



Finance Act 2016

CHAPTER 24

FINANCE ACT 2016

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PART 3

INCOME TAX AND CORPORATION TAX

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- 133 SDLT: property authorised investment funds and co-ownership authorised contractual schemes

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- 145 CCL: main rates from 1 April 2017
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Main repeals

- 1 (1) In ITTOIA 2005 omit sections 397 to 398, 400,...

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Further amendments in ITTOIA 2005

- 2 ITTOIA 2005 is further amended as follows.
- 3 In the heading of Chapter 3 of Part 4, for...
- 4 In section 382(2) (other contents of Chapter 3 of Part...
- 5 Omit section 384(3) (which refers to section 398).
- 6 Omit section 393(5) (determining entitlement to tax credit).
- 7 In section 394 (which deems a distribution to be made)—...
- 8 In section 395(3) (interpretation of section 395(2)) omit the words...
- 9 For section 396A(2)(b) (alternative receipt treated as qualifying distribution for...
- 10 In the italic heading before section 397, omit “Tax credits...
- 11 (1) Section 399 (qualifying distribution received by person not entitled...
- 12 (1) Section 401 (relief: qualifying distribution after linked non-qualifying distribution)...
- 13 Omit section 401A (recovery of overpaid tax credit etc).
- 14 In section 401B (power to obtain information for the purposes...
- 15 Omit sections 406(4A) and 407(4A) (determining entitlement to tax credit)....
- 16 In section 408(2A) (interpretation of section 408(2)) omit the words...
- 17 In section 411(2) (stock dividends: amount on which tax charged)...
- 18 In section 416 (released debts: amount on which tax charged)—...
- 19 In section 418(3) (release of loan: tax only on grossed-up...
- 20 In section 651 (meaning of “UK estate” and “foreign estate”)—...
- 21 In section 657 (tax charged on estate income from foreign...
- 22 In section 663 (applicable rate for purposes of grossing-up under...
- 23 In section 670 (applicable rate for purposes of Step 2...
- 24 In section 680 (income of an estate that is treated...
- 25 In section 680A (estate income treated as dividend income), in...
- 26 In section 854(6) (carrying on by partner of notional business:...
- 27 Omit section 858(3) (partnerships with foreign element: entitlement to tax...

Further amendments in CTA 2010

- 28 CTA 2010 is further amended as follows.
- 29 (1) Section 279F (ring fence profits: related 51% group company)...
- 30 (1) Section 279G (ring fence profits: meaning of “augmented profits”)...
- 31 For section 463(7) (loan to trustees of settlement which has...
- 32 (1) Section 549 (distributions: supplementary) is amended as follows.
- 33 (1) Section 751 (interpretation of Part 15 (transactions in securities))...
- 34 Omit section 814D(8) (which excludes entitlement to tax credits).
- 35 Omit section 997(5) (which introduces sections 1109 to 1111).
- 36 In sections 1026(1)(b) and 1027(2)(b) (cases where amount paid up...
- 37 (1) Section 1070 (distributions by company carrying on mutual business)...
- 38 (1) Section 1071 (company not carrying on business) is amended...
- 39 (1) Section 1100 (qualifying distribution: right to request a statement)...
- 40 (1) Section 1101 (non-qualifying distributions etc: returns and information) is...
- 41 In section 1103 (regulations about information about non-qualifying distributions)—
- 42 (1) Section 1106 (interpretation of sections 1104 and 1105) is...
- 43 Omit sections 1110 and 1111 (recovery of overpaid tax credits)...

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- 44 (1) Section 1115 (meaning of “new consideration” in Part 23)...
- 45 In section 1119 (definitions for the purposes of the Corporation...
- 46 Omit section 1126 (meaning of “franked investment income”).
- 47 Omit section 1136 (meaning of “qualifying distribution”).
- 48 Omit section 1139(4) (“relief” includes tax credit).
- 49 In Schedule 2 (transitionals and savings etc) omit paragraph 106(1)...
- 50 In Schedule 4 (index of defined expressions) omit the entries...

Other amendments

- 51 (1) TMA 1970 is amended as follows.
- 52 (1) ICTA is amended as follows. (2) Omit section 231B...
- 53 In FA 1988, in Schedule 13 omit paragraph 7(c) (post-consolidation...
- 54 In FA 1989— (a) omit section 115 (double taxation: tax...
- 55 In FA 1993 omit section 171(2B) (which excludes entitlement to...
- 56 In FA 1994 omit section 219(4B) (which excludes entitlement to...
- 57 (1) F(No.2)A 1997 is amended as follows.
- 58 (1) FA 1998 is amended as follows.
- 59 In the Commonwealth Development Corporation Act 1999, in Schedule 3...
- 60 In the Financial Services and Markets Act 2000 (Consequential Amendments)...
- 61 (1) ITEPA 2003 is amended as follows.
- 62 In ITTOIA 2005, in Schedule 1 (minor and consequential amendments)...
- 63 (1) ITA 2007 is amended as follows.
- 64 In FA 2008, in Schedule 12 (amendments relating to tax...
- 65 (1) CTA 2009 is amended as follows.
- 66 (1) FA 2009 is amended as follows.
- 67 In Schedule 1 to CTA 2010 (minor and consequential amendments)...
- 68 (1) TIOPA 2010 is amended as follows.
- 69 In FA 2011— (a) in Part 6 of Schedule 23...
- 70 In FA 2012, in section 169(2) (payments by certain friendly...
- 71 In FA 2013— (a) in paragraph 6(2) of Schedule 19...
- 72 In FA 2015, in section 19— (a) in subsection (1),...

Commencement

- 73 (1) Subject to the following sub-paragraphs of this paragraph, the...

SCHEDULE 2 — Sporting testimonial payments

Income tax: sporting testimonial payments treated as earnings

- 1 After section 226D of ITEPA 2003 (shareholder or connected person...

Income tax: limited exemption for sporting testimonial payments

- 2 After section 306A of ITEPA 2003 (exemption for carers) insert—...

Corporation tax: deductions from total profits for sporting testimonial payments and associated payments

- 3 After section 996 of CTA 2010 (miscellaneous provisions: use of...

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Application of this Schedule

4 (1) The amendments made by this Schedule have effect in...

SCHEDULE 3 — Employee share schemes: minor amendments

Enterprise management incentives and employee ownership trusts

1 (1) In section 534 of ITEPA 2003 (disqualifying events relating...

Share incentive plans

2 (1) Schedule 2 to ITEPA 2003 (share incentive plans) is...

Notification of plans and schemes to HMRC

3 (1) In Schedule 2 to ITEPA 2003 (share incentive plans),...

4 (1) In Schedule 3 to ITEPA 2003 (SAYE option schemes),...

5 (1) In Schedule 4 to ITEPA 2003 (CSOP schemes), Part...

Price for acquisition of shares under share option

6 (1) In Schedule 3 to ITEPA 2003 (SAYE option schemes),...

7 (1) In Schedule 4 to ITEPA 2003 (CSOP schemes), paragraph...

Tag-along rights

8 (1) In Schedule 5 to ITEPA 2003 (enterprise management incentives),...

Exercise of EMI options

9 (1) In section 238A of TCGA 1992 (share schemes and...

SCHEDULE 4 — Pensions: lifetime allowance: transitional provision

PART 1 — “FIXED PROTECTION 2016”

The protection

1 (1) Sub-paragraph (2) applies at any particular time on or...

The initial conditions

2 The conditions mentioned in paragraph 1(1)(a) are—

Protection-cessation events

3 There is a protection-cessation event if— (a) there is benefit...

Protection-cessation events: interpretation: “benefit accrual”

4 (1) For the purposes of paragraph 3(a) there is benefit...

Protection-cessation events: interpretation: “impermissible transfer”

5 Paragraph 17A of Schedule 36 to FA 2004 (impermissible transfers)...

Protection-cessation events: interpretation: “permitted transfer”

6 Sub-paragraphs (7) to (8B) of paragraph 12 of Schedule 36...

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Protection-cessation events: interpretation: “permitted circumstances”

7 Sub-paragraphs (2A) to (2C) of paragraph 12 of Schedule 36...

Protection-cessation events: interpretation: relieved non-UK pension schemes

8 (1) Subject to sub-paragraphs (2) to (4), paragraph 3 applies...
PART 2 — “INDIVIDUAL PROTECTION 2016”

The protection

9 (1) Sub-paragraph (2) applies at any particular time on or...

Amount A (pre-6 April 2006 pensions in payment)

10 (1) To determine amount A— (a) apply sub-paragraph (2) if...

Amount B (pre-6 April 2016 benefit crystallisation events)

11 (1) To determine amount B— (a) identify each benefit crystallisation...

Amount C (uncrystallised rights at end of 5 April 2016 under registered pension schemes)

12 Amount C is the total value of the individual's uncrystallised...

Amount D (uncrystallised rights at end of 5 April 2016 under relieved non-UK schemes)

13 (1) To determine amount D— (a) identify each relieved non-UK...
PART 3 — REFERENCE NUMBERS ETC

Issuing of reference numbers for fixed or individual protection 2016

14 (1) An individual has a reference number for the purposes...

Withdrawal of reference numbers

15 (1) This paragraph applies where a reference number for the...

Appeals against non-issue or withdrawal of reference numbers

16 (1) Where— (a) an application is made for a reference...

Notification of subsequent protection-cessation events

17 (1) Sub-paragraph (2) applies if, in the case of an...

Notification of subsequent pension debits

18 (1) Sub-paragraph (2) applies if an individual receives a discharge...

Personal representatives

19 If an individual dies— (a) anything which could have been...

Penalties for non-supply, or fraudulent etc supply, of information under paragraph 17 or 18

20 In column 2 of the Table in section 98 of...
PART 4 — INFORMATION

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Preservation of records in connection with individual protection 2016

- 21 If an individual is issued with a reference number for...

Amendments of regulations

- 22 (1) The Registered Pension Schemes (Provision of Information) Regulations 2006...
- 23 In regulation 2(1) (interpretation)— (a) after the entry for “fixed...
- 24 (1) In the table in regulation 3(1) (provision of event...
- 25 (1) Regulation 11 (information provided to scheme administrator by member...
- 26 After regulation 14B insert— Individual protection 2016: provision of information...
- 27 In consequence of paragraph 24(4), in each of—
PART 5 — AMENDMENTS IN CONNECTION WITH PROTECTION OF PRE-6
APRIL 2006 RIGHTS
- 28 (1) In Part 1 of Schedule 29 to FA 2004...
PART 6 — INTERPRETATION AND REGULATIONS

Interpretation of Parts 1, 2 and 3

- 29 (1) Expressions used in Part 1, 2 or 3 of...

Interpretation of Parts 3 and 4 and this Part

- 30 In Parts 3 and 4, and this Part, of this...

Regulations

- 31 (1) The Commissioners may by regulations amend Part 1, 2...

SCHEDULE 5 — Pension flexibility

Serious ill-health lump sums

- 1 (1) Part 4 of FA 2004 (registered pension schemes etc)...
- 2 (1) Section 636A of ITEPA 2003 (exemption for certain lump...
- 3 (1) In consequence of the amendment made by paragraph 1(2),...
- 4 The amendments made by paragraphs 1 to 3 have effect...

Charity lump sum death benefits

- 5 (1) In paragraph 18(1A) of Schedule 29 to FA 2004...

Dependants' flexi-access drawdown funds

- 6 (1) Part 2 of Schedule 28 to FA 2004 (interpretation...

Trivial commutation lump sum

- 7 (1) Paragraph 7 of Schedule 29 to FA 2004 (interpretation...
- 8 (1) Section 636B of ITEPA 2003 (taxation of trivial commutation,...
- 9 The amendments made by paragraphs 7 and 8 have effect...

Top-up of dependants' death benefits

- 10 (1) In paragraph 15 of Schedule 29 to FA 2004...

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Inheritance tax as respects cash alternatives to annuities for dependants etc

11 (1) In section 152 of the Inheritance Tax Act 1984...

SCHEDULE 6 — Deduction of income tax at source

PART 1 — ABOLITION OF DUTY TO DEDUCT TAX FROM INTEREST ON CERTAIN INVESTMENTS

1 In Chapter 2 of Part 15 of ITA 2007 (deduction...

PART 2 — DEDUCTION OF TAX FROM YEARLY INTEREST: EXCEPTION FOR DEPOSIT-TAKERS

2 In section 876 of ITA 2007 (interest paid by deposit-takers),...

PART 3 — AMENDMENTS OF OR RELATING TO CHAPTER 2 OF PART 15 OF ITA 2007

Amendments of Chapter 2 of Part 15 of ITA 2007

3 Chapter 2 of Part 15 of ITA 2007 (deduction of...

4 For the Chapter heading substitute “ Meaning of “relevant investment”...”

5 (1) Section 850 (overview of Chapter) is amended as follows....

6 Omit section 852 (power to disapply section 851).

7 In section 853(1) (meaning of “deposit-taker”), after “In this Chapter”...

8 In section 854(3) (meaning of “relevant investment” in section 851(1)(b)),...

9 For section 855(1) (meaning of “investment”) substitute—

10 (1) Section 856 (meaning of “relevant investment”) is amended as...

11 In section 857 (treating investments as being or not being...

12 Omit— (a) sections 858 to 861 (investments which are not...

13 In the italic heading preceding section 863, for “Other investments”...

14 In sections 863, 864, 865 and 868(4) (investments with deposit-takers...

15 Omit sections 868(3), 869 and 870(2) (investments with building societies)....

16 Omit section 871 (power to make regulations to give effect...

17 In section 872 (power to amend Chapter)—

18 Omit section 873(3) to (6) (interpretation of section 861).

Amendments relating to Chapter 2 of Part 15 of ITA 2007

19 In Schedule 12 to FA 1988 (transfer of building society's...

20 (1) In section 564Q(1) of ITA 2007 (alternative finance return:...

21 In section 847 of ITA 2007 (overview of Part 15)—...

22 In section 946 of ITA 2007 (collection of tax deducted...

23 In Schedule 2 to ITA 2007 omit paragraphs 154 to...

24 In Schedule 4 to ITA 2007 (index of defined expressions)—...

25 In consequence of the amendments made by Part 1 of...

PART 4 — DEDUCTION OF TAX FROM UK PUBLIC REVENUE DIVIDENDS

26 In section 877 of ITA 2007 (duty to deduct under...

27 (1) Chapter 5 of Part 15 of ITA 2007 (deduction...

PART 5 — COMMENCEMENT

28 (1) The amendments made by Parts 1 and 3 of...

SCHEDULE 7 — Loan relationships and derivative contracts

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Introductory

- 1 CTA 2009 is amended as follows.

Non-market loans

- 2 In Chapter 15 of Part 5 (loan relationships: tax avoidance),...

Transfer pricing

- 3 In section 446 (loan relationships: bringing transfer-pricing adjustments into account),...
- 4 In section 693 (derivative contracts: bringing transfer-pricing adjustments into account),...

Exchange gains and losses

- 5 In section 447 (exchange gains and losses on debtor relationships:...
- 6 In section 448 (exchange gains and losses on debtor relationships:...
- 7 In section 449 (exchange gains and losses on creditor relationships:...
- 8 In section 451 (exception to section 449 where loan exceeds...
- 9 (1) Section 452 (exchange gains and losses where loan not...
- 10 After section 475A insert— Meaning of “matched” Meaning of “matched”...
- 11 (1) Section 694 (derivative contracts: exchange gains and losses) is...

Commencement

- 12 (1) The amendments made by this Schedule have effect in...

SCHEDULE 8 — Tax relief for production of orchestral concerts

PART 1 — AMENDMENT OF CTA 2009

- 1 After Part 15C of CTA 2009 insert— PART 15D Orchestra...

PART 2 — CONSEQUENTIAL AMENDMENTS

ICTA

- 2 (1) Section 826 of ICTA (interest on tax overpaid) is...

FA 1998

- 3 Schedule 18 to FA 1998 (company tax returns, assessments and...
- 4 In paragraph 10 (other claims and elections to be included...
- 5 (1) Paragraph 52 (recovery of excessive repayments etc) is amended...
- 6 In Part 9D (certain claims for tax relief)—

CAA 2001

- 7 In Schedule A1 to CAA 2001 (first-year tax credits), in...

FA 2007

- 8 In Schedule 24 to FA 2007 (penalties for errors), in...

CTA 2009

- 9 In Part 8 of CTA 2009 (intangible fixed assets), in...
- 10 In section 1310 of CTA 2009 (orders and regulations), in...

Status: Point in time view as at 31/12/2020.

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- 11 In Schedule 4 to CTA 2009 (index of defined expressions),...

FA 2009

- 12 In Schedule 54A to FA 2009 (which is prospectively inserted...

CTA 2010

- 13 In Part 8B of CTA 2010 (trading profits taxable at...
14 In Part 8B of CTA 2010, after section 357UI insert—...
15 (1) Schedule 4 to CTA 2010 (index of defined expressions)...
PART 3 — COMMENCEMENT
16 Any power to make regulations conferred on the Treasury by...
17 (1) The amendments made by the following provisions of this...
18 (1) The amendments made by paragraphs 13 to 15 of...

SCHEDULE 9 — Profits from the exploitation of patents etc: consequential

- 1 CTA 2010 is amended in accordance with this Schedule.
2 In section 357B (meaning of “qualifying company”), in subsection (3)
(b)(ii),...
3 In the heading of Chapter 3 of Part 8A, after...
4 (1) Section 357C (relevant IP profits) is amended as follows....
5 In section 357CA (total gross income of a trade), in...
6 Omit sections 357CB to 357CF.
7 (1) Section 357CG (adjustments in calculating profits of trade) is...
8 In section 357CI (routine return figure), in Step 1 in...
9 Omit sections 357CJ and 357CK.
10 (1) Section 357CL (companies eligible to elect for small claims...
11 In section 357CM (small claims amount), in subsection (1), for...
12 (1) Section 357D (alternative method of calculating relevant IP
profits:...
13 (1) Section 357DA (relevant IP profits) is amended as follows....
14 (1) Section 357DC (the mandatory streaming conditions) is amended
as...
15 In section 357EB (allocation of set-off amount within a group)...
16 In section 357ED (company ceasing to carry on trade etc)...
17 In section 357FA (incorporation of qualifying items), in
subsection (2),...
18 In section 357FB (tax advantage schemes) in subsection (4)(b) for...
19 (1) Section 357G (making an election under section 357A) is...
20 (1) Section 357GA (revocation of election made under section 357A)...
21 (1) Section 357GB (application of Part 8A in relation to...
22 In section 357GC (application of Part 8A in relation to...
23 (1) Section 357GE (other interpretation) is amended as follows.
24 In Schedule 4 (index of defined expressions)—

SCHEDULE 10 — Hybrid and other mismatches

PART 1 — MAIN PROVISIONS

- 1 In TIOPA 2010, after Part 6 insert— PART 6A Hybrid...

PART 2 — CONSEQUENTIAL AMENDMENTS

FA 1998

- 2 Schedule 18 to FA 1998 (company tax returns) is amended...

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- 3 In paragraph 25(3)— (a) insert “ or ” at the...
- 4 In paragraph 42(4)— (a) insert “ or ” at the...

CTA 2009

- 5 In section A1 of CTA 2009 (overview of the Corporation...

CTA 2010

- 6 CTA 2010 is amended as follows.
- 7 In section 938N (group mismatch schemes: priority)—
- 8 In section 938V (tax mismatch schemes: priority)—

TIOPA 2010

- 9 TIOPA 2010 is amended as follows.
- 10 In section 1 (overview of Act), in subsection (1)—
- 11 In section 157 (direct participation), in subsection (1)—
- 12 In section 158 (indirect participation: defined by sections 159 to...
- 13 In section 159 (indirect participation: potential direct participant), in subsection...
- 14 In section 160 (indirect participation: one of several major participants),...
- 15 Omit Part 6 (tax arbitrage).
- 16 Omit Part 4 of Schedule 11 (tax arbitrage: index of...
- 17 After that Part of that Schedule insert— PART 4A Hybrid...
PART 3 — COMMENCEMENT
- 18 Chapters 3 to 5 and 7 and 8 of Part...
- 19 Chapter 6 of Part 6A of TIOPA 2010 (counteraction of...
- 20 Chapters 9 and 10 of Part 6A of TIOPA 2010...
- 21 Chapter 11 of Part 6A of TIOPA 2010 (imported mismatch...
- 22 The following provisions of this Schedule have effect in relation...
- 23 For the purposes of paragraph 18 and 21, where a...
- 24 For the purposes of paragraphs 19, 20 and 22(b), where...
- 25 In this Part of this Schedule “the commencement date” means...

SCHEDULE 11 — Disposals of non-UK residential property interests

- 1 TCGA 1992 is amended in accordance with this Schedule.
- 2 In section 14B(1) (meaning of “non-resident CGT disposal”), in paragraph...
- 3 Omit section 14C (which introduces Schedule B1 and is superseded...
- 4 In Schedule B1 (disposals of UK residential property interests), in...
- 5 After Schedule B1 insert— SCHEDULE BA1 Disposals of non-UK residential...

SCHEDULE 12 — Disposals of residential property interests: gains and losses

- 1 TCGA 1992 is amended in accordance with this Schedule.
- 2 In section 57A(3) (gains and losses on relevant high value...
- 3 After section 57B insert— CHAPTER 7 Computation of gains and...
- 4 In Schedule B1 (disposals of UK residential property interests), in...
- 5 After Schedule 4ZZB insert— SCHEDULE 4ZZC Disposals of residential property...

SCHEDULE 13 — Entrepreneurs' relief: “trading company” and “trading group”

Status: Point in time view as at 31/12/2020.

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- 1 TCGA 1992 is amended as follows.
- 2 In section 169H(7) (introduction), for “Section 169S contains” substitute “...
- 3 In section 169S (interpretation of Chapter), subsection (4A) is treated...
- 4 After section 169S insert— Meaning of “trading company” and “trading...
- 5 After Schedule 7 insert— SCHEDULE 7ZA Entrepreneurs' relief: “trading company”...
- 6 (1) The amendments made by this Schedule (except paragraph 3)...

SCHEDULE 14 — Investors' relief

- 1 (1) In the heading to Part 5 of TCGA 1992,...
- 2 In Part 5 of TCGA 1992, after section 169V insert—...
- 3 After Schedule 7ZA of TCGA 1992 (inserted by Schedule 13)...

SCHEDULE 15 — Inheritance tax: increased nil-rate band

- 1 IHTA 1984 is amended as follows.
- 2 (1) Section 8D (extra nil-rate band on death if interest...
- 3 (1) Section 8E (residence nil-rate amount: interest in home goes...
- 4 In section 8F(4) (list of other relevant sections)—
- 5 After section 8F insert— Downsizing addition: entitlement: low-value death interest...
- 6 In section 8G (meaning of “brought-forward allowance”), in subsection (3)(a),...
- 7 (1) Section 8H (meaning of “qualifying residential interest”) is amended...
- 8 After section 8H insert— Qualifying former residential interest”: interests in...
- 9 In section 8J (meaning of “inherited”), in subsection (1), for...
- 10 In section 8K (meaning of “closely inherited”), in subsection (1),...
- 11 In section 8L (claims for brought-forward allowance)—
- 12 (1) Section 8M (residence nil-rate amount: cases involving conditional exemption)...

SCHEDULE 16 — Property authorised investment funds and co-ownership authorised contractual schemes

PART 1 — CO-OWNERSHIP AUTHORISED CONTRACTUAL SCHEMES

- 1 In FA 2003, after section 102 insert— Co-ownership authorised contractual...

PART 2 — SEEDING RELIEF FOR PROPERTY AUTHORISED INVESTMENT FUNDS AND CO-OWNERSHIP AUTHORISED CONTRACTUAL SCHEMES

- 2 FA 2003 is amended in accordance with this Part.
- 3 After section 65 insert— PAIF seeding relief and COACS seeding...
- 4 After Schedule 7 insert— SCHEDULE 7A Paif seeding relief and...

PART 3 — CONSEQUENTIAL AMENDMENTS

- 5 FA 2003 is amended in accordance with this Part.
- 6 In section 75C (anti-avoidance: supplemental), in subsection (4), after “Schedule...
- 7 (1) Section 81 (further return where relief withdrawn) is amended...
- 8 In section 86 (payment of tax), in subsection (2)—
- 9 (1) Section 87 (interest on unpaid tax) is amended as...
- 10 In section 118 (market value)— (a) the existing text becomes...

Status: Point in time view as at 31/12/2020.

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- 11 In section 122 (index of defined expressions), at the appropriate...
- 12 In Schedule 4A (SDLT: higher rate for certain transactions), in...
- 13 In Schedule 6B (transfers involving multiple dwellings), in paragraph 2(4)(b),...
- 14 (1) In Schedule 17A (further provisions relating to leases), paragraph...
- PART 4 — COMMENCEMENT
- 15 (1) The amendments made by Parts 2 and 3 of...

SCHEDULE 17 — Aqua methanol etc
PART 1 — AQUA METHANOL

Introductory

- 1 HODA 1979 is amended as follows.

Definition

- 2 After section 2AB insert— Aqua methanol In this Act “aqua methanol” means a liquid fuel which...
- 3 In section 2A (power to amend definitions), in subsection (1),...

Charging of excise duty

- 4 After section 6AF insert— Excise duty on aqua methanol (1) A duty of excise shall be charged on the...
- 5 In section 6A (fuel substitutes), in subsection (1)—

Mixing of aqua methanol

- 6 (1) For the italic heading before section 20A substitute “...

Enforcement

- 7 (1) Section 22 (prohibition on use of petrol substitutes on...

Consequential amendments

- 8 In section 23C (warehousing), in subsection (4), after paragraph (d)...
- 9 In section 27(1) (interpretation), before the definition of “aviation gasoline”...
- 10 In section 16 of FA 1994 (appeals to a tribunal),...
- 11 In paragraph 3 of Schedule 41 to FA 2008 (penalties...
PART 2 — HYDROCARBON OILS: MISCELLANEOUS AMENDMENTS

HODA 1979

- 12 In section 20AAA of HODA 1979 (mixing of rebated oil),...

FA 1994

- 13 In section 16 of FA 1994 (appeals to a tribunal),...
PART 3 — COMMENCEMENT
- 14 The amendments made by this Schedule come into force—

SCHEDULE 18 — Serial tax avoidance
PART 1 — CONTENTS OF SCHEDULE

- 1 In this Schedule— (a) Part 2 provides for HMRC to...

Status: Point in time view as at 31/12/2020.

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PART 2 — ENTRY INTO THE REGIME AND BASIC CONCEPTS

Duty to give warning notice

- 2 (1) This paragraph applies where a person incurs a relevant...

Warning period

- 3 (1) If a person is given a warning notice with...

Meaning of “tax”

- 4 (1) In this Schedule “tax” includes any of the following...

Meaning of “tax advantage” in relation to VAT

- 5 (1) In this Schedule “tax advantage”, in relation to VAT,...

Meaning of “non-deductible tax”

- 6 (1) In this Schedule “non-deductible tax”, in relation to a...

“Tax advantage”: other taxes

- 7 In relation to taxes other than VAT, “tax advantage” includes—...

“DOTAS arrangements”

- 8 (1) For the purposes of this Schedule arrangements are “DOTAS...

“Disclosable Schedule 11A VAT arrangements”

- 8A (1) For the purposes of this Schedule arrangements are “disclosable...
9 For the purposes of paragraph 8A arrangements are “disclosable
Schedule...

“Disclosable indirect tax arrangements”

- 9A (1) For the purposes of this Schedule arrangements are “disclosable...

Paragraphs 8 to 9A: “failure to comply”

- 10 (1) A person “fails to comply” with any provision mentioned...

“Relevant defeat”

- 11 (1) A person (“P”) incurs a “relevant defeat” in relation...

Condition A

- 12 (1) Condition A is that— (a) P has been given...

Condition B

- 13 (1) Condition B is that (in a case not falling...

Condition C

- 14 (1) Condition C is that (in a case not falling...

Status: Point in time view as at 31/12/2020.

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Condition D

- 15 (1) Condition D is that— (a) P is a taxable...

Condition E

- 16 (1) Condition E is that the arrangements are disclosable VAT...

Condition F

- 16A (1) Condition F is that— (a) the arrangements are indirect...
PART 3 — ANNUAL INFORMATION NOTICES AND NAMING

Annual information notices

- 17 (1) A person (“P”) who has been given a warning...

Naming

- 18 (1) The Commissioners may publish information about a person if...
PART 4 — RESTRICTION OF RELIEFS

Duty to give a restriction relief notice

- 19 (1) HMRC must give a person a written notice (a...

Restriction of relief

- 20 (1) Sub-paragraphs (2) to (15) have effect in relation to...

The restricted period

- 21 (1) In paragraphs 19 and 20 (and this paragraph) “the...

Reasonable excuse

- 22 (1) If a person who has incurred a relevant defeat...

Mitigation of restriction of relief

- 23 (1) The Commissioners may mitigate the effects of paragraph 20...

Appeal

- 24 (1) A person may appeal against— (a) a relief restriction...

Meaning of “avoidance-related rule”

- 25 (1) In this Part of this Schedule “avoidance-related rule” means...

Meaning of “relief”

- 26 The following are “reliefs” for the purposes of this Part...

“Claim” for relief

- 27 In this Part of this Schedule “claim for relief” includes...

Status: Point in time view as at 31/12/2020.

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VAT and indirect taxes

28 In this Part of this Schedule “tax” does not include...

Power to amend

29 (1) The Treasury may by regulations— (a) amend paragraph 20;...
PART 5 — PENALTY

Penalty

30 (1) A person is liable to pay a penalty if...

Simultaneous defeats etc

31 (1) If a person incurs simultaneously two or more relevant...

Value of the counteracted advantage: basic rule for taxes other than VAT

32 (1) In relation to a relevant defeat incurred by virtue...

Value of counteracted advantage: losses for purposes of direct tax

33 (1) This paragraph has effect in relation to relevant defeats...

Value of counteracted advantage: deferred tax

34 (1) To the extent that the counteracted advantage (see paragraph...

Meaning of “the counteracted advantage” in paragraphs 33 and 34

35 (1) In paragraphs 33 and 34 “the counteracted advantage” means—...

Value of the counteracted advantage: Conditions D and E

36 (1) In relation to a relevant defeat incurred by a...

Value of counteracted advantage: delayed VAT

37 (1) Sub-paragraph (3) of paragraph 36 has effect as follows...

Assessment of penalty

38 (1) Where a person is liable for a penalty under...

Alteration of assessment of penalty

39 (1) After notification of an assessment has been given to...

Aggregate penalties

40 (1) The amount of a penalty for which a person...

Appeal against penalty

41 (1) A person may appeal against a decision of HMRC...

Penalties: reasonable excuse

42 (1) A person is not liable to a penalty under...

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Paragraph 42: meaning of “the relevant failure”

43 (1) In paragraph 42 “the relevant failure”, in relation to...

Mitigation of penalties

44 (1) The Commissioners may in their discretion mitigate a penalty...

PART 6 — CORPORATE GROUPS, ASSOCIATED PERSONS AND PARTNERSHIPS

Representative member of a VAT group

45 (1) Where a body corporate (“R”) is the representative member...

Corporate groups

46 (1) Sub-paragraphs (2) and (3) apply if HMRC has a...

Associated persons treated as incurring relevant defeats

47 (1) Sub-paragraph (2) applies if a person (“P”) incurs a...

Meaning of “associated”

48 (1) For the purposes of paragraph 47 two persons are...

Partners treated as incurring relevant defeats

49 (1) Where paragraph 50 applies in relation to a partnership...

Partnership returns to which this paragraph applies

50 (1) This paragraph applies in relation to a partnership return...

Partnerships: information

51 (1) If paragraph 50 applies in relation to a partnership...

Partnerships: special provision about taxpayer emendations

52 (1) Sub-paragraph (2) applies if a partnership return is amended...

Supplementary provision relating to partnerships

53 (1) In paragraphs 49 to 52 and this paragraph— “partnership”...

PART 7 — SUPPLEMENTAL

Meaning of “adjustments”

54 (1) In this Schedule “adjustments” means any adjustments, whether by...

Time of “use” of defeated arrangements

55 (1) With reference to a particular relevant defeat incurred by...

Inheritance tax

56 (1) In the case of inheritance tax, each of the...

Status: Point in time view as at 31/12/2020.

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National insurance contributions

57 (1) In this Schedule references to an assessment to tax...

General interpretation

58 (1) In this Schedule— “arrangements” has the meaning given by...

Consequential amendments

59 In section 103ZA of TMA 1970 (disapplication of sections 100...

60 In section 212 of FA 2014 (follower notices: aggregate penalties),...

61 (1) The Social Security Contributions and Benefits Act 1992 is...

62 In the Social Security Contributions and Benefits (Northern Ireland) Act...

Commencement

63 Subject to paragraphs 64 and 65, paragraphs 1 to 62...

64 (1) A relevant defeat is to be disregarded for the...

65 (1) A warning notice given to a person is to...

SCHEDULE 19 — Large businesses: tax strategies and sanctions PART 1 — INTERPRETATION

Purpose of Part 1

1 This Part defines terms for the purposes of this Schedule....

“Relevant body”

2 (1) “Relevant body” means a UK company or any other...

“UK company”

3 (1) “UK company” means a company which is (or is...

“UK permanent establishment”

4 (1) “UK permanent establishment” means a permanent establishment in the...

“Qualifying company”

5 (1) A UK company is a “qualifying company” in any...

“Group” and related expressions

6 (1) “Group” means two or more relevant bodies which together...

7 (1) “MNE Group” has the same meaning (subject to sub-paragraph...

8 (1) A “group other than an MNE group” means a...

9 A group is headed by whichever relevant body within the...

“Qualifying group”

10 (1) A group is a “qualifying group” in any financial...

Status: Point in time view as at 31/12/2020.

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“UK sub-group” and “head” (in relation to a UK sub-group)

11 (1) A “UK sub-group” consists of two or more relevant...

“UK partnership”, “qualifying partnership” and “representative partner”

12 (1) “UK partnership” means a body of any of the...

“Financial year”

13 “Financial year”— (a) in relation to a UK company, has...

“Turnover” and “balance sheet total”

14 (1) “Turnover”— (a) in relation to a UK company, has...

“UK taxation”

15 (1) “UK taxation” means — (a) income tax,
PART 2 — PUBLICATION OF TAX STRATEGIES

Qualifying UK groups: duty to publish a group tax strategy

16 (1) This paragraph applies in relation to a UK group...

Content of group tax strategy

17 (1) A group tax strategy required to be published on...

Penalty for non-compliance with paragraph 16

18 (1) This paragraph applies where paragraph 16 requires a group...

UK sub-groups: duty to publish a sub-group tax strategy

19 (1) This paragraph applies to a UK sub-group of a...

Content of a sub-group tax strategy

20 (1) Paragraph 17 applies in relation to a sub-group tax...

Penalty for non-compliance with requirements of paragraph 19

21 (1) This paragraph applies where paragraph 19 requires a sub-group...

Qualifying companies: duty to publish a company tax strategy

22 (1) This paragraph applies in relation to a UK company...

Content of a company tax strategy

23 (1) The company tax strategy must set out—

Penalty for non-compliance with paragraph 22

24 (1) This paragraph applies where paragraph 22 requires a company...

Qualifying partnerships: duty to publish a partnership tax strategy

25 (1) Paragraphs 22 to 24 apply in relation to a...

Status: Point in time view as at 31/12/2020.

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Penalties under this Part: general provisions

26 (1) Paragraphs 27 to 33 apply in relation to the...

Failure to comply with a time limit

27 A failure to do anything required by this Part to...

Reasonable excuse

28 (1) Liability to a penalty for a failure does not...

Assessment of penalties

29 (1) Where a person becomes liable to a penalty—

Appeal

30 (1) A person may appeal against a decision of HMRC...

Enforcement

31 (1) A penalty must be paid— (a) before the end...

Power to change amount of penalties

32 (1) If it appears to the Treasury that there has...

Application of provisions of TMA 1970

33 Subject to the provisions of this Part, the following provisions...

Meaning of “tax strategy”

34 In this Part “tax strategy” means— (a) a group tax...

PART 3 — SANCTIONS FOR PERSISTENTLY UNCO-OPERATIVE LARGE BUSINESSES

Large groups falling within Part 3

35 A UK group falls within this Part of this Schedule...

36 (1) A UK group has “engaged in unco-operative behaviour” if—...

37 (1) A member of a UK group has, or two...

38 (1) A member of a UK group has “satisfied the...

39 (1) There is a significant tax issue in respect of...

40 The references in paragraphs 36 to 39 to things done...

Warning notices

41 (1) A designated HMRC officer may give the head of...

Special measures notices

42 (1) This paragraph applies to a UK group if—

43 (1) A special measures notice— (a) may be withdrawn by...

44 (1) This paragraph applies to a UK group if—

45 (1) This paragraph applies in relation to a UK group...

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Circumstances in which warning and special measures notices are treated as having been given

46 (1) Sub-paragraphs (2) and (3) apply where—

Sanctions: liability for penalties for errors in documents given to HMRC

47 (1) For the purposes of Schedule 24 to FA 2007...

48 In Schedule 24 to FA 2007 (penalties for errors), at...

Sanctions: Commissioners publishing information

49 (1) If a group is subject to a confirmed special...

Application of Part 3 to large UK sub-groups

50 (1) A UK sub-group of a foreign group falls within...

Application of Part 3 to large companies

51 (1) A UK company falls within this Part if—

Application of Part 3 to large partnerships

52 (1) A UK partnership falls within this Part if—

Meaning of “designated HMRC officer”

53 In this Part “designated HMRC officer” means an officer of...

PART 4 — SUPPLEMENTARY

Amendment of power under section 122 of FA 2015

54 The power to make regulations under section 122(6)(c) of FA...

Regulations

55 (1) Regulations under this Schedule are to be made by...

SCHEDULE 20 — Penalties for enablers of offshore tax evasion or non-compliance

PART 1 — LIABILITY FOR PENALTY

Liability for penalty

1 (1) A penalty is payable by a person (P) who...

Meaning of “involving offshore activity” and related expressions

2 (1) This paragraph has effect for the purposes of this...

Amount of penalty

3 (1) The penalty payable under paragraph 1 is (except in...

Potential lost revenue: enabling Q to commit relevant offence

4 (1) The potential lost revenue in a case where P...

Status: Point in time view as at 31/12/2020.

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Potential lost revenue: enabling Q to engage in conduct incurring relevant civil penalty

- 5 (1) The potential lost revenue in a case where P...

Treatment of potential lost revenue attributable to both offshore tax evasion or non-compliance and other tax evasion or non-compliance

- 6 (1) This paragraph applies where any amount of potential lost...

Reduction of penalty for disclosure etc by P

- 7 (1) If P (who would otherwise be liable to a...
8 (1) This paragraph applies for the purposes of paragraph 7....
9 (1) If they think it right because of special circumstances,...

Procedure for assessing penalty, etc

- 10 (1) Where a person is found liable for a penalty...
11 An assessment of a person as liable to a penalty...

Appeals

- 12 A person may appeal against— (a) a decision of HMRC...
13 (1) An appeal under paragraph 12 is to be treated...
14 (1) On an appeal under paragraph 12(a) that is notified...

Double jeopardy

- 15 A person is not liable to a penalty under paragraph...

Application of provisions of TMA 1970

- 16 Subject to the provisions of this Part of this Schedule,...

Interpretation of Part 1

- 17 (1) This paragraph applies for the purposes of this Schedule....
PART 2 — APPLICATION OF SCHEDULE 36 TO FA 2008: INFORMATION
POWERS

General application of information and inspection powers to suspected enablers

- 18 (1) Schedule 36 to FA 2008 (information and inspection powers)...

General modifications

- 19 In its application for the purpose mentioned in paragraph 18(1)...

Specific modifications

- 20 The following provisions are excluded from the application of
Schedule...
21 In the application of Schedule 36 to FA 2008 for...
PART 3 — PUBLISHING DETAILS OF PERSONS FOUND LIABLE TO PENALTIES

Naming etc of persons assessed to penalty or penalties under paragraph 1

- 22 (1) The Commissioners for Her Majesty's Revenue and Customs (“the...
23 (1) The Treasury may by regulations amend paragraph 22(1) to...

Status: Point in time view as at 31/12/2020.

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SCHEDULE 21 — Penalties relating to offshore matters and offshore transfers

Amendments to Schedule 24 to the Finance Act 2007 (c. 11)

- 1 Schedule 24 to FA 2007 (penalties for errors) is amended...
- 2 (1) Paragraph 9 (reductions for disclosure) is amended as follows....
- 3 In paragraph 10 (amount of reduction for disclosure), for the...
- 4 After paragraph 10 insert— (1) If a person who would otherwise be liable to...

Amendments to Schedule 41 to the Finance Act 2008 (c. 9)

- 5 Schedule 41 to FA 2008 (penalties: failure to notify etc)...
- 6 (1) Paragraph 12 (reductions for disclosure) is amended as follows....
- 7 In paragraph 13 (amount of reduction for disclosure), for the...
- 8 After paragraph 13 insert— (1) If a person who would otherwise be liable to...

Amendments to Schedule 55 to the Finance Act 2009 (c.10)

- 9 Schedule 55 to FA 2009 (penalty for failure to make...
- 10 (1) Paragraph 14 (reductions for disclosure) is amended as follows....
- 11 In paragraph 15 (amount of reduction for disclosure), for the...
- 12 After paragraph 15 insert— (1) If a person who would otherwise be liable to...

SCHEDULE 22 — Asset-based penalty for offshore inaccuracies and failures

PART 1 — LIABILITY FOR PENALTY

Circumstances in which asset-based penalty is payable

- 1 (1) An asset-based penalty is payable by a person (P)...

Meaning of standard offshore tax penalty

- 2 (1) A standard offshore tax penalty is a penalty that...

Tax year to which standard offshore tax penalty relates

- 3 (1) Where a standard offshore tax penalty is imposed under...

Potential lost revenue threshold

- 4 (1) The potential lost revenue threshold is reached where the...

Offshore PLR

- 5 (1) The offshore PLR, in relation to a tax year,...

Restriction on imposition of multiple asset-based penalties in relation to the same asset

- 6 (1) Sub-paragraphs (2) and (3) apply where—
- 6A Where— (a) a penalty has been imposed on a person...

PART 2 — AMOUNT OF PENALTY

Standard amount of asset-based penalty

- 7 (1) The standard amount of the asset-based penalty is the...

Status: Point in time view as at 31/12/2020.

Changes to legislation: Finance Act 2016 is up to date with all changes known to be in force on or before 15 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)

Reductions for disclosure and co-operation

- 8 (1) HMRC must reduce the standard amount of the asset-based...

Special reduction

- 9 (1) If HMRC think it right because of special circumstances,...
- PART 3 — IDENTIFICATION AND VALUATION OF ASSETS

Introduction

- 10 (1) This Part makes provision about the identification and valuation...

Capital gains tax

- 11 (1) This paragraph applies where the principal tax at stake...

Inheritance tax

- 12 (1) This paragraph applies where the principal tax at stake...

Asset-based income tax

- 13 (1) This paragraph applies where the principal tax at stake...

Jointly held assets

- 14 (1) This paragraph applies where an asset-based penalty is chargeable...
- PART 4 — PROCEDURE

Assessment

- 15 (1) Where a person (P) becomes liable for an asset-based...

Appeal

- 16 (1) P may appeal against a decision of HMRC that...
- 17 (1) An appeal is to be treated in the same...
- 18 (1) On an appeal under paragraph 16(1), the tribunal may...
- PART 5 — GENERAL

Interpretation

- 19 (1) In this Schedule— “asset” has the same meaning as...

Consequential amendments etc

- 20 (1) In section 103ZA to TMA 1970 (disapplication of sections...
- 21 Section 97A of TMA 1970 (two or more tax-geared penalties...

SCHEDULE 23 — Simple assessments

- 1 TMA 1970 is amended in accordance with paragraphs 2 to...
- 2 In section 7 (notice of liability to income tax and...
- 3 After section 28G (determination of amount notionally chargeable where no...
- 4 In section 31 (appeals: right to appeal), before subsection (4)...
- 5 (1) Section 31A (appeals: notice of appeal) is amended as...
- 6 After section 31A (notice of appeal) insert— Taxpayer's right to...

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- 7 (1) Section 59B (payment of income tax and capital gains...
8 After section 59B insert— Payment of income tax and capital...
9 (1) Schedule 56 to FA 2009 (penalty for failure to...

SCHEDULE 24 — Tax advantages constituting the grant of state aid
PART 1 — TAX ADVANTAGES TO WHICH SECTION 180(2) APPLIES

Enhanced capital allowances

Creative tax reliefs

Research and development reliefs

Enterprise management incentives exemptions and reliefs

PART 2 — TAX ADVANTAGES TO WHICH SECTION 180(5) APPLIES

SCHEDULE 25 — Office of Tax Simplification

Membership

- 1 (1) The OTS is to consist of not more than...

Term of office

- 2 (1) A person holds and vacates office as a member...

Appointment of initial members

- 3 (1) Sub-paragraphs (2) and (3) apply where a person (“P”)...

Termination of appointments

- 4 A member of the OTS may at any time resign...
5 (1) The Chancellor of the Exchequer may terminate the appointment...

Remuneration

- 6 The Treasury may pay a member of the OTS such...

Provision of staff and facilities etc.

- 7 The Treasury may provide the OTS with such staff, accommodation,...

Validity of proceedings

- 8 The OTS may regulate its own procedure.
9 The validity of anything done by the OTS is not...

Supplementary powers

- 10 The OTS may do anything that appears to it to...

Finance

- 11 (1) The Treasury may make to the OTS such payments...

Status: Point in time view as at 31/12/2020.

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Disqualification

- 12 In Part 2 of Schedule 1 to the House of...
- 13 In Part 2 of Schedule 1 to the Northern Ireland...

Freedom of information

- 14 In Part 6 of Schedule 1 to the Freedom of...

Public sector equality duty

- 15 In Part 1 of Schedule 19 to the Equality Act...

Status:

Point in time view as at 31/12/2020.

Changes to legislation:

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