124(2) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 32 para. 4](#)

[^{F78}209A Sections 209AA [^{F79}to 209ABA]: definitions

- (1) In sections 209AA [^{F80}to 209ABA]—

“final GAAR counteraction notice” means a notice given under—

 - (a) paragraph 12 of Schedule 43,
 - (b) paragraph 8 or 9 of Schedule 43A, or
 - (c) paragraph 8 of Schedule 43B,

“GAAR procedural requirements” means the procedural requirements of Schedule 43, 43A [^{F81}, 43B, or (as the case may be) 43D],

“lesser adjustments” means adjustments specified in the final GAAR counteraction notice which assume a smaller tax advantage than was assumed in the protective GAAR notice or (as the case may be) the Schedule 43 or 43A notice [^{F82}(within the meaning of section 209AB) or the Schedule 43D notice (within the meaning of section 209ABA)], and

“ordinary assessing time limit”, in relation to any adjustments, means the time limit imposed by or under any enactment other than this Part for the making of the adjustments.
- (2) Expressions which are used in section 202 of FA 2014 (“tax enquiry”, and its being “in progress”, and “return”) have the same meaning in sections 209AA [^{F83}to 209ABA] as they have in that section (and references to completing a tax enquiry are to be read accordingly).]

Status: Point in time view as at 06/04/2024.

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Textual Amendments

- F78** S. 209AC inserted (22.7.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 14 para. 5](#)
- F79** Words in s. 209AC heading substituted (with effect in accordance with s. 124(2) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 32 para. 5\(2\)](#)
- F80** Words in s. 209AC(1) substituted (with effect in accordance with s. 124(2) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 32 para. 5\(3\)\(a\)](#)
- F81** Words in s. 209AC(1) substituted (with effect in accordance with s. 124(2) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 32 para. 5\(3\)\(b\)](#)
- F82** Words in s. 209AC(1) inserted (with effect in accordance with s. 124(2) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 32 para. 5\(3\)\(c\)](#)
- F83** Words in s. 209AC(2) substituted (with effect in accordance with s. 124(2) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 32 para. 5\(4\)](#)

^{F84}209A Effect of adjustments specified in a provisional counteraction notice

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Textual Amendments

- F84** Ss. 209A-209F omitted (22.7.2020) by virtue of [Finance Act 2020 \(c. 14\)](#), [Sch. 14 para. 6](#) (with [Sch. 14 para. 13](#))

^{F84}209B Notified adjustments: 12 month period for taking action if appeal made

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Textual Amendments

- F84** Ss. 209A-209F omitted (22.7.2020) by virtue of [Finance Act 2020 \(c. 14\)](#), [Sch. 14 para. 6](#) (with [Sch. 14 para. 13](#))

^{F84}209C Notified adjustments: case within section 209B(4)(c)

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Textual Amendments

- F84** Ss. 209A-209F omitted (22.7.2020) by virtue of [Finance Act 2020 \(c. 14\)](#), [Sch. 14 para. 6](#) (with [Sch. 14 para. 13](#))

^{F84}209D Notified adjustments: case within section 209B(4)(d)

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Status: Point in time view as at 06/04/2024.

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Textual Amendments

F84 Ss. 209A-209F omitted (22.7.2020) by virtue of [Finance Act 2020 \(c. 14\)](#), [Sch. 14 para. 6](#) (with [Sch. 14 para. 13](#))

^{F84}209E Notified adjustments: case within section 209B(4)(e)

.....

Textual Amendments

F84 Ss. 209A-209F omitted (22.7.2020) by virtue of [Finance Act 2020 \(c. 14\)](#), [Sch. 14 para. 6](#) (with [Sch. 14 para. 13](#))

^{F84}209F Appeals against provisional counteractions: further provision

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Textual Amendments

F84 Ss. 209A-209F omitted (22.7.2020) by virtue of [Finance Act 2020 \(c. 14\)](#), [Sch. 14 para. 6](#) (with [Sch. 14 para. 13](#))

210 Consequential relieving adjustments

- (1) This section applies where—
 - (a) the counteraction of a tax advantage under section 209 is final, and
 - (b) if the case is not one in which notice of the counteraction was given under paragraph 12 of Schedule 43, [^{F85}paragraph 8 or 9 of Schedule 43A or paragraph 8 of Schedule 43B,] HMRC have been notified of the counteraction^{F86}
.....
- (2) A person has 12 months, beginning with the day on which the counteraction becomes final, to make a claim for one or more consequential adjustments to be made in respect of any tax to which the general anti-abuse rule applies.
- (3) On a claim under this section, an officer of Revenue and Customs must make such of the consequential adjustments claimed (if any) as are just and reasonable.
- (4) Consequential adjustments—
 - (a) may be made in respect of any period, and
 - (b) may affect any person (whether or not a party to the tax arrangements).
- (5) But nothing in this section requires or permits an officer to make a consequential adjustment the effect of which is to increase a person's liability to any tax.
- (6) For the purposes of this section—
 - (a) if the claim relates to income tax or capital gains tax, Schedule 1A to TMA 1970 applies to it;

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- (b) if the claim relates to corporation tax, Schedule 1A to TMA 1970 (and not Schedule 18 to FA 1998) applies to it;
 - (c) if the claim relates to petroleum revenue tax, Schedule 1A to TMA 1970 applies to it, but as if the reference in paragraph 2A(4) of that Schedule to a year of assessment included a reference to a chargeable period within the meaning of OTA 1975 (see section 1(3) and (4) of that Act);
 - (d) if the claim relates to inheritance tax it must be made in writing to HMRC and section 221 of IHTA 1984 applies as if the claim were a claim under that Act;
 - (e) if the claim relates to stamp duty land tax or annual tax on enveloped dwellings, Schedule 11A to FA 2003 applies to it as if it were a claim to which paragraph 1 of that Schedule applies.
- (7) Where an officer of Revenue and Customs makes a consequential adjustment under this section, the officer must give the person who made the claim written notice describing the adjustment which has been made.
- (8) For the purposes of this section the counteraction of a tax advantage is final when the adjustments made to effect the counteraction, and any amounts arising as a result of those adjustments, can no longer be varied, on appeal or otherwise.
- (9) Any adjustments required to be made under this section may be made—
- (a) by way of an assessment, the modification of an assessment, the amendment of a claim, or otherwise, and
 - (b) despite any time limit imposed by or under any enactment other than this Part.
- [^{F87}(10) For the purposes of subsection (1)(b), HMRC must be notified—
- (a) in a case where Schedule 43D applies, by the responsible partner (within the meaning of that Schedule), and
 - (b) in any other case, by the person to whom the tax advantage would have arisen.]

Textual Amendments

- F85** Words in s. 210(1)(b) inserted (15.9.2016) (with effect in accordance with s. 157(30) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 157\(5\)](#)
- F86** Words in s. 210(1)(b) omitted (with effect in accordance with s. 124(2) of the amending Act) by virtue of [Finance Act 2021 \(c. 26\), Sch. 32 para. 6\(a\)](#)
- F87** S. 210(10) substituted (with effect in accordance with s. 124(2) of the amending Act) by [Finance Act 2021 \(c. 26\), Sch. 32 para. 6\(b\)](#)

Modifications etc. (not altering text)

- C14** S. 210 modified (with effect in accordance with s. 10(7) of the amending Act) by [National Insurance Contributions Act 2014 \(c. 7\), s. 10\(5\)](#) (with s. 10(6)(7))

211 Proceedings before a court or tribunal

- (1) In proceedings before a court or tribunal in connection with the general anti-abuse rule, HMRC must show—
- (a) that there are tax arrangements that are abusive, and
 - (b) that the adjustments made to counteract the tax advantages arising from the arrangements are just and reasonable.

Status: Point in time view as at 06/04/2024.

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- (2) In determining any issue in connection with the general anti-abuse rule, a court or tribunal must take into account—
 - (a) HMRC's guidance about the general anti-abuse rule that was approved by the GAAR Advisory Panel at the time the tax arrangements were entered into, and
 - (b) any opinion of the GAAR Advisory [^{F88}Panel given—
 - (i) under paragraph 11 of Schedule 43 about the arrangements or any tax arrangements which are, as a result of a notice under paragraph 1 or 2 of Schedule 43A, the referred or (as the case may be) counteracted arrangements in relation to the arrangements, or
 - (ii) under paragraph 6 of Schedule 43B in respect of a generic referral of the arrangements.]
- (3) In determining any issue in connection with the general anti-abuse rule, a court or tribunal may take into account—
 - (a) guidance, statements or other material (whether of HMRC, a Minister of the Crown or anyone else) that was in the public domain at the time the arrangements were entered into, and
 - (b) evidence of established practice at that time.

Textual Amendments

F88 Words in s. 211(2)(b) substituted (15.9.2016) (with effect in accordance with s. 157(30) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 157\(6\)](#)

212 Relationship between the GAAR and priority rules

- (1) Any priority rule has effect subject to the general anti-abuse rule (despite the terms of the priority rule).
- (2) A “priority rule” means a rule (however expressed) to the effect that particular provisions have effect to the exclusion of, or otherwise in priority to, anything else.
- (3) Examples of priority rules are—
 - (a) the rule in section 464, 699 or 906 of CTA 2009 (priority of loan relationships rules, derivative contracts rules and intangible fixed assets rules for corporation tax purposes), and
 - (b) the rule in section 6(1) of TIOPA 2010 (effect to be given to double taxation arrangements despite anything in any enactment).

[^{F89}212A Penalty

- (1) A person (P) is liable to pay a penalty if—
 - (a) P has been given a notice under—
 - (i) paragraph 12 of Schedule 43,
 - (ii) paragraph 8 or 9 of Schedule 43A, or
 - (iii) paragraph 8 of Schedule 43B,stating that a tax advantage arising from particular tax arrangements is to be counteracted,
 - (b) a tax document has been given to HMRC on the basis that the tax advantage arises to P from those arrangements,

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- (c) that document was given to HMRC—
 - (i) by P, or
 - (ii) by another person in circumstances where P knew, or ought to have known, that the other person gave the document on the basis mentioned in [^{F90} paragraph (b)], and
 - (d) the tax advantage has been counteracted by the making of adjustments under section 209.
- (2) The penalty is 60% of the value of the counteracted advantage.
- (3) Schedule 43C—
- (a) gives the meaning of “the value of the counteracted advantage”, and
 - (b) makes other provision in relation to penalties under this section.
- (4) In this section “tax document” means any return, claim or other document submitted in compliance (or purported compliance) with any provision of, or made under, an Act.
- (5) In this section the reference to giving a tax document to HMRC is to be interpreted in accordance with paragraph 11(g) and (h) of Schedule 43C.]

Textual Amendments

- F89** S. 212A inserted (15.9.2016) (with effect in accordance with s. 158(15) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 158\(2\)](#)
- F90** Words in s. 212A(1)(c)(ii) substituted (with effect in accordance with s. 124(2) of the amending Act) by [Finance Act 2021 \(c. 26\), Sch. 32 para. 7](#)

[^{F91}212B Penalty: partnerships

- (1) This section applies if, in respect of a partnership—
- (a) the responsible partner has been given a notice under—
 - (i) paragraph 12 of Schedule 43,
 - (ii) paragraph 8 or 9 of Schedule 43A, or
 - (iii) paragraph 8 of Schedule 43B,
 stating that a tax advantage is to be counteracted, and
 - (b) the tax advantage, so far as arising to a partner (P) in the partnership, has been counteracted by the making of adjustments under section 209.
- (2) P is liable to pay a penalty of an amount equal to 60% of the value of the counteracted tax advantage.
- (3) Schedule 43C—
- (a) gives the meaning of “the value of the counteracted tax advantage”, and
 - (b) makes other provision in relation to penalties under this section.
- (4) For the meaning of “the responsible partner” see paragraph 2 of Schedule 43D.]

Textual Amendments

- F91** S. 212B inserted (with effect in accordance with s. 124(2) of the amending Act) by [Finance Act 2021 \(c. 26\), Sch. 32 para. 8](#)

Status: Point in time view as at 06/04/2024.

Changes to legislation: Finance Act 2013 is up to date with all changes known to be in force on or before 31 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

213 Consequential amendment

(1) Section 42 of TMA 1970 (procedure for making claims etc) is amended as follows.

(2) In subsection (2), for “(3ZB)” substitute “(3ZC)”.

(3) After subsection (3ZB) insert—

“(3ZC) Subsection (2) also does not apply in relation to any claim under section 210 of the Finance Act 2013 (claims for consequential relieving adjustments after counteraction of tax advantage under the general anti-abuse rule).”

214 Interpretation of Part 5

[^{F92}(1) In this Part—

“abusive”, in relation to tax arrangements, has the meaning given by section 207(2) to (6);

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

“the Commissioners” means the Commissioners for Her Majesty's Revenue and Customs;

[^{F93}“designated HMRC officer” has the meaning given by paragraph 2 of Schedule 43;”.]

“the GAAR Advisory Panel” has the meaning given by paragraph 1 of Schedule 43;

“the general anti-abuse rule” has the meaning given by section 206;

“HMRC” means Her Majesty's Revenue and Customs;

[^{F93}“notice of binding” has the meaning given by paragraph 2(2) of Schedule 43A [^{F94}or paragraph 10 of Schedule 43D (as the case may be)];

^{F95}

...

[^{F93}“pooling notice” has the meaning given by [^{F96}paragraph 1(3) of Schedule 43A or paragraph 10 of Schedule 43D (as the case may be)];]

^{F97}

...

“tax advantage” has the meaning given by section 208;

^{F98}

...

“tax arrangements” has the meaning given by section 207(1).]

[^{F93}“tax enquiry” has the meaning given by section 202(2) of FA 2014.]

[In this Part references to any “opinion of the GAAR Advisory Panel” about any tax ^{F99}(2) arrangements are to be interpreted in accordance with paragraph 11(5) of Schedule 43.

(3) In this Part references to tax arrangements which are “equivalent” to one another are to be interpreted in accordance with paragraph 11 of Schedule 43A.]]

Textual Amendments

F92 S. 214(1): s. 214 renumbered (15.9.2016) as s. 214(1) (with effect in accordance with s. 157(30) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 157\(8\)](#)

F93 Words in s. 214(1) inserted (15.9.2016) (with effect in accordance with s. 157(30) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 157\(9\)](#)

Status: Point in time view as at 06/04/2024.

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- F94** Words in s. 214(1) inserted (with effect in accordance with s. 124(2) of the amending Act) by [Finance Act 2021 \(c. 26\), Sch. 32 para. 9\(a\)](#)
- F95** Words in s. 214(1) omitted (22.7.2020) by virtue of [Finance Act 2020 \(c. 14\), Sch. 14 para. 7\(a\)](#)
- F96** Words in s. 214(1) inserted (with effect in accordance with s. 124(2) of the amending Act) by [Finance Act 2021 \(c. 26\), Sch. 32 para. 9\(b\)](#)
- F97** Words in s. 214(1) omitted (22.7.2020) by virtue of [Finance Act 2020 \(c. 14\), Sch. 14 para. 7\(b\)](#)
- F98** Words in s. 214(1) omitted (with effect in accordance with s. 124(2) of the amending Act) by virtue of [Finance Act 2021 \(c. 26\), Sch. 32 para. 9\(c\)](#)
- F99** S. 214(2)(3) inserted (15.9.2016) (with effect in accordance with s. 157(30) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 157\(10\)](#)

215 Commencement and transitional provision

- (1) The general anti-abuse rule has effect in relation to any tax arrangements entered into on or after the day on which this Act is passed.
- (2) Where the tax arrangements form part of any other arrangements entered into before that day those other arrangements are to be ignored for the purposes of section 207(3), subject to subsection (3).
- (3) Account is to be taken of those other arrangements for the purposes of section 207(3) if, as a result, the tax arrangements would not be abusive.

PART 6

OTHER PROVISIONS

Trusts

216 Trusts with vulnerable beneficiary

Schedule 44 contains provision about trusts which have a vulnerable beneficiary.

Unit trusts

217 Unauthorised unit trusts

- (1) The Treasury may by regulations make provision about the treatment of the trustees or unit holders of unauthorised unit trusts for the purposes of income tax, corporation tax, capital gains tax or stamp duty land tax.
- (2) Regulations under this section may—
 - (a) confer or impose powers or duties on officers of Revenue and Customs or other persons;
 - (b) modify any enactment or instrument (whenever passed or made);
 - (c) specify descriptions of unauthorised unit trust in relation to which the regulations are to apply or are not to apply;
 - (d) make different provision for different cases or different purposes;
 - (e) make incidental, consequential, supplementary and transitional provision and savings.

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In paragraph (b) “modify” includes amend, repeal or revoke.

- (3) The statutory instrument containing the first regulations under this section may not be made unless a draft has been laid before and approved by a resolution of the House of Commons.
- (4) A subsequent statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of the House of Commons.
- (5) In this section—
 - (a) “unauthorised unit trust” means a unit trust scheme which is neither an authorised unit trust nor an umbrella scheme,
 - (b) “unit trust scheme” has the meaning given by section 237 of the Financial Services and Markets Act 2000, and
 - (c) “authorised unit trust”, “umbrella scheme” and “unit holder” have the same meaning as in Chapter 2 of Part 13 of CTA 2010 (authorised investment funds).

Residence

218 Statutory residence test

- (1) Schedule 45 contains—
 - (a) provision for determining whether individuals are resident in the United Kingdom for the purposes of income tax, capital gains tax and (where relevant) inheritance tax and corporation tax,
 - (b) provision about split years, and
 - (c) provision about periods when individuals are temporarily non-resident.
- (2) The Treasury may by order make any incidental, supplemental, consequential, transitional or saving provision in consequence of Schedule 45.
- (3) An order under subsection (2) may—
 - (a) make different provision for different purposes, and
 - (b) make provision amending, repealing or revoking any provision made by or under an Act (whenever passed or made).
- (4) An order under subsection (2) is to be made by statutory instrument.
- (5) A statutory instrument containing an order under subsection (2) is subject to annulment in pursuance of a resolution of the House of Commons.

219 Ordinary residence

- (1) Schedule 46 contains provision removing or replacing rules relating to ordinary residence.
- (2) The Treasury may by order make further provision removing or replacing rules relating to ordinary residence with respect to—
 - (a) income tax,
 - (b) capital gains tax, and
 - (c) (so far as the ordinary residence status of individuals is relevant to them) inheritance tax and corporation tax.

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- (3) An order under subsection (2) may take effect from the start of the tax year in which the order is made.
- (4) The Treasury may by order make any incidental, supplemental, consequential, transitional or saving provision in consequence of Schedule 46 or in consequence of any further provision made under subsection (2).
- (5) An order under this section may—
 - (a) make different provision for different purposes, and
 - (b) make provision amending, repealing or revoking any provision made by or under an Act (whenever passed or made).
- (6) An order under this section is to be made by statutory instrument.
- (7) A statutory instrument containing an order under subsection (2) (whether alone or with other provisions) may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, the House of Commons.
- (8) Subject to subsection (7), a statutory instrument containing an order under this section is subject to annulment in pursuance of a resolution of the House of Commons.

International matters

220 Controlled foreign companies etc

Schedule 47 makes provision in relation to CFCs etc.

221 Agreement between UK and Switzerland

- (1) In Schedule 36 to FA 2012 (agreement between UK and Switzerland), after paragraph 26 insert—

“Transfers to HMRC under Agreement

- 26A
- (1) Income or chargeable gains of a person are to be treated as not remitted to the United Kingdom if conditions A to D are met.
 - (2) Condition A is that (but for sub-paragraph (1)) the income or gains would be regarded as remitted to the United Kingdom by virtue of the bringing of money to the United Kingdom.
 - (3) Condition B is that the money is brought to the United Kingdom pursuant to a transfer made to HMRC in accordance with the Agreement.
 - (4) Condition C (which applies only if the money brought to the United Kingdom is a sum levied under Article 19(2)(b)) is that the sum was levied within the period of 45 days beginning with the day on which the amount derived from the income or gain in question was remitted as mentioned in Article 19(2)(b).
 - (5) Condition D is that the transfer is made in relation to a tax year in which section 809B, 809D or 809E of ITA 2007 (application of remittance basis) applies to the person.

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(6) Sub-paragraph (1) does not apply in relation to money brought to the United Kingdom if or to the extent that—

- (a) paragraph 18(2), or section 138(4)(a) or 140(5)(a) of TIOPA 2010, is applied in relation to it (set-off against other tax liabilities), or
- (b) it is repaid or refunded by HMRC.

26B (1) This paragraph applies if—

- (a) but for paragraph 26A(1), income or chargeable gains would have been regarded as remitted to the United Kingdom by virtue of the bringing of money to the United Kingdom, and
- (b) section 809Q of ITA 2007 (transfers from mixed funds) would have applied in determining the amount that would have been so remitted.

(2) The bringing of the money to the United Kingdom counts as an offshore transfer for the purposes of section 809R(4) of ITA 2007 (composition of mixed fund).”

(2) The amendment made by this section is to be treated as having come into force on 1 January 2013.

F100 222 International agreements to improve tax compliance

.....

Textual Amendments

F100 S. 222 repealed (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), s. [349\(11\)\(a\)](#)

Disclosure

223 Disclosure of tax avoidance schemes

(1) Part 7 of FA 2004 (disclosure of tax avoidance schemes) is amended in accordance with subsections (2) and (3).

(2) After section 312A insert—

“312B Duty of client to provide information to promoter

- (1) This section applies where a person who is a promoter in relation to notifiable arrangements has provided a person (“the client”) with the information prescribed under section 312(2) (duty of promoter to notify client of reference number).
- (2) The client must, within the prescribed period, provide the promoter with prescribed information relating to the client.
- (3) The duty under subsection (2) is subject to any exceptions that may be prescribed.”

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(3) After section 313ZA insert—

“313ZB Enquiry following disclosure of client details

- (1) This section applies where—
 - (a) a person who is a promoter in relation to notifiable arrangements has provided HMRC with information in relation to a person (“the client”) under section 313ZA(3) (duty to provide client details), and
 - (b) HMRC suspect that a person other than the client is or is likely to be a party to the arrangements.
- (2) HMRC may by written notice require the promoter to provide prescribed information in relation to any person other than the client who the promoter might reasonably be expected to know is or is likely to be a party to the arrangements.
- (3) The promoter must comply with a requirement under or by virtue of subsection (2) within—
 - (a) the prescribed period, or
 - (b) such longer period as HMRC may direct.”
- (4) In section 98C(2) of TMA 1970 (notification under Part 7 of FA 2004)—
 - (a) after paragraph (da) insert—

“(daa) section 312B (duty of client to provide information to promoter),”, and
 - (b) after paragraph (db) insert—

“(dc) section 313ZB (enquiry following disclosure of client details),”.

Powers

224 Powers under Proceeds of Crime Act 2002

Schedule 48 makes provision for, and in connection with, conferring powers under Chapter 3 of Part 5 and Chapters 2 and 3 of Part 8 of the Proceeds of Crime Act 2002 on officers of Revenue and Customs.

225 Definition of “goods” for certain customs purposes

In section 1(1) of CEMA 1979 (interpretation), in the definition of “goods”, for “baggage” substitute “containers”.

226 Power to detain goods

- (1) Section 139 of CEMA 1979 (provisions as to detention, seizure and condemnation of goods etc) is amended as follows.
- (2) After subsection (1) insert—

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- “(1A) A person mentioned in subsection (1) who reasonably suspects that any thing may be liable to forfeiture under the customs and excise Acts may detain that thing.
- (1B) References in this section and Schedule 2A to a thing detained as liable to forfeiture under the customs and excise Acts include a thing detained under subsection (1A).”
- (3) In subsection (2), for the words from “either” to the end substitute “ deliver that thing to an officer ”.
- (4) In subsection (4), for “the Commissioners at the nearest office of customs and excise” substitute “ an officer ”.
- (5) In subsection (5), for “Schedule 3” substitute “ Schedules 2A and 3 ”.
- (6) After that subsection insert—
- “(5A) Schedule 2A contains supplementary provisions relating to the detention of things as liable to forfeiture under the customs and excise Acts.”
- (7) After Schedule 2 to that Act (composite goods: supplementary provisions as to excise duties and drawbacks) insert—

“SCHEDULE 2A

Section 139(5A)

SUPPLEMENTARY PROVISIONS RELATING TO THE DETENTION OF THINGS AS LIABLE TO FORFEITURE

Interpretation

- 1 In this Schedule, references (however expressed) to a thing being detained are references to a thing being detained as liable to forfeiture under the customs and excise Acts.

Period of detention

- 2 (1) This paragraph applies where a thing is detained.
- (2) The thing may be detained for 30 days beginning with the day on which the thing is first detained.
- (3) The thing is deemed to be seized as liable to forfeiture under the customs and excise Acts if its detention ceases to be authorised under this paragraph.

Notice of detention

- 3 (1) The Commissioners must take reasonable steps to give written notice of the detention of any thing, and of the grounds for the detention, to any person who to their knowledge was, at the time of the detention, the owner or one of the owners of the thing.
- (2) But notice need not be given under sub-paragraph (1) if the detention occurred in the presence of—

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- (a) the person whose offence or suspected offence occasioned the detention,
- (b) the owner or any of the owners of the thing detained or any servant or agent of such an owner, or
- (c) in the case of any thing detained on a ship or aircraft, the master or commander.

Unauthorised removal or disposal: penalties etc

- 4 (1) This paragraph applies where a thing is detained and, with the agreement of a person within sub-paragraph (2) (“the responsible person”), the thing remains at the place where it is first detained (rather than being removed and detained elsewhere).
- (2) A person is within this sub-paragraph if the person is—
- (a) the owner or any of the owners of the thing at the time it was detained or any servant or agent of such an owner, or
 - (b) a person whom the person who detains the thing reasonably believes to be a person within paragraph (a).
- (3) If the responsible person fails to prevent the unauthorised removal or disposal of the thing from the place where it is detained, that failure attracts a penalty under section 9 of the Finance Act 1994 (civil penalties).
- (4) The removal or disposal of the thing is unauthorised unless it is done with the permission of a proper officer of Revenue and Customs.
- (5) Where any duty of excise is payable in respect of the thing—
- (a) the penalty is to be calculated by reference to the amount of that duty (whether it has been paid or not), and
 - (b) section 9 of the Finance Act 1994 has effect as if in subsection (2)(a) the words “5 per cent of” were omitted.
- (6) If no duty of excise is payable in respect of the thing, that section has effect as if the penalty provided for by subsection (2)(b) of that section were whichever is the greater of—
- (a) the value of the thing at the time it was first detained, or
 - (b) £250.
- 5 (1) This paragraph applies where—
- (a) a thing is detained at a revenue trader's premises,
 - (b) the thing is liable to forfeiture under the customs and excise Acts, and
 - (c) without the permission of a proper officer of Revenue and Customs, the thing is removed from the trader's premises, or otherwise disposed of, by any person.
- (2) The Commissioners may seize, as liable to forfeiture under the customs and excise Acts, goods of equivalent value to the thing, from the revenue trader's stock.
- (3) For the purposes of this paragraph, a revenue trader's premises include any premises used to hold or store anything for the purposes of the revenue trader's trade, regardless of who owns or occupies the premises.”

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- (8) The amendments made by this section have effect in relation to things detained on or after the day on which this Act is passed.

227 Penalty instead of forfeiture of larger ships

- (1) Section 143 of CEMA 1979 (penalty in lieu of forfeiture of larger ship where responsible officer is implicated in offence) is amended as follows.

- (2) For subsection (1) (Commissioners' power to impose fine up to £50) substitute—

“(1) This section applies where—

- (a) any ship of 250 or more tons register would, but for section 142, be liable to forfeiture for, or in connection with, any offence under the customs and excise Acts, and
- (b) in the opinion of the Commissioners, a responsible officer of the ship is implicated either by the officer's own act, or by neglect, in that offence.”

- (3) In subsection (3) (Commissioners' power to bring condemnation proceedings)—

- (a) for the words from the beginning to the first “they” substitute “ The Commissioners ”, and
- (b) for “£500” substitute “ £10,000 ”.

- (4) In subsection (4) (power to detain ship pending payment of deposit against fine or condemnation proceedings)—

- (a) for the words from the beginning to “section, the” substitute “ The ”,
- (b) for “£50 or, as the case may be, £500” substitute “ £10,000 ”, and
- (c) omit “their final decision or, as the case may be,”.

- (5) In paragraph (a) of subsection (6) (definition of “responsible officer”—

- (a) after “means” insert “ a person who is, or is acting as, ”,
- (b) for “or an engineer” substitute “ , an engineer or the bosun ”, and
- (c) omit the words from “and, in the case of a ship manned” to the end.

- (6) After that subsection insert—

“(7) If the Treasury consider that there has been a change in the value of money since the Finance Act 2013 was passed or, as the case may be, since the last occasion when the power conferred by this subsection was exercised, they may by order substitute for the sum for the time being specified in subsections (3) and (4) such other sum as appears to them to be justified by the change.

- (8) An order under subsection (7) may not vary the penalty for any conduct occurring before the coming into force of the order.

- (9) An order under subsection (7) must be made by statutory instrument.

- (10) A statutory instrument containing an order under subsection (7) is subject to annulment in pursuance of a resolution of either House of Parliament.”

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228 Data-gathering from merchant acquirers etc

- (1) In Part 2 of Schedule 23 to FA 2011 (data-gathering powers: relevant data-holders), after paragraph 13 insert—

“Merchant acquirers etc

13A (1) A person who has a contractual obligation to make payments to retailers in settlement of payment card transactions is a relevant data-holder.

(2) In this paragraph—

“payment card” includes a credit card, a charge card and a debit card;

“payment card transaction” means any transaction in which a payment card is accepted as payment;

“retailer” means a person who accepts a payment card as payment for any transaction.

(3) In this paragraph any reference to a payment card being accepted as payment includes a reference to any account number or other indicators associated with a payment card being accepted as payment.”

- (2) This section applies in relation to relevant data with a bearing on any period (whether before, on or after the day on which this Act is passed).

Payment

229 Corporation tax: deferral of payment of exit charge

Schedule 49 contains provision for, and in connection with, deferring the payment by a company of certain corporation tax in circumstances where income, profits or gains arise by virtue of section 25, 185 or 187(4) of TCGA 1992 or section 162, 333, 334, 609, 610, 859 or 862 of CTA 2009.

230 Penalties: late filing, late payment and errors

Schedule 50 contains provision for, and in connection with, penalties for late filing, late payment and errors.

231 Overpayment relief: generally prevailing practice exclusion and EU law

- (1) In Schedule 1AB to TMA 1970 (recovery of overpaid tax etc), in paragraph 2 (cases in which Commissioners not liable to give effect to claim), after sub-paragraph (9) insert—

“(9A) Cases G and H do not apply where the amount paid, or liable to be paid, is tax which has been charged contrary to EU law.

(9B) For the purposes of sub-paragraph (9A), an amount of tax is charged contrary to EU law if, in the circumstances in question, the charge to tax is contrary to—

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- (a) the provisions relating to the free movement of goods, persons, services and capital in Titles II and IV of Part 3 of the Treaty on the Functioning of the European Union, or
 - (b) the provisions of any subsequent treaty replacing the provisions mentioned in paragraph (a).”
- (2) In Schedule 2 to OTA 1975 (management and collection of petroleum revenue tax), in paragraph 13B (claim for relief for overpaid tax etc: cases in which HMRC not liable to give effect to a claim), after sub-paragraph (8) insert—
 - “(9) Case G does not apply where the amount paid, or liable to be paid, is tax which has been charged contrary to EU law.
 - (10) For the purposes of sub-paragraph (9), an amount of tax is charged contrary to EU law if, in the circumstances in question, the charge to tax is contrary to—
 - (a) the provisions relating to the free movement of goods, persons, services and capital in Titles II and IV of Part 3 of the Treaty on the Functioning of the European Union, or
 - (b) the provisions of any subsequent treaty replacing the provisions mentioned in paragraph (a).”
- (3) In Part 6 of Schedule 18 to FA 1998 (overpaid tax, excessive assessments or repayments etc), in paragraph 51A (cases in which Commissioners not liable to give effect to a claim), after sub-paragraph (8) insert—
 - “(9) Case G does not apply where the amount paid, or liable to be paid, is tax which has been charged contrary to EU law.
 - (10) For the purposes of sub-paragraph (9), an amount of tax is charged contrary to EU law if, in the circumstances in question, the charge to tax is contrary to—
 - (a) the provisions relating to the free movement of goods, persons, services and capital in Titles II and IV of Part 3 of the Treaty on the Functioning of the European Union, or
 - (b) the provisions of any subsequent treaty replacing the provisions mentioned in paragraph (a).”
- (4) In Part 6 of Schedule 10 to FA 2003 (relief in case of overpaid tax or excessive assessment), in paragraph 34A (cases in which Commissioners not liable to give effect to a claim), after sub-paragraph (8) insert—
 - “(9) Case G does not apply where the amount paid, or liable to be paid, is tax which has been charged contrary to EU law.
 - (10) For the purposes of sub-paragraph (9), an amount of tax is charged contrary to EU law if, in the circumstances in question, the charge to tax is contrary to—
 - (a) the provisions relating to the free movement of goods, persons, services and capital in Titles II and IV of Part 3 of the Treaty on the Functioning of the European Union, or
 - (b) the provisions of any subsequent treaty replacing the provisions mentioned in paragraph (a).”

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- (5) The amendments made by this section have effect in relation to any claim (in respect of overpaid tax, excessive assessment etc) made after the end of the six month period beginning with the day on which this Act is passed.

232 Overpayment relief: time limit for claims

- (1) In Schedule 1AB to TMA 1970 (recovery of overpaid tax etc), in paragraph 3 (making a claim), in sub-paragraph (3) after “the relevant tax year is” insert “—
- (a) where the amount liable to be paid is excessive by reason of a mistake in a return or returns under section 8, 8A or 12AA, the tax year to which the return (or, if more than one, the first return) relates, and
 - (b) otherwise.”.
- (2) In Schedule 2 to OTA 1975, in paragraph 13C (claim for relief for overpaid tax etc: making a claim), in sub-paragraph (3) after “the relevant chargeable period is” insert “—
- (a) where the amount liable to be paid is excessive by reason of a mistake in a return or returns under paragraph 2 or 5, the chargeable period to which the return (or, if more than one, the first return) relates, and
 - (b) otherwise.”.
- (3) In Part 6 of Schedule 18 to FA 1998 (overpaid tax, excessive assessments or repayments, etc), in paragraph 51B (making a claim), in sub-paragraph (3), after “the relevant accounting period is” insert “—
- (a) where the amount liable to be paid is excessive by reason of a mistake in a company tax return or returns, the accounting period to which the return (or, if more than one, the first return) relates, and
 - (b) otherwise.”.
- (4) The amendments made by this section have effect in relation to any claim (in respect of overpaid tax, excessive assessment etc) made after the end of the six month period beginning with the day on which this Act is passed.

Administration

233 Self assessment: withdrawal of notice to file etc

Schedule 51 contains provision for, and in connection with, withdrawing a notice under section 8, 8A or 12AA of TMA 1970 and cancelling liability to a penalty under Schedule 55 to FA 2009.

Interim remedies

234 Restrictions on interim payments in proceedings relating to taxation matters

- (1) This section applies to an application for an interim remedy (however described), made in any court proceedings relating to a taxation matter, if the application is founded (wholly or in part) on a point of law which has yet to be finally determined in the proceedings.

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- (2) Any power of a court to grant an interim remedy (however described) requiring the Commissioners for Her Majesty's Revenue and Customs, or an officer of Revenue and Customs, to pay any sum to any claimant (however described) in the proceedings is restricted as follows.
- (3) The court may grant the interim remedy only if it is shown to the satisfaction of the court—
 - (a) that, taking account of all sources of funding (including borrowing) reasonably likely to be available to fund the proceedings, the payment of the sum is necessary to enable the proceedings to continue, or
 - (b) that the circumstances of the claimant are exceptional and such that the granting of the remedy is necessary in the interests of justice.
- (4) The powers restricted by this section include (for example)—
 - (a) powers under rule 25 of the Civil Procedure Rules 1998 (S.I. 1998/3132);
 - (b) powers under Part II of Rule 29 of the Rules of the Court of Judicature (Northern Ireland) (Revision) 1980 (S.R. 1980 No.346).
- (5) This section applies in relation to proceedings whenever commenced, but only in relation to applications made in those proceedings on or after 26 June 2013.
- (6) This section applies on and after 26 June 2013.
- (7) Subsection (8) applies where, on or after 26 June 2013 but before the passing of this Act, an interim remedy was granted by a court using a power which, because of subsection (6), is to be taken to have been restricted by this section.
- (8) Unless it is shown to the satisfaction of the court that paragraph (a) or (b) of subsection (3) applied at the time the interim remedy was granted, the court must, on an application made to it under this subsection—
 - (a) revoke or modify the interim remedy so as to secure compliance with this section, and
 - (b) if the Commissioners have, or an officer of Revenue and Customs has, paid any sum as originally required by the interim remedy, order the repayment of the sum or any part of the sum as appropriate (with interest from the date of payment).
- (9) For the purposes of this section, proceedings on appeal are to be treated as part of the original proceedings from which the appeal lies.
- (10) In this section “taxation matter” means anything, other than national insurance contributions, the collection and management of which is the responsibility of the Commissioners for Her Majesty's Revenue and Customs (or was the responsibility of the Commissioners of Inland Revenue or Commissioners of Customs and Excise).

PART 7

FINAL PROVISIONS

235 Interpretation

- (1) In this Act—

Status: Point in time view as at 06/04/2024.

Changes to legislation: Finance Act 2013 is up to date with all changes known to be in force on or before 31 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

“ALDA 1979” means the Alcoholic Liquor Duties Act 1979,
 “BGDA 1981” means the Betting and Gaming Duties Act 1981,
 “CAA 2001” means the Capital Allowances Act 2001,
 “CEMA 1979” means the Customs and Excise Management Act 1979,
 “CRCA 2005” means the Commissioners for Revenue and Customs Act 2005,
 “CTA 2009” means the Corporation Tax Act 2009,
 “CTA 2010” means the Corporation Tax Act 2010,
 “F(No.3)A 2010” means the Finance (No. 3) Act 2010,
 “HODA 1979” means the Hydrocarbon Oil Duties Act 1979,
 “ICTA” means the Income and Corporation Taxes Act 1988,
 “IHTA 1984” means the Inheritance Tax Act 1984,
 “ITA 2007” means the Income Tax Act 2007,
 “ITEPA 2003” means the Income Tax (Earnings and Pensions) Act 2003,
 “ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005,
 “OTA 1975” means the Oil Taxation Act 1975,
 “TCGA 1992” means the Taxation of Chargeable Gains Act 1992,
 “TIOPA 2010” means the Taxation (International and Other Provisions) Act 2010,
 “TMA 1970” means the Taxes Management Act 1970,
 “TPDA 1979” means the Tobacco Products Duty Act 1979,
 “VATA 1994” means the Value Added Tax Act 1994, and
 “VERA 1994” means the Vehicle Excise and Registration Act 1994.

(2) In this Act—

“FA”, followed by a year, means the Finance Act of that year;

“F(No.2)A”, followed by a year, means the Finance (No. 2) Act of that year.

236 Short title

This Act may be cited as the Finance Act 2013.

Status:

Point in time view as at 06/04/2024.

Changes to legislation:

Finance Act 2013 is up to date with all changes known to be in force on or before 31 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.