



Finance Act 2021

2021 CHAPTER 26

PART 1 U.K.

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Income tax charge, rates etc

1 **Income tax charge for tax year 2021-22** U.K.

Income tax is charged for the tax year 2021-22.

2 **Main rates of income tax for tax year 2021-22** U.K.

For the tax year 2021-22 the main rates of income tax are as follows—

- (a) the basic rate is 20%,
- (b) the higher rate is 40%, and
- (c) the additional rate is 45%.

3 **Default and savings rates of income tax for tax year 2021-22** U.K.

(1) For the tax year 2021-22 the default rates of income tax are as follows—

- (a) the default basic rate is 20%,
- (b) the default higher rate is 40%, and
- (c) the default additional rate is 45%.

(2) For the tax year 2021-22 the savings rates of income tax are as follows—

- (a) the savings basic rate is 20%,
- (b) the savings higher rate is 40%, and
- (c) the savings additional rate is 45%.

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4 **Starting rate limit for savings for tax year 2021-22** **U.K.**

- (1) For the tax year 2021-22, the amount specified in section 12(3) of ITA 2007 (the starting rate limit for savings) is “£5,000”.
- (2) Accordingly, section 21 of that Act (indexation) does not apply in relation to the starting rate limit for savings for that tax year.

5 **Basic rate limit and personal allowance for future tax years** **U.K.**

- (1) For the tax years 2022-23, 2023-24, 2024-25 and 2025-26, the amount specified in section 10(5) of ITA 2007 (basic rate limit) is “£37,700”.
- (2) For the tax years 2022-23, 2023-24, 2024-25 and 2025-26, the amount specified in section 35(1) of ITA 2007 (personal allowance) is “£12,570”.
- (3) Accordingly—
 - (a) section 21 of ITA 2007 (indexation of basic rate limit) does not apply in relation to the basic rate limit, and
 - (b) section 57 of ITA 2007 (indexation of allowances) does not apply in relation to the amount specified in section 35(1) of that Act, for the tax years 2022-23, 2023-24, 2024-25 and 2025-26.

Corporation tax charge and rates

6 **Charge and main rate for financial years 2022 and 2023** **U.K.**

- (1) Corporation tax is charged for the financial years 2022 and 2023.
- (2) The main rate of corporation tax—
 - (a) is 19% for the financial year 2022, and
 - (b) is 25% for the financial year 2023.

7 **Small profits rate chargeable on companies from 1 April 2023** **U.K.**

- (1) Schedule 1 contains the following provision (with effect from 1 April 2023)—
 - (a) provision for corporation tax to be charged at the standard small profits rate on profits that are not ring fence profits,
 - (b) provision for marginal relief to be given by reference to the standard marginal relief fraction,
 - (c) provision making corresponding amendments to Chapter 3A of Part 8 of CTA 2010 (corporation tax rates on ring fence profits), and
 - (d) provision making other consequential amendments to provision made by the Corporation Tax Acts.
- (2) For the financial year 2023—
 - (a) the standard small profits rate is 19%, and
 - (b) the standard marginal relief fraction is 3/200ths.

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Rate of diverted profits tax

8 Increase in the rate of diverted profits tax **U.K.**

- (1) In section 79 of FA 2015 (charge to diverted profits tax)—
 - (a) in subsection (2)(a) (which sets the rate in a standard case), and
 - (b) in subsections (3) and (3A) (which contain modifications of the rate in the case of ring fence profits or banking surcharge profits),for “25%” substitute “ 31% ”.
- (2) The amendments made by this section have effect for accounting periods beginning on or after 1 April 2023.
- (3) The remaining provisions of this section deal with a case where a company has an accounting period (a “straddling period”) beginning before 1 April 2023 and ending on or after that date.
- (4) For the purpose of calculating the amount of diverted profits tax chargeable on a company for the straddling period—
 - (a) so much of the straddling period as falls before 1 April 2023, and
 - (b) so much of it as falls on or after that date,are to be treated as separate accounting periods.
- (5) If it is necessary to apportion an amount for the straddling period to the two separate accounting periods, the apportionment is to be made on a time basis according to the respective lengths of the separate accounting periods.

Capital allowances: super-deductions etc

9 Super-deductions and other temporary first-year allowances **U.K.**

- (1) Part 2 of CAA 2001 has effect as if—
 - (a) in section 39 (first-year allowances available for certain types of qualifying expenditure only) a reference to this section were included in the list of provisions describing first-year qualifying expenditure, and
 - (b) in the Table in section 52(3) (amount of first-year allowances), at the end there were inserted—

“Expenditure qualifying under section 9(2) of FA 2021	130%
Expenditure qualifying under section 9(3) of that Act	50%
Expenditure qualifying under section 9(4) of that Act	100%”.

- (2) Expenditure is qualifying under this subsection if—
 - (a) it is incurred on or after 1 April 2021 but before 1 April 2023,
 - (b) it is incurred by a company within the charge to corporation tax,
 - (c) it is expenditure on plant or machinery which is unused and not second-hand,
 - (d) it is not within any of the general exclusions in section 46(2) of CAA 2001,
 - (e) it is not special rate expenditure, and
 - (f) it is not expenditure on the provision of plant or machinery for use wholly or partly for the purposes of a ring fence trade.

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Expenditure qualifying under this subsection is referred to as “super-deduction expenditure” and a first-year allowance made as a result of expenditure qualifying under this subsection is referred to as a “super-deduction”.

- (3) Expenditure is qualifying under this subsection if—
- (a) it is special rate expenditure,
 - (b) it is incurred on or after 1 April 2021 but before 1 April 2023,
 - (c) it is incurred by a company within the charge to corporation tax,
 - (d) it is expenditure on plant or machinery which is unused and not second-hand, and
 - (e) it is not within any of the general exclusions in section 46(2) of CAA 2001.

Expenditure qualifying under this subsection is referred to as “SR allowance expenditure” and a first-year allowance made as a result of expenditure qualifying under this subsection is referred to as an “SR allowance”.

- (4) Expenditure is qualifying under this subsection if—
- (a) it is expenditure on the provision of plant or machinery for use partly for the purposes of a ring fence trade and partly for the purposes of another qualifying activity,
 - (b) it is incurred on or after 1 April 2021 but before 1 April 2023,
 - (c) it is incurred by a company within the charge to corporation tax,
 - (d) it is not within any of the general exclusions in section 46(2) of CAA 2001, and
 - (e) it is not special rate expenditure.
- (5) A first-year allowance made as a result of expenditure qualifying under subsection (4) is to be allocated between the ring fence trade and the other qualifying activity on a just and reasonable basis.
- (6) This section has effect as if it were contained in Chapter 4 of Part 2 of CAA 2001 (which, among other things, means that sections 5 and 50 of that Act are relevant for the purpose of determining when expenditure is incurred).
- (7) For the purpose of determining when expenditure is incurred for the purpose of subsection (2)(a) or (3)(b), if an amount of expenditure is incurred as a result of a contract entered into before 3 March 2021—
- (a) section 5 of CAA 2001 does not apply, and
 - (b) the expenditure is instead treated for that purpose as incurred when the contract was entered into (whether or not an unconditional obligation to pay it arises on or after that date).
- (8) For the purpose of determining whether a person is entitled to a super-deduction or an SR allowance, section 67 of CAA 2001 (plant or machinery treated as owned by person entitled to benefit of contract, etc) applies as if for subsection (1)(b) of that section there were substituted—
- “(b) the expenditure is incurred under a contract in respect of which Conditions A and B in section 1129 of CTA 2010 (definition of hire-purchase agreement) are met on the basis that—
 - (i) the “goods” referred to in those conditions are the plant or machinery, and

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(ii) the person to whom they are bailed or hired is the person who incurs the expenditure.”

- (9) General exclusion 6 in section 46(2) of CAA 2001 (expenditure on provision of plant or machinery for leasing) does not prevent expenditure being super-deduction expenditure or SR allowance expenditure if the plant or machinery is provided for leasing under an excluded lease of background plant or machinery for a building (as defined by section 70R of that Act).
- (10) Section 130(1) of CAA 2001 (postponement of first-year allowances on the provision of a ship) does not apply in relation to a super-deduction or an SR allowance.
- (11) In this section “ring fence trade” means a ring fence trade in respect of which tax is chargeable under section 330(1) of CTA 2010 (supplementary charge in respect of ring fence trades).

10 Further provision about super-deductions etc **U.K.**

- (1) Sections 11 to 14 contain further provision in connection with super-deductions and SR allowances.
- (2) Section 11 contains provision that modifies the percentage that as a result of section 9(1)(b) would otherwise apply to—
- (a) super-deduction expenditure incurred in a chargeable period that ends on or after 1 April 2023;
 - (b) an additional VAT liability accruing in a chargeable period that ends on or after 1 April 2023 that is regarded as super-deduction expenditure as a result of section 236(2) of CAA 2001 (additional VAT liability generates first-year allowance).
- (3) Section 12 contains provision about the disposal of plant or machinery in respect of which a super-deduction was made and section 13 contains similar provision in relation to plant or machinery in respect of which an SR allowance was made.
- (4) Section 14 contains provision about counteracting tax advantages in connection with super-deductions and SR allowances (but see also Chapter 17 of Part 2 of CAA 2001 which contains other provisions about anti-avoidance).
- (5) Sections 11, 12 and 13 have effect as if they were contained in Chapter 5 of Part 2 of CAA 2001 (allowances and charges).
- (6) In this section, and in sections 11 to 14—
- “super-deduction expenditure” and “super-deduction” are to be construed in accordance with section 9(2);
 - “SR allowance expenditure” and “SR allowance” are to be construed in accordance with section 9(3);
 - “additional VAT liability” has the meaning given by section 547(1) of CAA 2001.

11 Reduced super-deduction **U.K.**

- (1) Subsection (2) applies where a person incurs super-deduction expenditure in a chargeable period (“the relevant period”) that ends on or after 1 April 2023.

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- (2) Where this subsection applies, section 9(1)(b) applies as if for “130%” there were substituted the relevant percentage.
- (3) Subsection (4) applies where a person becomes entitled in a chargeable period (“the relevant period”) that ends on or after 1 April 2023 to a super-deduction as a result of section 236(2) in respect of an additional VAT liability that is regarded (as a result of that section) as super-deduction expenditure.
- (4) Where this subsection applies, section 9(1)(b) applies as if for “130%” there were substituted—
 - (a) where the person becomes entitled to the super-deduction before 1 April 2023, the relevant percentage, or
 - (b) otherwise, “100%”.
- (5) For the purposes of subsections (2) and (4)(a), the relevant percentage is X% where X is determined by—
 - (a) dividing the number of days in the relevant period before 1 April 2023 by the total number of days in that period,
 - (b) multiplying that amount by 30, and
 - (c) adding 100 to the result.

12 Disposal of assets where super-deduction made **U.K.**

- (1) This section applies to plant or machinery in respect of which a person incurred super-deduction expenditure if a super-deduction was made in respect of some or all of that expenditure.
- (2) Where a disposal event occurs in relation to plant or machinery to which this section applies, the person who incurred relevant super-deduction expenditure in respect of it is liable to a balancing charge for the chargeable period in which the event occurs (whether or not the person is also liable to any other balancing charge for that period).
- (3) The amount of the balancing charge is, subject to subsection (6), the relevant proportion of the disposal value of the plant or machinery (see sections 61 to 63 of CAA 2001 which, among other provisions of Part 2 of that Act, contain provision about disposal values).
- (4) The relevant proportion is determined by dividing the amount of relevant super-deduction expenditure incurred in respect of the plant or machinery by the amount of total relevant expenditure in relation to it.
- (5) For the purposes of this section—

super-deduction expenditure is “relevant” if a super-deduction was made in respect of it;

“total relevant expenditure” in relation to plant or machinery means the sum of the following expenditure incurred in respect of it—

 - (a) relevant super-deduction expenditure;
 - (b) any expenditure in respect of which any other first-year allowance was made;
 - (c) any expenditure that was allocated to a pool for any chargeable period (including for the period in which the disposal event occurs).

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- (6) If the disposal event occurs in a chargeable period that commenced before 1 April 2023 the amount of the balancing charge is the amount determined under subsection (3) multiplied by the relevant factor.
- (7) The relevant factor is 1.3 if the chargeable period ends before 1 April 2023.
- (8) If the chargeable period ends on or after 1 April 2023, the relevant factor is determined by—
 - (a) dividing the number of days in the period before 1 April 2023 by the total number of days in that period,
 - (b) multiplying that amount by 0.3, and
 - (c) adding 1 to the result.
- (9) The balance of an amount of super-deduction expenditure in respect of which a super-deduction is made after deducting that super-deduction is to be treated as nil for the purposes of section 58(5)(b) and (6) of CAA 2001 (allocation of balance of first-year qualifying expenditure to a pool).
- (10) In relation to the chargeable period in which the disposal event occurred, TDR (see section 55(1)(b) of CAA 2001) for the pool to which the relevant super-deduction expenditure was allocated is to be reduced by the relevant proportion of the disposal value of the plant or machinery.
- (11) Section 135(1) of CAA 2001 (claim for deferment of balancing charges) does not apply in relation to a disposal event in respect of a ship to which this section applies.
- (12) This section has effect in relation to disposals occurring on or after 1 April 2021.

13 Disposal of assets where SR allowance made U.K.

- (1) This section applies to plant or machinery in respect of which a person incurred SR allowance expenditure in a chargeable period (“the allowance period”) if an SR allowance was made in respect of some or all of that expenditure.
- (2) Where a disposal event occurs in relation to plant or machinery to which this section applies, the person who incurred relevant SR expenditure in respect of it is liable to a balancing charge for the chargeable period in which the event occurs (whether or not the person is also liable to any other balancing charge for that period).
- (3) The amount of the balancing charge is the relevant proportion of the disposal value of the plant or machinery (see sections 61 to 63 of CAA 2001 which, among other provisions of Part 2 of that Act, contain provision about disposal values).
- (4) The relevant proportion is determined by—
 - (a) dividing the amount of relevant SR allowance expenditure incurred in respect of the plant or machinery by 2, and
 - (b) dividing that amount by the amount of total relevant expenditure in relation to the plant or machinery.
- (5) For the purposes of this section—

SR allowance expenditure is “relevant” if an SR allowance was made in respect of it;

“total relevant expenditure” in relation to plant or machinery means the sum of the following expenditure incurred in respect of it—

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- (a) relevant SR allowance expenditure,
 - (b) any expenditure in respect of which any other first-year allowance was made, and
 - (c) any expenditure that is not relevant SR allowance expenditure that was allocated to a pool for any chargeable period (including for the period in which the disposal event occurs).
- (6) In relation to the chargeable period in which the disposal event occurred, TDR (see section 55(1)(b) of CAA 2001) for the pool to which the SR allowance expenditure in respect of the plant or machinery was allocated is to be reduced by the amount of the balancing charge.
- (7) Section 135(1) of CAA 2001 (claim for deferment of balancing charges) does not apply in relation to a disposal event in respect of a ship to which this section applies.
- (8) This section has effect in relation to disposals occurring on or after 1 April 2021.

14 Counteraction where arrangements are contrived etc **U.K.**

- (1) Any relevant tax advantage that would (in the absence of this section) be obtained as a result of relevant arrangements is to be counteracted by the making of such adjustments as are just and reasonable.
- (2) A tax advantage is “relevant” if that advantage is connected with a super-deduction or an SR allowance (for example, the obtaining of such a first-year allowance or the avoidance of a balancing charge under section 12 or 13).
- (3) Arrangements are “relevant” if—
- (a) the purpose, or one of the main purposes, of the arrangements is to obtain a relevant tax advantage, and
 - (b) it is reasonable, taking account of all the relevant circumstances—
 - (i) to conclude that the arrangements are, or include steps that are, contrived, abnormal or lacking a genuine commercial purpose, or
 - (ii) to regard the arrangements as circumventing the intended limits of relief under CAA 2001 or otherwise exploiting shortcomings in that Act.
- (4) Any adjustments required to be made under this section (whether or not by an officer of Revenue and Customs) may be made by way of—
- (a) an assessment,
 - (b) the modification of an assessment,
 - (c) amendment or disallowance of a claim (whether a claim for a first-year allowance or otherwise),
- or otherwise.
- (5) In this section—
- “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);
 - “tax advantage” is to be construed in accordance with section 577(4) of CAA 2001.
- (6) This section has effect in relation to any relevant arrangements entered into on or after 3 March 2021.

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Capital allowances: other measures

15 Extension of temporary increase in annual investment allowance **U.K.**

- (1) In section 32(1) of FA 2019 (which increases the maximum amount of the annual investment allowance to £1,000,000 for the period of two years beginning with 1 January 2019), for “two years” substitute “ three years ”.
- (2) In consequence of the amendment made by subsection (1)—
 - (a) in section 32(2) of that Act, for “2021” substitute “ 2022 ”,
 - (b) in paragraph 2 of Schedule 13 to that Act and the heading before that paragraph, for “2021” (in each place) substitute “ 2022 ”,
 - (c) in paragraph 3(3)(b) of that Schedule, for “two years” substitute “ three years ”, and
 - (d) in the heading for that Schedule, for “2021” substitute “ 2022 ”.

16 Meaning of “general decommissioning expenditure” **U.K.**

- (1) Chapter 13 of Part 2 of CAA 2001 (plant and machinery allowances: provisions affecting mining and oil industries) is amended as follows.
- (2) Section 163 (meaning of “general decommissioning expenditure” for purposes of sections 164 and 165) is amended as follows.
- (3) In subsection (1), at the end of paragraph (a), omit “or” and insert—

“(aa) the condition in subsection (3AB) is met, or”.
- (4) In subsection (2), for “that is” substitute “ paragraphs (a) and (b) of subsection (1) are ”.
- (5) In subsection (3A)—
 - (a) in the words before paragraph (a), omit “in complying with”;
 - (b) in paragraph (a), at the beginning insert “ in complying with ”;
 - (c) in paragraph (b)—
 - (i) at the beginning insert “ in complying with ”;
 - (ii) at the end omit “or”;
 - (d) in paragraph (c)—
 - (i) at the beginning insert “ in complying with ”;
 - (ii) at the end insert “, or
 - (d) otherwise in anticipation of a decommissioning measure.”
- (6) After subsection (3A) insert—

“(3AA) For the purposes of subsection (3A)(d), expenditure is incurred otherwise in anticipation of a decommissioning measure if it is incurred—

 - (a) in preserving plant or machinery, the reuse or demolition of which it is reasonable to anticipate will be authorised or required by an approved abandonment programme, a condition to which the approval of such a programme will be subject or a condition or agreement described in subsection (3A)(c), or
 - (b) in doing something else which it is reasonable to anticipate will be authorised or required by an approved abandonment programme, a

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condition to which the approval of such a programme will be subject or a condition or agreement described in subsection (3A)(c).”

(7) After subsection (3AA) (inserted by subsection (6) of this section) insert—

“(3AB) The condition in this subsection is met if—

- (a) the expenditure was incurred—
 - (i) in preparing an abandonment programme for approval, or
 - (ii) in preparing for the imposition of a condition by, or the making of an agreement with, the Secretary of State before the approval of an abandonment programme, and
- (b) it is reasonable to anticipate that the approved abandonment programme, the condition imposed or the agreement made, as the case may be, will wholly or mainly relate to the decommissioning of plant or machinery to which subsection (3) applies.”

(8) In each of subsections (4ZA) and (4ZB), for “subsection (1)” substitute “subsection (1)(a) or (b)”.

(9) After section 163 insert—

“163A Expenditure in anticipation of approval of abandonment programme

- (1) Expenditure to which section 163(3A)(d) applies by virtue of section 163(3AA)(b) is to be treated as never having been general decommissioning expenditure for the purposes of sections 164 and 165 unless, before the end of the relevant period, condition A or condition B is met in relation to the expenditure.
- (2) Condition A is that—
 - (a) an abandonment programme is approved, and
 - (b) the programme, or a condition to which the approval of the programme was subject, authorises or requires the decommissioning of the plant or machinery to which the expenditure relates.
- (3) Condition B is that—
 - (a) a condition is imposed by the Secretary of State, or an agreement is made with the Secretary of State, before the approval of an abandonment programme, and
 - (b) the condition or, as the case may be, the agreement authorises or requires the decommissioning of the plant or machinery to which the expenditure relates.
- (4) For the purposes of this section “the relevant period” means the period—
 - (a) beginning with the day on which the expenditure was incurred, and
 - (b) ending with the fifth anniversary of the last day of the accounting period in which the expenditure was incurred.
- (5) All such assessments and adjustments of assessments are to be made as are necessary to give effect to subsection (1).
- (6) If a person who has made a return becomes aware that, after making it, anything in it has become incorrect because of the operation of this section,

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the person must give notice to an officer of Revenue and Customs specifying how the return needs to be amended.

- (7) A notice under subsection (6) must be given within 3 months beginning with the day on which the person first became aware that anything in the return had become incorrect because of the operation of this section.
- (8) 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.”
- (10) The amendments made by this section have effect in relation to expenditure incurred on or after 3 March 2021.

17 **Extensions of plant or machinery leases for reasons related to coronavirus** **U.K.**

- (1) In Part 2 of CAA 2001, Chapter 6A (interpretation of provisions about long funding leases) has effect subject to the following modifications.
- (2) Section 70YB (long funding operating lease: extension of term of lease) has effect as if, in subsection (1), at the beginning there were inserted “Subject to section 70YCA (extension of term of lease for reasons related to coronavirus),”.
- (3) Section 70YC (extension of term of lease that is not a long funding lease) has effect as if, in subsection (1), at the beginning there were inserted “Subject to section 70YCA (extension of term of lease for reasons related to coronavirus),”.
- (4) That Chapter has effect as if after section 70YC there were inserted—

“70YCA Extension of term of lease for reasons related to coronavirus

- (1) Sections 70YB(1) and 70YC(1) (extension of lease terms) do not apply in any case where subsection (2) applies (but see subsection (3)).
- (2) This subsection applies where, in relation to a relevant lease—
 - (a) on or after 1 January 2020, there is (or was) a change in the payments under the lease that would have been payable on or before 30 June 2021,
 - (b) the effect of the change is that the term of the lease is extended (and, were it not for this section, section 70YB(1) or 70YC(1) would apply),
 - (c) the change would not have been made if it were not for coronavirus,
 - (d) after the change, the consideration for the lease is substantially the same as, or less than, the consideration for the lease before the change,
 - (e) there is no other substantive change to the terms of the lease, and
 - (f) the lessor and lessee have not made any arrangement in connection with any changes to capital allowances relating to the lease and arising as a result of the change mentioned in paragraph (a).
- (3) But subsection (2) does not apply where, in relation to a relevant lease, the lessor or the lessee elects that subsection (2) does not apply.

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- (4) The Treasury may by regulations substitute for the second date for the time being specified in subsection (2)(a) such other date as they consider appropriate.
- (5) In this section—
 - “coronavirus” has the same meaning as in the Coronavirus Act 2020 (see section 1(1) of that Act);
 - “relevant lease” means—
 - (a) a long funding operating lease, or
 - (b) a plant or machinery lease that is not a long funding lease.

70YCB Elections under section 70YCA

- (1) An election under section 70YCA must be made by notice to an officer of Revenue and Customs no later than the end of the period of 21 months beginning with the day after the day on which the change mentioned in section 70YCA(2)(a) occurred.
- (2) But an election under that section is of no effect unless—
 - (a) the party making the election notifies the other party to the lease of the election, and
 - (b) the notice under subsection (1) is accompanied by a copy of the notification given to the other party.
- (3) A notice under subsection (1) must include such information as may be specified (whether generally or specifically) by an officer of Revenue and Customs.
- (4) An election under section 70YCA is irrevocable.
- (5) Where a party to the lease makes or amends a tax return for a period in which the change mentioned in section 70YCA(2)(a) occurred, that party must include with that return or amended return a copy of any election made under that section in respect of the lease.
- (6) The following provisions do not apply to an election under section 70YCA—
 - (a) section 42 of, and Schedule 1A to, TMA 1970 (claims and elections for income tax purposes);
 - (b) paragraphs 54 to 60 of Schedule 18 to FA 1998 (claims and elections for corporation tax purposes).
- (7) References in this section to a tax return, in the case of an election for the purposes of a trade, profession or business carried on by persons in partnership, are to be read, in relation to those persons, as references to a return under section 12AA of TMA 1970 (partnership returns).”

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Reliefs for business

18 Temporary extension of periods to which trade losses may be carried back U.K.

Schedule 2 contains provision for a temporary extension of the periods to which trade losses may be carried back.

19 R&D tax credits for SMEs U.K.

- (1) Schedule 3 makes provision about the amount of the tax credit to which a company may be entitled under Chapter 2 of Part 13 of CTA 2009 (relief for cost of research and development incurred by small and medium-sized enterprises).
- (2) Schedule 4 makes corresponding provision for Northern Ireland companies within the meaning of Part 8B of CTA 2010 (trading profits taxable at the Northern Ireland rate).

20 Extension of social investment tax relief for further two years U.K.

In—

- (a) section 257K(1)(a)(iii) of ITA 2007 (date by which investment must be made to qualify for social investment tax relief), and
- (b) paragraphs 1(3)(b) and 2(2)(b) of Schedule 8B to TCGA 1992 (date by which gains re-invested in social enterprises must accrue to qualify for hold-over relief),

for “6 April 2021” substitute “ 6 April 2023 ”.

Employment income

21 Workers' services provided through intermediaries U.K.

- (1) Chapter 10 of Part 2 of ITEPA 2003 (workers' services provided through intermediaries to public authorities or medium or large clients) is amended as follows.

- (2) In section 61N (worker treated as receiving earnings from employment)—

- (a) in subsection (3), for “and 61V” substitute “ , 61V and 61WA ”;
- (b) in subsection (5), for “section 61V” substitute “ sections 61V and 61WA ”;
- (c) in subsection (5A), in the words before paragraph (a), for “and 61V” substitute “ , 61V and 61WA ”.

- (3) In section 61O (conditions where intermediary is a company)—

- (a) in subsection (1), for paragraph (b) substitute—
“(b) subsection (1A) or (1B) is satisfied.”;
- (b) after subsection (1) insert—

“(1A) This subsection is satisfied where the worker has a material interest in the intermediary.

(1B) This subsection is satisfied where—

- (a) the worker has a non-material interest in the intermediary,
- (b) the worker—

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- (i) has received,
 - (ii) has rights which entitle, or which in any circumstances would entitle, the worker to receive, or
 - (iii) expects to receive,
 - a chain payment from the intermediary, and
 - (c) the chain payment does not, or will not, wholly constitute employment income of the worker (apart from as a result of this Chapter).”;
- (c) after subsection (4) insert—
 - “(4A) The worker is treated as having a non-material interest in the intermediary if—
 - (a) the worker, alone or with one or more associates of the worker, or
 - (b) an associate of the worker, with or without other associates of the worker,
 has a non-material interest in the intermediary.
 - (4B) For this purpose a non-material interest means—
 - (a) beneficial ownership of, or the ability to control, directly or through the medium of other companies or by any other indirect means, 5% or less of the ordinary share capital of the company,
 - (b) possession of, or entitlement to acquire, rights entitling the holder to receive 5% or less of any distributions that may be made by the company, or
 - (c) where the company is a close company, possession of, or entitlement to acquire, rights that would in the event of the winding up of the company, or in any other circumstances, entitle the holder to receive 5% or less of the assets that would then be available for distribution among the participators.
 - (4C) In subsection (4B)(c) “participator” has the meaning given by section 454 of CTA 2010.”
- (4) In section 61S(4) (deductions from chain payments), for “services-provider” substitute “relevant person ”.
- (5) In section 61T(3) (client-led status disagreement process), for “section 61V” substitute “sections 61V and 61WA ”.
- (6) In section 61U (information to be provided by worker and consequences of failure)—
 - (a) in the heading, after “worker” insert “or intermediary”;
 - (b) in subsection (1), for “the worker” substitute “the relevant person ”;
 - (c) in subsection (2), for “the worker” substitute “the relevant person ”;
 - (d) in subsection (3), after “In this section” insert “—
 - “relevant person” means the worker or, in a case where the worker has not complied with subsection (1), the intermediary;”.
- (7) In section 61V (consequences of providing fraudulent information)—

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- (a) in subsection (2), in the words before paragraph (a), for “services-provider” substitute “relevant person (or if more than one, the first relevant person) in relation to whom the fraudulent documentation condition is met”;
- (b) in subsection (3), for “involves the services-provider” substitute “may involve a services-provider”;
- (c) in subsection (5), after paragraph (c) insert—
 - “(d) a person in the chain who is resident in the United Kingdom or has a place of business in the United Kingdom.”

(8) After section 61W insert—

“61WA Anti-avoidance

- (1) This section applies if in any case at least one relevant person in a chain participates in a relevant avoidance arrangement.
- (2) An arrangement is a “relevant avoidance arrangement” if its main purpose, or one of its main purposes, is to secure a tax advantage by securing that at least one of the conditions mentioned in section 61O or 61P is not met in relation to an intermediary.
- (3) Section 61N(3) has effect as if the reference to the fee-payer were a reference to the participating person, but—
 - (a) section 61N(4) continues to have effect as if the reference to the fee-payer were a reference to the deemed employer, and
 - (b) Step 1 of section 61Q(1) continues to have effect as referring to the chain payment made by the deemed employer.
- (4) The participating person is—
 - (a) in a case where only one relevant person participates in the arrangement, that person;
 - (b) in any other case the highest relevant person in the chain who participated in the arrangement and from whom HMRC considers there is a realistic prospect of recovering, within a reasonable period, the amount of tax that would have been paid (or not repaid) in the absence of the arrangement.
- (5) Subsection (3) has effect even though that may involve a participating person being treated as both employer and employee in relation to the deemed employment under section 61N(3).
- (6) In this section—
 - “arrangement” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);
 - “deemed employer” means a person who would, but for this section, be treated by section 61N(3) as making a payment to the worker;
 - “relevant person” means—
 - (a) the worker;
 - (b) a person who is resident in the United Kingdom or who has a place of business in the United Kingdom;

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“tax” means income tax (and “tax advantage” is to be construed accordingly”);

“tax advantage” includes—

- (a) avoidance or reduction of a charge to tax or an assessment to tax,
- (b) repayment or increased repayment of tax,
- (c) avoidance of a possible assessment to tax, and
- (d) deferral of a payment of tax or advancement of a repayment of tax.”

(9) In section 688AA(2)(a) (workers' services provided through intermediaries: recovery of PAYE), after “to a worker” insert “ (other than by virtue of section 61 WA) ”.

(10) The amendments made by this section have effect in relation to deemed direct payments treated as made on or after 6 April 2021.

22 Payments on termination of employment **U.K.**

(1) Section 27 of ITEPA 2003 (UK-based earnings for year when employee not resident in UK) is amended in accordance with subsections (2) to (5).

(2) In subsection (1)—

- (a) omit the “or” at the end of paragraph (a), and
- (b) at the end of paragraph (b) insert “, or
- (c) general earnings to which section 402B (termination payments, and other benefits, that cannot benefit from the section 403 threshold, to be treated as earnings) applies.”

(3) In subsection (2), for “(1)” substitute “ (1)(a) or (b) ”.

(4) After subsection (2) insert—

“(2A) The percentage of the general earnings within subsection (1)(c) that are an amount of “taxable earnings” from the employment in the tax year in which they are received is given by—

$$\frac{A}{B} \times 100$$

where—

B is the total amount of general earnings from the employment that it is reasonable to assume the employee would have received in respect of the post-employment notice period (within the meaning given by section 402E(5)) if the employee's employment had not been terminated until the end of that period, and

A is the total amount of those general earnings that it is reasonable to assume would have been taxable earnings by virtue of subsection (1)(a) or (b).”

(5) In subsection (3), for “Subsection (2) applies” substitute “ Subsections (2) and (2A) apply ”.

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- (6) In section 402B of ITEPA 2003 (termination payments, and other benefits, that cannot benefit from the section 403 threshold, to be treated as earnings), in subsection (1)—
- (a) the words from “is treated” to the end become paragraph (a), and
 - (b) after that paragraph insert “, but
 - (b) is not capable of being an amount to which section 27 applies by virtue of subsection 1(a) or (b) of that section (UK-based taxable earnings for year when employee not resident in UK).”
- (7) In section 402D of ITEPA 2003 (post-employment notice pay)—
- (a) in subsection (3), for “and (6)” substitute “, (6) and (6A) ”;
 - (b) in subsection (6), after “month, ” insert “ the employee's basic pay is paid in equal monthly instalments, ”;
 - (c) after subsection (6) insert—
 - “(6A) In any other case where the last pay period of the employee to end before the trigger date is a month and the employee's basic pay is paid in equal monthly instalments, then—
 - BP is the employee's basic pay from the employment in respect of the last pay period of the employee to end before the trigger date,
 - P is 30.42, and
 - D is the number of days in the post-employment notice period.”
- (8) The amendments made by this section have effect in relation to general earnings to which section 402B of ITEPA 2003 applies that are paid—
- (a) on or after 6 April 2021, and
 - (b) in connection with a termination of employment that takes place on or after that date.

23 Cash equivalent benefit of a zero-emissions van **U.K.**

- (1) Section 155 of ITEPA 2003 (cash equivalent of the benefit of a van) is amended in accordance with subsections (2) and (3).
- (2) In subsection (1B)—
- (a) in paragraph (a), for “2021-22” substitute “ 2020-21 ”;
 - (b) omit the “and” at the end of that paragraph;
 - (c) after that paragraph insert—
 - “(aa) if the van cannot in any circumstances emit CO₂ by being driven and the tax year is 2021-22 or a subsequent tax year, the cash equivalent is nil, and”.
- (3) In subsection (1C) omit paragraph (g).
- (4) In section 170 of ITEPA 2003 (orders etc relating to Chapter 6 of Part 3 of ITEPA 2003), in subsection (1A)—
- (a) in paragraph (b), after “zero-emission van” insert “ in tax years 2015-16 to 2020-21 ”;
 - (b) omit the “and” at the end of that paragraph;
 - (c) after that paragraph insert—

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“(ba) section 155(1B)(aa) (cash equivalent for zero-emissions vans in tax year 2021-22 and subsequent tax years), and”.

24 Enterprise management incentives **U.K.**

In FA 2020, for section 107 substitute—

“107 Enterprise management incentives

- (1) Schedule 5 to ITEPA 2003 (enterprise management incentives) is modified in accordance with subsections (2) and (3).
- (2) Paragraph 26 (requirement as to commitment of working time) has effect as if, in sub-paragraph (3)—
 - (a) the “or” at the end of paragraph (c) were omitted, and
 - (b) at the end of paragraph (d), there were inserted “, or
 - (e) not being required to work for reasons connected with coronavirus disease (within the meaning given by section 1(1) of the Coronavirus Act 2020).”
- (3) Paragraph 27 (meaning of “working time”) has effect as if, in sub-paragraph (1) (b), for “(d)” there were substituted “ (e) ”.
- (4) Section 535 of ITEPA 2003 (disqualifying events relating to employee in relation to enterprise management incentives) has effect as if, in the closing words of subsection (3), for “(d)” there were substituted “ (e) ”.
- (5) The modifications made by this section have effect in relation to the period—
 - (a) beginning with 19 March 2020, and
 - (b) ending with 5 April 2022.”

25 Cycles and cyclist's safety equipment **U.K.**

- (1) If a cycle, or cyclist's safety equipment, was first provided for an employee before 21 December 2020, Condition B in section 244(3) of ITEPA 2003 (requirement that cycle or cyclist's safety equipment is used mainly for commuting etc) is treated as met in relation to the provision for that employee of that cycle or equipment for the period commencing with 16 March 2020 and ending with 5 April 2022.
- (2) In this section “cycle” and “cyclist” have the meanings they have in section 244 of ITEPA 2003 (see subsection (5) of that section).

26 Exemption for coronavirus tests **U.K.**

- (1) No liability to income tax arises in respect of—
 - (a) the provision to an employee of a coronavirus test, or
 - (b) the payment or reimbursement, to or in respect of an employee, of the cost of such a test.
- (2) In this section “coronavirus test” means a test which detects the presence of a viral antigen or viral ribonucleic acid (RNA) specific to severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

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- (3) This section has effect as if it were contained in Part 4 of ITEPA 2003 (employment income: exceptions).
- (4) This section has effect in relation to the tax years 2020-21 and 2021-22 (and to the extent the relief provided for by the Income Tax (Exemption of Minor Benefits) (Coronavirus) Regulations 2020 (S.I. 2020/1293) is provided for by this section, it supersedes those regulations).
- (5) The Treasury may by regulations provide that this section is also to have effect in relation to such subsequent tax years as may be specified in the regulations.

27 Optional remuneration arrangements: statutory parental bereavement pay **U.K.**

- (1) In Schedule 2 to FA 2017 (optional remuneration arrangements), in paragraph 62(9), for “or statutory shared parental pay” substitute “, statutory shared parental pay or statutory parental bereavement pay”.
- (2) That Schedule has effect, and is to be deemed always to have had effect, with the amendment made by subsection (1).

Pensions

28 Freezing the standard lifetime allowance **U.K.**

Section 218(2C) and (2D) of FA 2004 (indexation of standard lifetime allowance) do not apply in relation to the standard lifetime allowance for the tax years 2021-22, 2022-23, 2023-24, 2024-25 and 2025-26 (so that the amount of the standard lifetime allowance for each of those tax years remains at the amount for the tax year 2020-21, namely £1,073,100).

29 Collective money purchase benefits **U.K.**

Schedule 5 contains amendments of Part 4 of FA 2004 (pension schemes etc) relating to collective money purchase benefits.

Construction industry scheme

30 Construction industry scheme **U.K.**

- (1) Schedule 6 contains provision amending Chapter 3 of Part 3 of FA 2004 (construction industry scheme).
- (2) In particular, the Schedule makes provision about—
 - (a) contractors,
 - (b) deductions on account of tax from contract payments,
 - (c) the treatment of sums deducted, and
 - (d) penalties.

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Coronavirus support payments etc

31 Covid-19 support scheme: working households receiving tax credits **U.K.**

- (1) This section applies to a payment which—
 - (a) is made by Her Majesty's Revenue and Customs in the exercise of a function which they have as a result of a direction given by the Treasury under section 76 of the Coronavirus Act 2020, and
 - (b) is made to a person by reason of the person's receipt of any tax credit specified in the direction on a date so specified.
- (2) No liability to income tax arises in respect of a payment to which this section applies.
- (3) But subsection (2) does not prevent the application of paragraph 8 of Schedule 16 to FA 2020 (charge to income tax where person not entitled to coronavirus support payment) in relation to a payment to which this section applies.

32 Self-employment income support scheme **U.K.**

- (1) In section 106 of FA 2020 (taxation of coronavirus support payments), in subsection (3)—
 - (a) after “provision about” insert “ (including provision modifying) ”;
 - (b) for “(2)(c)” substitute “ (2)(b) ”.
- (2) In paragraph 3(3) of Schedule 16 to FA 2020 (self-employment income support scheme payments to be treated as receipts of the tax year 2020-21), for “2020-21” substitute “ in which the payment was received ”.
- (3) In paragraph 8 of that Schedule (charge if person not entitled to coronavirus support payment)—
 - (a) in sub-paragraph (3)—
 - (i) in the words before paragraph (a), after “scheme” insert “ or the self-employment income support scheme ”;
 - (ii) in paragraph (b), before “because” insert “ in the case of a payment made under the coronavirus job retention scheme, ”;
 - (b) in sub-paragraph (4)(a), after “scheme” insert “ or the self-employment income support scheme ”.
- (4) The amendments made by subsections (2) and (3) have effect in relation to coronavirus support payments received on or after 6 April 2021.
- (5) In this section “coronavirus support payment” has the meaning it has in Schedule 16 to FA 2020 (see section 106(2) and (5) of that Act).

33 Deduction where business rates etc repaid **U.K.**

- (1) This section applies if—
 - (a) a person (“A”) carrying on a business would, but for a coronavirus support arrangement, have incurred a liability to pay a charge to a public authority,
 - (b) an expense incurred in discharging that liability would have been deductible in calculating the profits of the business for the purposes of income tax or corporation tax, and

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- (c) an amount in respect of some or all of that liability is paid to that or any other public authority.
- (2) In calculating the profits of the business of A for those purposes—
 - (a) a deduction is allowed for the amount paid, and
 - (b) that amount is treated as if it had been paid in the period in which the charge would have been due and payable.
- (3) No deduction is otherwise allowed for the amount paid in calculating the profits of the business of any person for those purposes (including where the amount was paid by a person other than A).
- (4) For the purposes of this section “coronavirus support arrangement” means an arrangement where—
 - (a) a liability in respect of non-domestic rates, or
 - (b) such other liability in respect of a charge payable to a public authority as may be specified in regulations made by the Treasury,is waived, or reduced, for purposes connected with the provision of support to businesses in connection with coronavirus.
- (5) Regulations under subsection (4)(b) may have retrospective effect.
- (6) In this section “coronavirus” has the meaning it has in the Coronavirus Act 2020 (see section 1 of that Act).
- (7) This section has effect in relation to payments whether made before or after the passing of this Act.

Exemptions from income tax

34 Repeal of provisions relating to the Interest and Royalties Directive U.K.

- (1) The following provisions are repealed—
 - (a) sections 757 to 767 of ITTOIA 2005 (exemption from income tax for certain interest and royalty payments) and the italic heading before those sections, and
 - (b) sections 914 to 917 of ITA 2007 (discretion to make royalty payments gross) and the italic heading before those sections;and the remainder of this section makes amendments consequential on the repeal of those provisions.
- (2) In section 98 of TMA 1970 (special returns, etc)—
 - (a) in subsection (4A)(b) omit “, (4DA)”, and
 - (b) omit subsection (4DA).
- (3) In paragraph 3 of Schedule 18 to FA 1998 (company tax return), in sub-paragraph (5) for “, 912, 914 and 915” substitute “ and 912 ”.
- (4) In ITTOIA 2005—
 - (a) in section 369 (charge to tax on interest), in subsection (3) omit paragraph (f) (and the “and” before it),
 - (b) in section 578 (contents of chapter), in subsection (2)—
 - (i) for “exemptions” substitute “ an exemption ”,

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- (ii) for “sections” substitute “ section ”,
 - (iii) omit “and 758 (certain interest and royalty payments)”, and
 - (c) in section 683 (charge to tax on payments not otherwise charged), in subsection (4) omit paragraph (h).
- (5) In section 100 of FA 2015 (diverted profits tax: credits for tax on the same profits)—
- (a) in subsection (4C)(c) for “relevant provision” substitute “ double taxation arrangements (as defined by section 2(4) of TIOPA 2010) ”, and
 - (b) omit subsection (4E).
- (6) In section 42(9) of FA 2016 (section 758 of ITTOIA 2005 not to apply to certain royalty payments)—
- (a) in paragraph (b), at the end insert “ under arrangements (within the meaning of section 917A of ITA 2007) entered into before that day ”,
 - (b) omit paragraph (c) (but not the “and” at the end of it), and
 - (c) for the words after paragraph (d) substitute “ the arrangements are to be regarded as DTA tax avoidance arrangements for the purposes of section 917A of ITA 2007 ”.
- (7) In consequence of the repeal of section 762 of ITTOIA 2005 made by subsection (1), the Exemption From Tax For Certain Interest Payments Regulations 2004 (S.I. 2004/2622) are revoked (and, accordingly, exemption notices issued in accordance with those regulations are cancelled).
- (8) The amendments made by this section have effect in relation to—
- (a) payments made on or after 1 June 2021, and
 - (b) payments made in disqualifying circumstances on or after 3 March 2021 but before 1 June 2021.
- (9) A payment is made in “disqualifying circumstances” if it is made directly or indirectly in consequence of, or otherwise in connection with, any arrangements the main purpose, or one of the main purposes, of which is to secure that the provisions mentioned in subsection (1)(a) or (b) continue to have effect in relation to it.
- (10) For this purpose “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).

35 Payments made to victims of modern slavery etc **U.K.**

- (1) A payment that meets conditions A to C is to be regarded as a “qualifying payment” for the purposes of paragraph 3(1) and (2) of Schedule 15 to FA 2020 (exemption from income tax).
- (2) Condition A is that the payment is made by or on behalf of a public authority.
- (3) Condition B is that the payment is made to a person in respect of whom—
- (a) there are reasonable grounds to believe the person may be a victim of slavery or human trafficking, and
 - (b) no conclusive determination has been made identifying the person as a victim for the purposes of Article 10 of the Trafficking Convention.
- (4) Condition C is that the payment is made for the purposes of providing the person assistance or support of the kind mentioned in Article 12 of the Trafficking Convention (as contemplated by Article 10).

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- (5) In this section—
- (a) “the Trafficking Convention” means the Council of Europe Convention on Action against Trafficking in Human Beings (done at Warsaw on 16 May 2005);
 - (b) “public authority” includes any person certain of whose functions are functions of a public nature.
- (6) This section has effect in relation to qualifying payments received on or after 1 April 2009.

Miscellaneous corporation tax measures

36 Hybrid and other mismatches U.K.

Schedule 7 makes amendments to Part 6A of TIOPA 2010 (hybrid and other mismatches).

37 Relief for losses etc U.K.

Schedule 8 makes provision about corporation tax relief for losses and other amounts.

38 Corporate interest restriction: minor amendments U.K.

- (1) Part 10 of TIOPA 2010 (corporate interest restriction) is amended as follows.
- (2) In section 452 (Real Estate Investment Trusts), after subsection (2) insert—

“(2A) In applying subsection (2) and giving effect to the remainder of this section, the company is treated, at all times in the accounting period, as carrying on a residual business within the charge to corporation tax (and, accordingly, amounts falling to be brought into account in the accounting period as a result of this section are within the charge to corporation tax).”
- (3) The amendment made by subsection (2) is treated as having come into force on 21 July 2020.
- (4) In Schedule 7A (interest restriction returns), after paragraph 29 insert—

“29A (1) Liability to a penalty under paragraph 29 does not arise if the company has a reasonable excuse for failing to submit the return by the filing date.

(2) If the company has a reasonable excuse for the failure but the excuse has ceased, the company is to be treated as having continued to have the excuse if the return is submitted without unreasonable delay after the excuse ceased.”
- (5) That Schedule has effect, and is to be deemed always to have had effect, with the amendment made by subsection (4).

39 Northern Ireland Housing Executive U.K.

- (1) In CTA 2010, after section 987B insert—

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“Northern Ireland Housing Executive

987C Northern Ireland Housing Executive

The Northern Ireland Housing Executive is not liable to corporation tax.”

- (2) The amendment made by this section has effect in relation to accounting periods beginning on or after 1 April 2020.

Capital gains tax

40 Annual exempt amount **U.K.**

Section 1L of TCGA 1992 (which provides for an increase in the annual exempt amount to reflect increases in CPI) does not apply for the tax years 2021-22, 2022-23, 2023-24, 2024-25 and 2025-26 (so that the annual exempt amount for each of those tax years remains at £12,300).

41 Hold-over relief for foreign-controlled companies **U.K.**

- (1) In section 167 of TCGA 1992 (gifts to foreign-controlled companies), in subsection (2) (b), at the beginning insert “ is or ”.
- (2) The amendment made by subsection (1) has effect in relation to a disposal made on or after 6 April 2021.

PART 2 **U.K.**

PLASTIC PACKAGING TAX

VALID FROM 10/12/2021

Introductory

42 Plastic packaging tax **U.K.**

- (1) A tax called “plastic packaging tax” is to be charged in accordance with this Part.
- (2) The Commissioners are responsible for the collection and management of plastic packaging tax.

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Charging of plastic packaging tax

VALID FROM 10/12/2021

43 Charge to plastic packaging tax **U.K.**

- (1) The charge to plastic packaging tax arises when a chargeable plastic packaging component is—
 - (a) produced in the United Kingdom by a person acting in the course of a business, or
 - (b) imported into the United Kingdom on behalf of such a person.
- (2) The reference in subsection (1) to “a business” includes any activity of a government department or other public authority, or of a charity, that is carried out for commercial purposes.
- (3) Subsection (1) is subject to section 52 (exempt plastic packaging components).

VALID FROM 10/12/2021

44 Liability to pay plastic packaging tax **U.K.**

- (1) Where the charge to plastic packaging tax arises in respect of a chargeable plastic packaging component by virtue of section 43(1)(a), the person who produces the component is liable to pay the amount charged.
- (2) Where the charge arises in respect of a chargeable plastic packaging component by virtue of section 43(1)(b), the person on whose behalf the component is imported is liable to pay the amount charged.

45 Rate **U.K.**

- (1) Plastic packaging tax is charged at the rate of £200 per metric tonne of chargeable plastic packaging components of a single specification.
- (2) The amount charged on part of a tonne is the proportionately reduced amount.

VALID FROM 10/12/2021

46 Payment **U.K.**

- (1) Plastic packaging tax is to be paid by reference to accounting periods determined in accordance with regulations under section 61(1) (regulations about the payment, collection and recovery of plastic packaging tax).
- (2) References in this Part to “accounting periods” are to those accounting periods.

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VALID FROM 10/12/2021

Interpretation of main terms etc

47 Chargeable plastic packaging components **U.K.**

- (1) A plastic packaging component is chargeable if—
 - (a) the proportion of recycled plastic in the component, when measured by weight, is less than 30% of the total amount of plastic in the component, and
 - (b) it is finished.
- (2) A plastic packaging component is taken to fall within subsection (1)(a) unless it is shown that it does not.
- (3) For the purposes of this Part, a component is “finished” if it has undergone—
 - (a) its last substantial modification, or
 - (b) in the case of a component that undergoes a substantial modification when it is packed or filled, its last substantial modification before being packed or filled,even if waste or surplus material remains attached to it.
- (4) Accordingly, for the purposes of this Part, waste or surplus material that remains attached to a component after its last substantial modification is not to be treated as part of the component.
- (5) The Commissioners may by regulations make provision about—
 - (a) the methodology to be used, or the information or evidence required, to satisfy them that a plastic packaging component does not fall within subsection (1)(a);
 - (b) the meaning of “substantial modification”.

48 Meaning of “plastic packaging component” **U.K.**

- (1) A “packaging component” is a product that is designed to be suitable for use, whether alone or in combination with other products, in the containment, protection, handling, delivery or presentation of goods at any stage in the supply chain of the goods from the producer of the goods to the user or consumer.
- (2) Subject to section 52, it does not matter why a component within this definition is produced or imported (for example, whether it is produced or imported for use in the supply chain of the goods or by a user or consumer).
- (3) A “plastic packaging component” is a packaging component that contains more plastic, when measured by weight, than any other single substance listed in regulations under subsection (7)(a).
- (4) A packaging component that contains plastic is taken to be a plastic packaging component unless it is shown that it is not such a component.
- (5) The Treasury may by regulations amend the meaning of “packaging component” by—
 - (a) adding descriptions of products, or

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(b) removing descriptions of products.

(6) Regulations under subsection (5) may amend this Part.

(7) The Commissioners may by regulations—

- (a) list substances for the purposes of subsection (3);
- (b) make provision about the methodology to be used, or the information or evidence required, to satisfy them that a packaging component that contains plastic is not a plastic packaging component.

49 Meaning of “plastic” and “recycled plastic” U.K.

(1) “Plastic” means a material consisting of a polymer, other than a cellulose-based polymer that has not been chemically modified, to which additives or other substances may have been added.

(2) “Recycled plastic” is plastic that has been reprocessed from recovered material by means of a chemical or manufacturing process, other than organic recycling, so that it can be used either for its original purpose or for other purposes.

(3) “Organic recycling” means the aerobic or anaerobic treatment, under controlled conditions and using micro-organisms, of biodegradable matter, which produces stabilised organic residues or methane.

(4) “Recovered material” is pre-consumer plastic or post-consumer plastic that—

- (a) has been collected and recovered as a material input, in lieu of new primary material, for a recycling or a manufacturing process, and
- (b) would otherwise have been disposed of as waste or used for energy recovery.

(5) “Pre-consumer plastic” is plastic that is—

- (a) recovered from waste generated in a manufacturing process, and
- (b) processed by a reprocessing facility,

but does not include plastic that is reused in the same process in which it was generated as scrap and from which it was recovered.

(6) “Post-consumer plastic” is plastic—

- (a) that is generated by households or by commercial, industrial or institutional facilities in their role as end-users of the product, and
- (b) that can no longer be used for its intended purpose.

This includes returns of plastic from the distribution chain.

(7) Plastic is not to be taken as recycled plastic unless it is shown that it is recycled plastic.

(8) The Treasury may by regulations amend the meaning of “plastic” and “recycled plastic”.

(9) Regulations under subsection (8) may amend this Part.

(10) The Commissioners may by regulations make provision about the methodology to be used, or the information or evidence required, to satisfy them that plastic is recycled plastic.

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50 Time of importation **U.K.**

- (1) A chargeable plastic packaging component is imported into the United Kingdom—
 - (a) in the case of a component that is subject to customs formalities within the meaning given by section 1(1) of CEMA 1979, as soon as all such formalities have been complied with in respect of the component, and
 - (b) in any other case, at the time of importation for the purposes of the customs and excise Acts.
- (2) This section is subject to section 76 (Isle of Man: import and export of chargeable plastic packaging components).

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Deferrals, exemptions and credits

51 Plastic packaging components intended for export **U.K.**

- (1) A person's liability under section 44 to pay an amount by way of plastic packaging tax in relation to a plastic packaging component is—
 - (a) deferred for as long as the direct export condition is met in relation to the component;
 - (b) cancelled if the direct export condition ceases to be met in relation to the component as a result of it being exported from the United Kingdom before the end of the deferral period in accordance with regulations made by the Commissioners.
- (2) The direct export condition is met in relation to a component at any time if—
 - (a) the time is within the deferral period;
 - (b) the person who is liable to pay the tax (“the liable person”) intends to export it (and has intended to export it at all times since it was produced or imported);
 - (c) any other conditions or requirements specified in regulations made by the Commissioners are met.
- (3) If the Commissioners are not satisfied of any matter within subsection (2) in relation to a component they may—
 - (a) in a case where they are satisfied that the direct export condition was met but no longer is, notify the liable person that the condition is to be taken to have ceased to be met in relation to that component from a date specified in the notification, or
 - (b) in any other case, notify the liable person that the direct export condition is to be taken never to have been met in relation to that component.
- (4) The consequence of notification is that liability to pay an amount by way of plastic packaging tax—
 - (a) in a case within subsection (3)(a), ceases to be deferred in accordance with subsection (1)(a) with effect from such date as the Commissioners may specify in the notification, or
 - (b) in a case within subsection (3)(b), is taken never to have been deferred in accordance with subsection (1)(a).

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- (5) The deferral period in relation to a component is the period of 12 months beginning with the day on which the component is produced or imported.
- (6) This section does not apply to plastic packaging components that are used in the removal of goods from the United Kingdom and that are—
 - (a) transport packaging or tertiary packaging within the meaning of regulation 3(2)(c) of the Packaging (Essential Requirements) Regulations 2015 (S.I. 2015/1640), or
 - (b) road, rail, ship and air containers.
- (7) This section is subject to section 76 (Isle of Man: import and export of chargeable plastic packaging components).

52 Exempt plastic packaging components **U.K.**

- (1) No charge to plastic packaging tax arises by virtue of section 43(1)(b) in relation to plastic packaging components that are used in the delivery of goods into the United Kingdom and that are—
 - (a) transport packaging or tertiary packaging within the meaning of regulation 3(2)(c) of the Packaging (Essential Requirements) Regulations 2015 (S.I. 2015/1640), or
 - (b) road, rail, ship and air containers.
- (2) No charge to plastic packaging tax arises in relation to plastic packaging components if subsection (3), (4) or (6) applies to them.
- (3) This subsection applies to plastic packaging components if they are stores within the meaning of CEMA 1979 (see section 1 of that Act).
- (4) This subsection applies to plastic packaging components if they are produced or imported for use in the immediate packaging of a medicinal product.
- (5) In subsection (4)—

“immediate packaging”, in relation to a medicinal product, has the meaning given by regulation 8(1) of the Human Medicines Regulations 2012 (S.I. 2012/1916);

“medicinal product” has the meaning given by regulation 2(1) of those Regulations.
- (6) This subsection applies to plastic packaging components if—
 - (a) before or as soon as they have been produced or imported they are permanently designated or set aside for use other than in the containment, protection, handling, delivery or presentation of goods, and
 - (b) the producer or person on whose behalf they were imported keeps a record of that designation or setting aside.
- (7) The Treasury may by regulations make provision creating further exemptions from plastic packaging tax.

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53 Tax credits **U.K.**

- (1) The Commissioners may by regulations make provision in relation to cases where after a person has become liable to pay plastic packaging tax in respect of a prescribed plastic packaging component (the “charged component”), that component is—
 - (a) exported from the United Kingdom;
 - (b) converted into a different packaging component.
- (2) The provision that may be made is provision—
 - (a) for the person to be entitled to a tax credit in respect of any plastic packaging tax charged on the charged component;
 - (b) for the tax credit to be brought into account when the person is accounting for plastic packaging tax due from the person for the prescribed accounting period or periods;
 - (c) for the person to be entitled to a repayment of plastic packaging tax (instead of a tax credit) in prescribed cases.
- (3) Regulations under this section may (among other things) make provision—
 - (a) for any entitlement to a tax credit to be conditional on the making of a claim by the person, and specifying the period within which and the manner in which a claim may be made;
 - (b) for any entitlement to a tax credit or to bring a tax credit into account to be—
 - (i) conditional on compliance with prescribed requirements;
 - (ii) subject to prescribed minimum or maximum amounts;
 - (c) specifying circumstances in which, and criteria for determining the period for which, the person is or is not entitled to a tax credit;
 - (d) requiring a claim for a tax credit to be evidenced and quantified by reference to prescribed records and other documents;
 - (e) requiring a person claiming any entitlement to a tax credit to keep, for the prescribed period and in the prescribed form and manner, those records and documents and a record of prescribed information relating to the claim;
 - (f) for the withdrawal of a tax credit where any requirement of the regulations is not complied with;
 - (g) about adjustments of liability for plastic packaging tax in connection with entitlement or withdrawal of an entitlement to a tax credit in prescribed circumstances;
 - (h) about the treatment of a tax credit where the person ceases to carry on a business or otherwise is no longer liable to plastic packaging tax;
 - (i) for anything falling to be determined in accordance with the regulations to be determined by reference to a direction given in accordance with the regulations by the Commissioners;
 - (j) about the meaning of “converted” for the purposes of subsection (1)(b).
- (4) In this section, “prescribed” means specified in or under, or determined in accordance with provision made in or under, regulations under this section.

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Registration

54 The register **U.K.**

- (1) The Commissioners must establish and maintain a register for the purposes of collecting and managing plastic packaging tax.
- (2) The register may contain such information as the Commissioners think is required for those purposes.
- (3) The Commissioners may publish, by such means as they think fit, any information which—
 - (a) is derived from the register, and
 - (b) is within any of the descriptions in subsection (4),apart from information relating to a registration which is subject to an outstanding appeal.
- (4) The descriptions are—
 - (a) the names of registered persons;
 - (b) particulars of sites at which registered persons carry on business;
 - (c) registration numbers assigned to registered persons;
 - (d) where the registered person is a body corporate that is a member of a group—
 - (i) the fact that it is a member of a group,
 - (ii) the names of the other bodies corporate that are members of the group, and
 - (iii) particulars of any sites at which those other bodies carry on business.
- (5) Subject to subsection (6), information may be published in accordance with this section despite any obligation not to disclose the information that would otherwise apply.
- (6) Nothing in this section authorises a disclosure of information which contravenes the data protection legislation (but in determining whether a disclosure would do so, take into account the powers conferred by this section).
- (7) In this Part—

“data protection legislation” has the meaning given by section 3(9) of the Data Protection Act 2018;

“the register” means the register under subsection (1) and references to registration are to registration in it.

55 Liability to register: producers and importers **U.K.**

- (1) A person (P) who—
 - (a) produces finished plastic packaging components, or
 - (b) on whose behalf finished plastic packaging components are imported,becomes liable to be registered on a given day if subsection (2) applies in relation to P on that day.

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(2) This subsection applies—

- (a) on any day, where there are reasonable grounds for believing that the amount of finished plastic packaging components that will be produced by, or imported on behalf of, P within the period of 30 days beginning with that day will equal or exceed 10 metric tonnes, or
 - (b) on the first day of any calendar month, where the amount of finished plastic packaging components produced by, or imported on behalf of, P over the 12 months ending with the day before that day equals or exceeds 10 metric tonnes.
- (3) Finished plastic packaging components to which section 52(1) or (3) applies are not to be taken into account for the purposes of subsection (2).
- (4) In the application of subsection (2)(b) to the first day of a month falling within the year beginning with 1 April 2022, that paragraph has effect as if for “over the 12 months” there were substituted “during the period beginning with 1 April 2022 and”.

56 Notification of liability and registration **U.K.**

- (1) A person who becomes liable to be registered under section 55 must notify the Commissioners of the liability before the end of the notification period.
- (2) The “notification period” is the period of 30 days beginning with the day on which the liability arises.
- (3) Where the Commissioners are satisfied that a person is liable to be registered (whether or not the person has notified liability under subsection (1)), the Commissioners must register the person with effect from the day on which the liability arises.
- (4) Where an unincorporated body (other than a partnership) is registered in the name of the body concerned, no account is to be taken of any change in its members in determining how any provision of or under this Part applies in relation to the body.
- (5) The Commissioners may by regulations make provision—
 - (a) about the form and manner in which a notification under this section is to be given;
 - (b) about the information to be contained in or provided with a notification under this section;
 - (c) for the Commissioners to require further information from a person in connection with that person's registration;
 - (d) requiring notifications and other communications with the Commissioners in connection with registration to be made electronically.

57 Cancellation of registration **U.K.**

- (1) A registration under section 56 may be cancelled only in accordance with this section.
- (2) The Commissioners may cancel a person's registration if—
 - (a) the person requests the cancellation, and
 - (b) the person satisfies the Commissioners that the person does not, on the day of the request, meet the liability condition.

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- (3) The Commissioners may cancel a person's registration if they are satisfied that the person does not meet the liability condition and has not met the liability condition for a period of at least 12 months.
- (4) The Commissioners may cancel a person's registration if they are satisfied that the person did not meet the liability condition on the day on which the person was registered, and has not at any subsequent time met the liability condition.
- (5) A cancellation under subsection (2) is to be made with effect from—
 - (a) the day on which the request is made, or
 - (b) such later day as may be agreed between the Commissioners and that person.
- (6) A cancellation under subsection (3) is to be made with effect from—
 - (a) the day on which the person ceased to meet the liability condition, or
 - (b) such later day as may be agreed between the Commissioners and that person.
- (7) A cancellation under subsection (4) is to be made with effect from the day on which the person was registered.
- (8) But the Commissioners must not cancel a person's registration under subsection (2) or (3) if—
 - (a) there are outstanding amounts of plastic packaging tax, or amounts recoverable as plastic packaging tax, due from that person, or
 - (b) there are one or more outstanding returns for the purposes of plastic packaging tax due from that person.
- (9) The Commissioners may decline to cancel a person's registration on any day if they reasonably believe that the person will become liable to be registered under section 55 during the period of 12 months beginning with that day.
- (10) For the purposes of this section, a person meets the liability condition on a particular day if—
 - (a) the condition in section 55(2)(a) is met in relation to that person on that day,
 - (b) the day is the first day of a month and the condition in section 55(2)(b) is met in relation to that person on that day, or
 - (c) the day is in the same month as a day on which the condition in section 55(2)(b) was met in relation to that person.

58 Correction of the register U.K.

- (1) The Commissioners may by regulations make provision about the correction of entries in the register.
- (2) Regulations under subsection (1) may make provision for requiring persons who are, or are liable to be, registered to notify the Commissioners of changes in circumstances which are relevant to the register.

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Secondary liability and joint and several liability notices

59 Notices imposing secondary or joint and several liability U.K.

Schedule 9 makes provision about notices that may in certain circumstances—

- (a) impose secondary liability on a person in respect of an amount of plastic packaging tax which another person has failed to pay, or
- (b) make one person jointly and severally liable with another person in respect of some or all of the other person's liability to pay plastic packaging tax in respect of a period of time in the future.

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Administration and enforcement

60 Measurement of weight etc U.K.

- (1) The Commissioners may by regulations make provision for and about the measurement of weight for the purposes of plastic packaging tax.
- (2) The regulations may (among other things) include provision about—
 - (a) how weight is to be measured;
 - (b) the time in relation to which weight is to be measured;
 - (c) how weight is to be evidenced;
 - (d) agreements between the Commissioners and particular persons about how weight is to be measured or evidenced, including provision for the Commissioners to disregard the terms of an agreement in circumstances set out in the regulations;
 - (e) the Commissioners making their own assessment or best judgement of weight in relation to plastic packaging components and substituting that assessment or judgement for the assessment or judgement of any other person;
 - (f) the Commissioners inspecting or weighing plastic packaging components or samples;
 - (g) the assessment of weight by the Commissioners being based on estimates or assumptions.

61 Payment, collection, recovery U.K.

- (1) The Commissioners may by regulations make provision about the payment, collection and recovery of amounts for the purposes of plastic packaging tax.
- (2) Regulations under subsection (1) may (among other things)—
 - (a) make provision for determining the accounting periods by reference to which payments are to be made;

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- (b) require persons who are registered or who are liable to be registered under section 55 (“relevant persons”) to keep accounts for the purposes of plastic packaging tax in a specified form and manner;
 - (c) require relevant persons to make returns for the purposes of plastic packaging tax;
 - (d) make provision about the times at which payments of plastic packaging tax are to be made and methods of payment;
 - (e) require the amounts payable by reference to accounting periods to be calculated by or under the regulations;
 - (f) make provision about the payment, collection and recovery of amounts payable by a person as a result of a secondary liability and assessment notice or a joint and several liability notice;
 - (g) make provision for the correction of errors made in accounting for plastic packaging tax.
- (3) Provision may be made by or under regulations under subsection (2)(c) about—
- (a) the form and manner of making returns;
 - (b) the information to be included in returns;
 - (c) declarations about the truth of information in returns;
 - (d) the periods by reference to which returns are to be made;
 - (e) timing.
- (4) Schedule 10 makes provision about recovery and overpayments.

62 **Reviews and appeals** **U.K.**

Schedule 11 makes provision about reviews and appeals.

63 **Records** **U.K.**

- (1) The Commissioners may by regulations require persons—
- (a) to keep, for purposes connected with plastic packaging tax, records of specified matters, and
 - (b) to preserve records for a specified period.
- (2) A duty under regulations under subsection (1) to preserve records may be discharged by preserving them, or the information contained in them, in any form and by any means, subject to any conditions or exceptions specified in the regulations.
- (3) The period specified in regulations under subsection (1) may not exceed 6 years beginning with the end of the accounting period to which the records relate.
- (4) The Commissioners may direct a person who is, or is liable to be, registered under this Part or to whom a secondary liability and assessment notice or a joint and several liability notice has been given—
- (a) to keep such records as are specified in the direction;
 - (b) to preserve those records for a specified period.
- (5) The Commissioners may not give a direction under subsection (4) unless they have reasonable grounds for believing that the records specified in the direction might assist in identifying chargeable plastic packaging components in respect of which plastic packaging tax might not be paid.

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- (6) A direction under subsection (4)—
- (a) must be in writing,
 - (b) must specify the consequences under section 80 of a failure to comply with a requirement imposed under that section, and
 - (c) may be revoked or replaced by a further direction.
- (7) The period specified in a direction under subsection (4)(b) may not exceed 6 years.

64 Information and evidence **U.K.**

Schedule 12 makes provision about the collection and sharing of information and about evidence.

65 Security for tax **U.K.**

- (1) The Commissioners may by regulations prescribe circumstances in which a person who is liable to be registered under section 55 may be required to give security (or further security) of such amount and in such manner as the Commissioners may determine for the payment of any plastic packaging tax due, or which may become due, from the person.
- (2) The Commissioners may only exercise the power in subsection (1) if they consider it is necessary for the protection of the revenue.

66 Unincorporated bodies **U.K.**

The Commissioners may by regulations make provision in relation to a business which is carried on by a partnership or by another unincorporated body specifying by what person anything required by or under this Part to be done by a person is to be done.

67 Service **U.K.**

- (1) Anything required to be given to a person (“P”) by or under a provision of this Part may be given by sending it to P or to P's representative by post, addressed to that person's last known address.
- (2) Anything given to P's representative is to be treated as having been given to P.
- (3) In this section, “representative”, in relation to P, means—
 - (a) any of P's personal representatives;
 - (b) any person holding office as receiver in relation to P or any of P's property;
 - (c) P's trustee in bankruptcy or liquidator;
 - (d) a trustee (or interim trustee) in a sequestration of P's estate under the Bankruptcy (Scotland) Act 2016;
 - (e) any other person acting in a representative capacity in relation to P (including under section 69).

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Miscellaneous

68 Statements for business customers U.K.

- (1) A person who—
 - (a) supplies to a business customer a plastic packaging component in respect of which a charge to plastic packaging tax has arisen, and
 - (b) is liable to pay plastic packaging tax on that component,must, when invoicing that customer in respect of that component, include with that invoice a statement of the amount of plastic packaging tax arising in relation to that component (a “PPT statement”).
- (2) The reference in subsection (1)(a) to supplying a plastic packaging component to a business customer includes supplying that component by virtue of supplying other goods, such as goods that are contained within the component.
- (3) A PPT statement must contain such particulars as the Commissioners may prescribe in regulations.
- (4) In this section, “business customer” means a person who is supplied with a plastic packaging component in the course of their carrying out a business (within the meaning of section 43(2)).

69 Tax representatives of non-resident taxpayers U.K.

- (1) The Commissioners may by regulations make provision requiring that every non-resident taxpayer appoint a person resident in the United Kingdom to act as the taxpayer's tax representative for the purposes of plastic packaging tax.
- (2) Regulations under subsection (1) may, in particular, make provision—
 - (a) requiring notification to be given to the Commissioners where a person becomes a non-resident taxpayer;
 - (b) requiring notification to be given to the Commissioners where a person appoints a person as a tax representative;
 - (c) for the appointment of a person as a tax representative to take effect only where the person appointed is approved by the Commissioners;
 - (d) authorising the Commissioners to give a direction requiring the replacement of a tax representative;
 - (e) about the circumstances in which a person ceases to be a tax representative and about the withdrawal by the Commissioners of their approval of a tax representative;
 - (f) enabling a tax representative to act on behalf of the person for whom they are the tax representative through an agent of the representative;
 - (g) for the purposes of any provision made by virtue of paragraphs (a) to (f) regulating the procedure to be followed in any case and imposing requirements as to the information and other particulars to be provided to the Commissioners;

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- (h) as to the time at which things done under or for the purposes of the regulations are to take effect.
- (3) The tax representative of a non-resident taxpayer—
- (a) may act on the non-resident taxpayer's behalf for the purposes of any provision relating to plastic packaging tax, and
 - (b) is under a duty, except to such extent as the Commissioners may by regulations otherwise provide, to secure the non-resident taxpayer's compliance with, and discharge of, the obligations and liabilities to which the non-resident taxpayer is subject by virtue of any provision relating to plastic packaging tax (including obligations and liabilities arising or incurred before the representative was appointed).
- (4) A person who is or has been the tax representative of a non-resident taxpayer is personally liable—
- (a) in respect of any failure to secure compliance with, or the discharge of, any obligation or liability to which subsection (3)(b) applies while they are or were the non-resident taxpayer's tax representative, and
 - (b) in respect of anything done in the course of, or for purposes connected with, acting on the non-resident taxpayer's behalf,
- as if the obligations and liabilities to which subsection (3)(b) applies were imposed jointly and severally on the tax representative and the non-resident taxpayer.
- (5) A tax representative is not liable by virtue of this section to be registered for the purposes of plastic packaging tax; but the Commissioners may by regulations—
- (a) require the registration of the names of tax representatives against the names of the non-resident taxpayers of whom they are the representatives;
 - (b) make provision for the deletion of the names of persons who cease to be tax representatives.
- (6) A tax representative is not, by virtue of this section, guilty of an offence except in so far as—
- (a) they consented to, or connived in, the commission of the offence by the non-resident taxpayer;
 - (b) the commission of the offence by the non-resident taxpayer is attributable to any neglect on the part of the tax representative;
 - (c) the offence consists in a contravention by the tax representative of an obligation which, by virtue of this section, is imposed both on the tax representative and on the non-resident taxpayer.
- (7) In this section “non-resident taxpayer” means a person who—
- (a) is, or is liable to be, registered under this Part, and
 - (b) is not resident in the United Kingdom.
- (8) For the purposes of subsection (7), a person is resident in the United Kingdom at any time if, at that time—
- (a) that person has an established place of business in the United Kingdom;
 - (b) that person has a usual place of residence in the United Kingdom;
 - (c) that person is a firm or unincorporated body which (without being resident in the United Kingdom by virtue of paragraph (a)) has amongst its partners or members at least one individual with a usual place of residence in the United Kingdom.

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70 Adjustment of contracts **U.K.**

- (1) Subsection (2) applies where—
 - (a) a person (S) supplies a chargeable plastic packaging component that S has produced, or that was imported on behalf of S, to another person (P) under a contract,
 - (b) a payment falls to be made under the contract for the supply of the component, and
 - (c) after the making of the contract—
 - (i) plastic packaging tax becomes chargeable on the component, or
 - (ii) there is a change in the plastic packaging tax chargeable on the component.
- (2) Unless the contract otherwise provides, S may adjust the amount of the payment mentioned in subsection (1)(b) so as to reflect the tax chargeable on the component.
- (3) Subsection (4) applies where a person (S) supplies another person (P) with a chargeable plastic packaging component under a contract.
- (4) Unless the contract provides otherwise, S may adjust the contract so that if P subsequently converts the component into a different chargeable plastic packaging component, P must provide S with information about the conversion.
- (5) For the purposes of subsections (1) and (3), it is immaterial—
 - (a) when the contract was made;
 - (b) whether the contract also provides for other matters.

71 Groups of companies **U.K.**

- (1) Subsection (2) applies where a body corporate (P) is liable to pay an amount of plastic packaging tax (or an amount recoverable on the basis that it is an amount of plastic packaging tax)—
 - (a) in respect of plastic packaging components produced by, or imported on behalf of, P, or
 - (b) by virtue of a secondary liability and assessment notice or a joint and several liability notice,at the time P is a member of a group.
- (2) For the purposes of this Part, the representative member of the group is to be treated as if it were liable to pay the amount instead of P.
- (3) All the bodies corporate who are treated as members of a group when any amount becomes due from the representative member, together with any bodies corporate who become treated as members of the group while any such amount remains unpaid, are jointly and severally liable for the amount due from the representative member.
- (4) For the purposes of this Part—
 - (a) a body corporate is to be treated as a member of a group at any time in relation to which it falls to be treated as such in accordance with provision made by Schedule 13, and
 - (b) the representative member of a group at any time is the body corporate which falls to be treated as such in accordance with that Schedule.

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 2021. (See end of Document for details)

- (5) Schedule 13 makes provision about applications by two or more bodies corporate to be treated as members of the same group for the purposes of this Part.

72 Prevention of artificial separation of business activities: directions **U.K.**

- (1) This section, and section 73, apply for the purpose of preventing the maintenance or creation of any artificial separation of business activities carried on by two or more persons from resulting in an avoidance of plastic packaging tax.
- (2) The Commissioners may make a direction under this section naming any person only if they are satisfied that—
- (a) the person is producing or importing, or has produced or imported, chargeable plastic packaging components,
 - (b) the activities in the course of which the person produces or imports, or produced or imported, chargeable plastic packaging components form only part of certain activities, the other activities being carried on concurrently or previously (or both) by one or more other persons,
 - (c) the activities carried on by those persons have been, or are, artificially separated, having regard to whether the persons carrying on those activities are connected within the meaning of section 1122 of CTA 2010 (“connected” persons), and
 - (d) if all the activities of those persons were taken into account, a single person carrying on that business would at the time of the direction be liable to be registered by virtue of section 55.
- (3) Subsection (4) applies where, after making a direction under this section that specifies a description of business, it appears to the Commissioners that a person (P) who was not named in that direction is producing or importing, or has produced or imported, chargeable plastic packaging components in the course of activities which should be regarded as part of the activities of that business.
- (4) The Commissioners may make a supplementary direction referring to the earlier direction and the description of business specified in it and adding P’s name to those of the persons named in the earlier direction with effect from—
- (a) the date on which P began to produce or import those components, or
 - (b) if later, the date with effect from which the single taxable person referred to in the earlier direction became liable to be registered under this Part.
- (5) If, immediately before a direction (including a supplementary direction) is made under this section, any person named in the direction is registered under this Part, the person ceases to be liable to be so registered with effect from the later of—
- (a) the date with effect from which the single taxable person concerned became liable to be registered, and
 - (b) the date of the direction.
- (6) A direction under this section must be given to each person named in it.

73 Prevention of artificial separation of business activities: effect of directions **U.K.**

- (1) For the purposes of this Part, where a direction is made under section 72—

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 2021. (See end of Document for details)

- (a) the persons named in the direction are to be treated as a single taxable person carrying on the activities of a business described in the direction;
 - (b) the taxable person is liable to be registered under this Part with effect from—
 - (i) the date of the direction, or
 - (ii) such later date as may be specified in the direction;
 - (c) the taxable person is to be registrable in such name as—
 - (i) the persons named in the direction may jointly nominate in writing to the Commissioners not later than 14 days after the date of the direction, or
 - (ii) if no such name is nominated, in such name as may be specified in the direction;
 - (d) any production or import of chargeable plastic packaging components by or on behalf of one of the constituent members in the course of the activities of the taxable person is to be treated as production by or import on behalf of that person;
 - (e) each of the constituent members is to be jointly and severally liable for any plastic packaging tax due from the taxable person;
 - (f) any failure by the taxable person to comply with any requirement imposed by or under this Part is to be treated as a failure by each of the constituent members severally;
 - (g) subject to the preceding paragraphs, for the purposes of this Part the constituent members are to be treated as a partnership carrying on the business of the taxable person and any question as to the scope of the activities of that business at any time are to be determined accordingly.
- (2) Subsection (3) applies where—
- (a) it appears to the Commissioners that any person (P) who is one of the constituent members should no longer be regarded as such for the purposes of subsection (1)(e) and (f), and
 - (b) the Commissioners give notice to that effect.
- (3) P is not liable by virtue of subsection (1)(e) and (f) for anything done after the date specified in that notice (and accordingly on that date P is to be treated as having ceased to be a member of the partnership referred to in subsection (1)(g)).
- (4) In subsections (1) and (2), the “constituent members” means, in relation to a business specified in a direction under section 72, the persons named in the direction, together with any person named in a supplementary direction relating to that business (together being the persons who are to be treated as the taxable person).

74 Death, incapacity or insolvency of person carrying on a business: regulations U.K.

- (1) The Commissioners may by regulations make provision for the purposes of plastic packaging tax in relation to cases where a person carries on the business of—
- (a) an individual who has died or become incapacitated;
 - (b) a person (whether or not an individual) who is subject to an insolvency procedure (as defined in the regulations).
- (2) Provision may be made by regulations under this section—

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- (a) requiring the person who is carrying on the business (P) to inform the Commissioners that P is carrying on the business and of the event that has led to P carrying it on;
- (b) allowing P to be treated for a limited time as if P and the person who has died, become incapacitated or is subject to an insolvency procedure were the same person;
- (c) about such other matters as the Commissioners think fit for securing continuity in the application of this Part in cases to which the regulations apply.

75 Transfer of business as a going concern: regulations **U.K.**

- (1) The Commissioners may by regulations make provision for the purposes of plastic packaging tax in relation to cases where any business carried on by a person (P) is transferred to another person (T) as a going concern.
- (2) Regulations under this section may (among other things) make—
 - (a) provision requiring P to inform the Commissioners of the transfer;
 - (b) provision for P's liabilities and duties under this Part to become, to such extent as may be provided by the regulations, liabilities and duties of T;
 - (c) provision for any right of either P or T to a tax credit or repayment of plastic packaging tax to be satisfied by allowing the credit or making the repayment to the other;
 - (d) provision as to the preservation of any records or accounts relating to the business which, by virtue of any regulations under section 63, are required to be preserved for any period after the transfer;
 - (e) such other provision as the Commissioners think fit for securing continuity in the application of this Part in cases to which the regulations apply.
- (3) Regulations under this section may provide that no such provision as is mentioned in subsection (2)(b) or (c) has effect in relation to any transferor or transferee unless an application for the purpose has been made by them under the regulations.

76 Isle of Man: import and export of chargeable plastic packaging components **U.K.**

- (1) Subsections (2) and (3) apply if—
 - (a) a chargeable plastic packaging component is imported into the United Kingdom from the Isle of Man, and
 - (b) a charge corresponding to plastic packaging tax (the “corresponding charge”) has arisen in relation to the component under the law of the Isle of Man.
- (2) If the corresponding charge has arisen at a rate equal to, or greater than, the United Kingdom rate, the component is to be treated as not being imported into the United Kingdom for the purposes of plastic packaging tax.
- (3) If the corresponding charge has arisen at a rate lower than the United Kingdom rate, the amount of plastic packaging tax charged under this Part in relation to the component is to be reduced by an amount equal to the corresponding charge.

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- (4) “The United Kingdom rate” in relation to a chargeable plastic packaging component is the rate of plastic packaging tax that would (apart from this section) be chargeable in relation to the component under this Part.
- (5) For the purposes of provision made by or under sections 51 and 53, a chargeable plastic packaging component is to be treated as not being exported from the United Kingdom if it is exported from the United Kingdom to the Isle of Man.
- (6) For the purposes of determining, in accordance with section 50, when a chargeable plastic packaging component is imported into the United Kingdom from the Isle of Man, section 8 of the Isle of Man Act 1979 (removal of goods from the Isle of Man) is to have effect as if, in subsection (2), at the end of paragraph (c), there were inserted “; or
 - (d) goods which are chargeable plastic packaging components for the purposes of plastic packaging tax.”

Offences and penalties

77 Fraudulent evasion U.K.

- (1) A person commits an offence if the person is knowingly concerned in, or in the taking of steps with a view to, the fraudulent evasion (by that person or another person) of plastic packaging tax.
- (2) The reference in subsection (1) to the evasion of plastic packaging tax includes reference to obtaining, in circumstances where there is no entitlement to it—
 - (a) a tax credit;
 - (b) a repayment of plastic packaging tax.
- (3) A person guilty of an offence under this section is liable—
 - (a) on summary conviction in England and Wales—
 - (i) to imprisonment for a term not exceeding 12 months,
 - (ii) to a fine not exceeding £20,000 or (if greater) three times the total of the amounts of plastic packaging tax that were, or were intended to be, evaded, or
 - (iii) to both;
 - (b) on summary conviction in Scotland—
 - (i) to imprisonment for a term not exceeding 12 months,
 - (ii) to a fine not exceeding the statutory maximum or (if greater) three times the total of the amounts of plastic packaging tax that were, or were intended to be, evaded, or
 - (iii) to both;
 - (c) on summary conviction in Northern Ireland—
 - (i) to imprisonment for a term not exceeding 6 months,
 - (ii) to a fine not exceeding the statutory maximum or (if greater) three times the total of the amounts of plastic packaging tax that were, or were intended to be, evaded, or
 - (iii) to both;
 - (d) on conviction on indictment—

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- (i) to imprisonment for a term not exceeding 7 years,
 - (ii) to a fine, or
 - (iii) to both.
- (4) For the purposes of subsection (3), the amounts of plastic packing tax that were, or were intended to be, evaded are to be taken as including—
- (a) the amount of any tax credit, and
 - (b) the amount of any repayment of plastic packaging tax,
- which was, or was intended to be, obtained in circumstances when there was no entitlement to it.
- (5) In determining for the purposes of subsection (3) the amounts of plastic packaging tax that were, or were intended to be, evaded, no account is to be taken of the extent to which any liability to tax of a person would be, or would have been, reduced by the amount of any tax credit or repayment of plastic packaging tax to which the person was, or would have been, entitled.
- (6) In relation to an offence committed before the commencement of paragraph 24(2) of Schedule 22 to the Sentencing Act 2020, the reference in subsection (3)(a)(i) to 12 months is to be read as a reference to 6 months.

78 Misstatements **U.K.**

- (1) A person commits an offence if, for purposes connected with plastic packaging tax, the person—
- (a) produces or provides, causes to be produced or provided, or otherwise makes use of any document which is false in a material particular, and
 - (b) does so intending to deceive any person or to secure that a machine will respond to the document as if it were a true document.
- (2) A person commits an offence if, in providing any information under any provision made by or under this Part the person—
- (a) makes a statement which the person knows to be false in a material particular, or
 - (b) recklessly makes a statement which is false in a material particular.
- (3) A person guilty of an offence under this section is liable (subject to subsection (4))—
- (a) on summary conviction in England and Wales—
 - (i) to imprisonment for a term not exceeding 6 months,
 - (ii) to a fine not exceeding £20,000, or
 - (iii) to both;
 - (b) on summary conviction in Scotland—
 - (i) to imprisonment for a term not exceeding 6 months,
 - (ii) to a fine not exceeding the statutory maximum, or
 - (iii) to both;
 - (c) on summary conviction in Northern Ireland—
 - (i) to imprisonment for a term not exceeding 6 months,
 - (ii) to a fine not exceeding the statutory maximum, or
 - (iii) to both;
 - (d) on conviction on indictment—

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- (i) to imprisonment for a term not exceeding 7 years,
 - (ii) to a fine, or
 - (iii) to both.
- (4) In the case of an offence under this section where—
 - (a) the document referred to in subsection (1) is a return required under any provision made by or under this Part of this Act, or
 - (b) the information referred to in subsection (2) is contained in or otherwise relevant to such a return,the maximum amount of the fine on summary conviction is the greater of £20,000 or the statutory maximum (as the case may be), and the amount equal to three times the sum of the amounts (if any) by which the return underestimates any person's liability to plastic packaging tax.
- (5) In subsection (4) the reference to the amount by which a person's liability to plastic packaging tax is understated is the sum of—
 - (a) the amount (if any) by which the person's gross liability was understated, and
 - (b) the amount (if any) by which any entitlements of the person to tax credits and repayments of plastic packaging tax were overstated.
- (6) In subsection (5) “gross liability” means liability to plastic packaging tax before any deduction is made in respect of—
 - (a) any entitlement to any tax credits, or
 - (b) any repayment of plastic packaging tax.

79 Conduct involving evasions or misstatements **U.K.**

- (1) A person commits an offence if the person's conduct during any particular period must have involved the person committing one or more offences under section 77 or 78.
- (2) For the purposes of any proceedings for an offence under this section it is immaterial whether the particulars of the offence or offences that must have been committed are known.
- (3) A person guilty of an offence under this section is liable (subject to subsection (4))—
 - (a) on summary conviction in England and Wales—
 - (i) to imprisonment for a term not exceeding 6 months,
 - (ii) to a fine not exceeding £20,000, or
 - (iii) to both;
 - (b) on summary conviction in Scotland—
 - (i) to imprisonment for a term not exceeding 6 months,
 - (ii) to a fine not exceeding the statutory maximum, or
 - (iii) to both;
 - (c) on summary conviction in Northern Ireland—
 - (i) to imprisonment for a term not exceeding 6 months,
 - (ii) to a fine not exceeding the statutory maximum, or
 - (iii) to both;
 - (d) on conviction on indictment—
 - (i) to imprisonment for a term not exceeding 7 years,
 - (ii) to a fine, or

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(iii) to both.

- (4) In the case of any offence under this section, the maximum amount of the fine on summary conviction is the greater of £20,000 or the statutory maximum (as the case may be), and the amount equal to three times the sum of the amounts of plastic packaging tax which are shown to be amounts that were or were intended to be evaded by the conduct in question.
- (5) For the purposes of subsection (4), the amounts of plastic packaging tax that were, or were intended to be, evaded are to be taken as including—
- (a) the amount of any tax credit, and
 - (b) the amount of any repayment of plastic packaging tax,
- which was, or was intended to be, obtained in circumstances when there was no entitlement to it.
- (6) In determining for the purposes of subsection (4) the amounts of plastic packaging tax that were, or were intended to be, evaded, no account is to be taken of the extent to which any liability to tax of a person would be, or would have been, reduced by the amount of any tax credit or repayment of plastic packaging tax to which the person was, or would have been, entitled.

VALID FROM 10/12/2021

80 Penalty for contravening relevant requirements **U.K.**

- (1) Where a person (P) fails to comply with a relevant requirement, P is liable to—
- (a) a fixed penalty of £500, and
 - (b) a daily penalty of £40 for each day, after the first, on which the person continues to fail to comply.
- (2) Where P is liable to a daily penalty in respect of a continuing failure to comply with a relevant requirement P is not liable to a further fixed penalty in respect of that failure.
- (3) P is not liable to a penalty under this section in respect of an act or omission in respect of which P—
- (a) has been convicted of an offence, or
 - (b) is liable to a penalty other than under this section.
- (4) P is not liable to a penalty under this section if P satisfies the Commissioners or (on appeal) the appeal tribunal within the meaning of Schedule 11 that there is a reasonable excuse for the failure.
- (5) For the purposes of subsection (4)—
- (a) an insufficiency of funds is not a reasonable excuse, unless it is attributable to events outside P's control,
 - (b) where P relies on any other person to do anything, that is not a reasonable excuse unless P took reasonable care to avoid the failure, and
 - (c) where P had a reasonable excuse for the failure but the excuse has ceased, P is to be treated as having continued to have the excuse if the failure is remedied without unreasonable delay after the excuse ceased.
- (6) Where P is liable to a penalty under this section—

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- (a) the Commissioners or, on appeal, the appeal tribunal within the meaning of Schedule 11, may reduce the penalty to such amount (including nil) as they think proper;
 - (b) on an appeal relating to any penalty reduced by the Commissioners, the appeal tribunal may cancel the whole or any part of the Commissioners' reduction.
- (7) In this section, “relevant requirement” means an obligation or a requirement imposed by or under—
- (a) section 58 (variation and correction of the register);
 - (b) section 61 (payment, collection and recovery);
 - (c) section 63 (records);
 - (d) section 65 (security for tax);
 - (e) section 68 (statements);
 - (f) section 69 (tax representatives);
 - (g) section 74 (death, incapacity or insolvency of person carrying on a business);
 - (h) section 75 (transfer of business as a going concern);
 - (i) Schedule 9 (secondary liability and assessment notices and joint and several liability notices);
 - (j) Schedule 13 (groups of companies).
- (8) The Treasury may by regulations amend subsection (1) so as to substitute for the amounts for the time being specified there amounts taking account of inflation.
- (9) The Treasury may by regulations amend subsection (7) so as to add or remove a requirement relating to plastic packaging tax as a “relevant requirement”.
- (10) Schedule 14 makes provision about the assessment of penalties under this section.

VALID FROM 10/12/2021

81 Criminal proceedings U.K.

Sections 145 to 155 of CEMA 1979 (proceedings for offences, mitigation of penalties and certain other matters) apply in relation to offences under this Part as they apply in relation to offences under the customs and excise Acts.

VALID FROM 10/12/2021

General

82 Minor and consequential amendments U.K.

Schedule 15 makes minor and consequential amendments to other legislation.

83 Interpretation U.K.

In this Part—

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“accounting period” has the meaning given by section 46(2);
 “chargeable plastic packaging component” is to be construed in accordance with section 47;
 “the Commissioners” means the Commissioners for Her Majesty's Revenue and Customs;
 “the customs and excise Acts” has the same meaning as in CEMA 1979 (see section 1(1) of that Act);
 “finished” has the meaning given by section 47(3);
 “HMRC” means Her Majesty's Revenue and Customs;
 “imported” is to be construed in accordance with section 50;
 “joint and several liability notice” has the meaning that it has in Part 2 of Schedule 9;
 “packaging component” and “plastic packaging component” are to be construed in accordance with section 48;
 “plastic” and “recycled plastic” are to be construed in accordance with section 49;
 “the register” means the register under section 54(1) (and references to registration are to registration in that register);
 “secondary liability and assessment notice” has the meaning that it has in Part 1 of Schedule 9;
 “tax credit”, unless the context requires otherwise, means a tax credit in accordance with regulations under section 53.

84 Regulations **U.K.**

- (1) Regulations under this Part—
 - (a) may make different provision for different purposes;
 - (b) may include incidental, consequential, supplementary, transitional or transitory provision.
- (2) Regulations under this Part may make provision by reference to things specified in a notice that is—
 - (a) published by the Commissioners in accordance with the regulations, and
 - (b) not withdrawn by a further notice.
- (3) Any power of the Commissioners to make regulations under this Part may instead be exercised by the Treasury.
- (4) Regulations under this Part are to be made by statutory instrument.
- (5) A statutory instrument containing regulations under the following provisions is subject to the made affirmative procedure—
 - (a) section 48(5) (meaning of “packaging component”);
 - (b) section 49(8) (meaning of “plastic” and “recycled plastic”);
 - (c) section 52 (exempt plastic packaging components);
 - (d) section 80(8) or (9) (penalties for contravening relevant requirements).
- (6) Any other statutory instrument containing regulations under this Part is subject to annulment in pursuance of a resolution of the House of Commons (“the negative procedure”).

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- (7) But subsection (6) does not apply to a statutory instrument containing only regulations under section 85 (commencement of this Part).
- (8) Where a statutory instrument under this Act is subject to “the made affirmative procedure”—
- (a) it must be laid before the House of Commons after being made, and
 - (b) it ceases to have effect at the end of the period of 28 sitting days beginning with the day on which the instrument is made, unless within that period the instrument is approved by a resolution of the House of Commons.
- (9) Where regulations cease to have effect as a result of subsection (8), that does not—
- (a) affect anything previously done under the regulations, or
 - (b) prevent the making of new regulations.
- (10) Any provision that may be included in regulations in a statutory instrument under this Act subject to the negative procedure may be included in regulations in a statutory instrument subject to the made affirmative procedure.
- (11) In this section, “sitting day” means a day on which the House of Commons is sitting (and a day is only a day on which the House of Commons is sitting if the House begins to sit on that day).

85 Commencement etc **U.K.**

- (1) This Part—
- (a) comes into force on such day as the Treasury may by regulations appoint, and
 - (b) has effect in relation to packaging components that are produced in the United Kingdom or imported into the United Kingdom on or after 1 April 2022.
- (2) Regulations under this section may appoint different days for different purposes.

PART 3 **U.K.**

OTHER TAXES

Inheritance tax

VALID FROM 10/01/2023

86 Rate bands etc for tax years 2021-22 to 2025-26 **U.K.**

Sections 8 and 8D(7) of IHTA 1984 (indexation of rate bands, residential enhancement and taper threshold) do not have effect by virtue of any difference between—

- (a) the consumer prices index for the month of September in 2020, 2021, 2022, 2023 or 2024, and
- (b) that index for the previous September.

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Stamp duty land tax

87 Temporary period for reduced rates on residential property **U.K.**

- (1) The Stamp Duty Land Tax (Temporary Relief) Act 2020 is amended as follows.
- (2) In section 1 (reduced rates of SDLT on residential property for a temporary period)—
- in subsection (1)(b) (which specifies the end of that temporary period), for “31 March 2021” substitute “30 June 2021”,
 - in subsections (1) and (6)(a), for “temporary” substitute “initial temporary”, and
 - in the heading, for “a temporary” substitute “an initial temporary”.
- (3) After that section insert—

“1A Further period for reduced rates of SDLT on residential property

- (1) This section makes modifications of Part 4 of the Finance Act 2003 in relation to any land transaction the effective date of which falls in the period (“the further temporary relief period”)—
- beginning with 1 July 2021, and
 - ending with 30 September 2021.
- (2) Section 55(1B) (amount of stamp duty land tax chargeable: general) has effect as if for Table A there were substituted—

“TABLE A: RESIDENTIAL

<i>Part of relevant consideration</i>	<i>Percentage</i>
So much as does not exceed £250,000	0%
So much as exceeds £250,000 but does not exceed £925,000	5%
So much as exceeds £925,000 but does not exceed £1,500,000	10%
The remainder (if any)	12%”.

- (3) Schedule 4ZA (higher rates of stamp duty land tax for additional dwellings etc) has effect as if for the Table A in section 55(1B) mentioned in paragraph 1(2) there were substituted—

“TABLE A: RESIDENTIAL

<i>Part of relevant consideration</i>	<i>Percentage</i>
So much as does not exceed £250,000	3%
So much as exceeds £250,000 but does not exceed £925,000	8%
So much as exceeds £925,000 but does not exceed £1,500,000	13%

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The remainder (if any) 15%”.

(4) Paragraph 2(3) of Schedule 5 (amount of SDLT chargeable in respect of rent) has effect as if for Table A there were substituted—

“TABLE A: RESIDENTIAL

<i>Rate bands</i>	<i>Percentage</i>
£0 to £250,000	0%
Over £250,000	1%”.

(5) In a case where—

- (a) as a result of section 44(4) of the Finance Act 2003 the effective date of a land transaction falls in the further temporary relief period, and
- (b) the contract concerned is completed by a conveyance after that period ends,

section 44(8) of that Act is not to apply in relation to that conveyance if the sole reason that (but for this subsection) it would have applied is that the modifications made by this section have no effect in relation to that conveyance.

(6) Section 44(10) of the Finance Act 2003 applies for the purposes of subsection (5).”

88 Increased rates for non-resident transactions **U.K.**

Schedule 16 makes provision for increased rates of stamp duty land tax in respect of non-resident transactions.

89 Relief from higher rate charge for certain housing co-operatives etc **U.K.**

(1) In Schedule 4A to FA 2003 (higher rate of SDLT for certain transactions), after paragraph 5F insert—

“Qualifying housing co-operatives

5FA Paragraph 3 does not apply to a chargeable transaction so far as its subject-matter consists of a higher threshold interest that is acquired by a company on a day on which the company is a qualifying housing co-operative for the purposes of section 150(3A) of the Finance Act 2013 (relief from ATED).”

(2) In that Schedule, after paragraph 5K insert—

“5L (1) This paragraph applies where relief under paragraph 5FA (qualifying housing co-operatives) has been allowed in respect of a higher threshold interest forming the whole or part of the subject-matter of a chargeable transaction.

(2) References in this paragraph to a qualifying housing body are to—

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- (a) a company that is a qualifying housing co-operative for the purposes of section 150(3A) of the Finance Act 2013 (relief from ATED),
 - (b) a registered provider of social housing, or
 - (c) a registered social landlord.
- (3) The relief under paragraph 5FA is withdrawn (subject to sub-paragraph (4)) if—
- (a) on any day in the period of three years beginning with the effective date of the chargeable transaction (“the control period”), the purchaser is not a qualifying housing body, and
 - (b) immediately before the first day on which that is the case the purchaser still holds the higher threshold interest or holds a chargeable interest derived from it.
- (4) If, on any day in the control period, the purchaser is not a qualifying housing body because it ceases to exist (whether by virtue of a conversion into, or amalgamation with, another person or for any other reason), relief is not to be withdrawn under this paragraph unless—
- (a) another person (“the first successor”) has succeeded to the engagements of the purchaser, and
 - (b) condition A or condition B is met (and if condition B is met, subject to sub-paragraph (7)).
- (5) Condition A is that, on the day the first successor succeeds to the engagements of the purchaser (“the day of succession”), the first successor is not a qualifying housing body.
- (6) Condition B is that—
- (a) on any day in the part of the control period that falls after the day of succession, the first successor is not a qualifying housing body, and
 - (b) immediately before the first day on which that is the case the first successor still holds the higher threshold interest or holds a chargeable interest derived from it.
- (7) If condition B is met because the first successor ceases to exist (whether by virtue of a conversion into, or amalgamation with, another person or for any other reason), relief is not to be withdrawn under this paragraph unless it would have been withdrawn by virtue of sub-paragraph (4) if references in sub-paragraphs (4) to (6)—
- (a) to the purchaser were references to the first successor, and
 - (b) to the first successor were references to the person who has succeeded to the engagements of the first successor (“the second successor”).
- (8) Sub-paragraph (7) is to apply to the second successor as it applies to the first successor, and so on, subject to the necessary modifications.”
- (3) Schedule 17 contains minor and consequential amendments of Part 4 of FA 2003 (stamp duty land tax).
- (4) The amendments made by this section and Schedule 17 have effect in relation to any land transaction of which the effective date is 3 March 2021 or a later date.

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Annual tax on enveloped dwellings

90 Relief for certain housing co-operatives U.K.

(1) In section 150 of FA 2013 (providers of social housing)—

(a) after subsection (3) insert—

“(3A) A day in a chargeable period is relievably 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.”, and

(b) in the heading, at the end insert “ etc ”.

(2) After that section insert—

“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.”

(3) The amendments made by this section have effect in relation to—

(a) the chargeable period beginning with 1 April 2021 and all subsequent chargeable periods;

(b) the chargeable period beginning with 1 April 2020 but only in relation to a person and a single-dwelling interest falling within case A or case B.

(4) Case A is that the first day in the chargeable period on which the person is within the charge with respect to the single-dwelling interest is on or after 3 March 2021.

(5) Case B is that the person was within the charge with respect to the single-dwelling interest on one or more days in the chargeable period before 3 March 2021 but has not delivered an annual tax on enveloped dwellings return for the period with respect to the interest by 3 March 2021.

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- (6) For the purposes of subsections (3) to (5), “single-dwelling interest”, “within the charge” and “annual tax on enveloped dwellings return” have the same meanings that they have for the purposes of Part 3 of FA 2013.

91 Repayment to certain housing co-operatives: 2020-21 chargeable period U.K.

- (1) A claim for repayment of annual tax on enveloped dwellings paid, before 3 March 2021, by or on behalf of a chargeable person with respect to a single-dwelling interest may be made by the person for each day (if any) in the chargeable period beginning with 1 April 2020 on which—
- (a) the person was within the charge with respect to the interest and not treated as being outside the charge by virtue of section 132(2) of FA 2013 (effect of reliefs under sections 133 to 150), and
 - (b) a qualifying housing co-operative was entitled to the interest.
- (2) For the purposes of a claim under this section with respect to a single-dwelling interest—
- (a) a company is a qualifying housing co-operative on any day if on that day it would have been a qualifying housing co-operative for the purposes of section 150(3A) of FA 2013 (if sections 150(3A) and 150A of FA 2013 (inserted by section 90) had been in force on that day);
 - (b) each day on which the conditions in subsection (1)(a) and (b) are met with respect to the interest is a “relievable day”;
 - (c) references to “the relevant return” are to the annual tax on enveloped dwellings return for the chargeable period beginning with 1 April 2020 with respect to the interest.
- (3) Where a claim is made under this section with respect to a single-dwelling interest, HMRC must repay the total of the daily amounts for all the relievable days.
- (4) A claim under this section must be made by amending the relevant return under paragraph 3 of Schedule 33 to FA 2013 on the same basis as it would have been amended if, on each of the relievable days, the chargeable person had been entitled to claim the type of relief numbered 8 in the table in section 159A(9) of FA 2013.
- (5) Terms used in this section and in Part 3 of FA 2013 have the same meaning in this section as in that Part.

Value added tax

92 Extension of temporary 5% reduced rate for hospitality and tourism sectors U.K.

In Articles 2 and 5 of the Value Added Tax (Reduced Rate) (Hospitality and Tourism) (Coronavirus) Order 2020 (S.I. 2020/728), for “31st March 2021” substitute “ 30th September 2021 ”.

93 Temporary 12.5% reduced rate for hospitality and tourism sectors U.K.

- (1) The modifications made by Articles 3 and 4 of the Value Added Tax (Reduced Rate) (Hospitality and Tourism) (Coronavirus) Order 2020 (S.I. 2020/728) (“the Reduced

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- Rate Order”) continue to have effect (despite Article 2 of that Order) during the relevant period.
- (2) During that period, in relation to a supply that is of a description within Groups 14 to 16 in Part 2 of Schedule 7A to VATA 1994, the reference in section 29A(1) of that Act to “5 per cent” is to be read as a reference to “12.5 per cent” (and any reference elsewhere in that Act to a rate of 5% in the context of a supply of a description specified in Schedule 7A is to be read accordingly).
 - (3) The modifications made by Article 6 of the Reduced Rate Order also continue to have effect (despite Article 5 of that Order) during the relevant period, but subject to the modifications in subsection (4).
 - (4) The modifications to Article 6 of the Reduced Rate Order mentioned in subsection (3) are—
 - (a) as if in paragraph (a), for “4.5” there were substituted “ 8.5 ”;
 - (b) as if in paragraph (b), for “0” there were substituted “ 5.5 ”;
 - (c) as if in paragraph (c), for “1” there were substituted “ 4 ”.
 - (5) The relevant period means the period—
 - (a) beginning with the day after the day on which the modifications made by Articles 3, 4 and 6 of the Reduced Rate Order would otherwise cease to apply by virtue of the ending of the periods mentioned in Articles 2 and 5 of that Order (whether in accordance with section 92 or any regulations made under section 26B or 29A(3) of VATA 1994), and
 - (b) ending on 31 March 2022.
 - (6) The Treasury may by regulations—
 - (a) repeal subsections (1) to (5);
 - (b) amend subsection (5) so as to substitute for the period for the time being mentioned there such other period as they consider appropriate.
 - (7) A statutory instrument containing regulations under subsection (6) that would increase the rate of value added tax to be charged on a supply must be laid before the House of Commons after being made and, unless approved by that House before the end of the period of 28 days beginning with the date on which the instrument is made, ceases to have effect at the end of that period.
 - (8) Any other statutory instrument containing regulations under subsection (6) is subject to annulment in pursuance of a resolution of the House of Commons.
 - (9) The fact that a statutory instrument ceases to have effect as a result of subsection (7) does not affect—
 - (a) anything previously done under the instrument, or
 - (b) the making of a new instrument.
 - (10) In calculating the period of 28 days mentioned in subsection (7), no account is to be taken of any time—
 - (a) during which Parliament is dissolved or prorogued, or
 - (b) during which the House of Commons is adjourned for more than four days.

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94 Extending digital record-keeping for VAT purposes to all businesses **U.K.**

In paragraph 6 of Schedule 11 to VATA 1994 (duty of taxable person to keep records), omit sub-paragraphs (7) to (9).

95 Distance selling: Northern Ireland **U.K.**

- (1) In Schedule 18, which makes provision in relation to the Protocol on Ireland/Northern Ireland in the EU withdrawal agreement about value added tax and distance selling—
 - (a) Part 1 makes provision amending—
 - (i) the criteria for registration under Part 9 of Schedule 9ZA to VATA 1994 (value added tax on acquisitions in Northern Ireland from member States: registration in respect of distance sales), and
 - (ii) the application of the place of supply rules in Part 5 of Schedule 9ZB to VATA 1994 (goods removed to or from Northern Ireland: rules relating to particular supplies);
 - (b) Part 2 makes provision implementing the European Union schemes known as the One Stop Shop (“OSS”) and the Import One Stop Shop (“IOSS”);
 - (c) Part 3 makes provision amending Schedule 9ZC to VATA 1994 (online sales by overseas persons and low value importations: modifications relating to the Northern Ireland Protocol) to omit Part 2 of that Schedule (modifications of the Value Added Tax (Imported Goods) Relief Order 1984);
 - (d) Part 4 makes provision about supplies of goods by persons established outside the United Kingdom that are facilitated by online marketplaces.
- (2) The Treasury may by regulations made by statutory instrument make such provision as they consider appropriate in consequence of this section or Schedule 18, including provision amending, repealing or revoking any provision of an Act whenever passed or made (including this Act and any Act amended by it).
- (3) The Treasury may by regulations made by statutory instrument make such transitional, transitory, saving, supplementary or incidental provision as they consider appropriate in connection with the coming into force of this section or Schedule 18.
- (4) Regulations under subsections (2) and (3) may (among other things)—
 - (a) confer on a person specified in the regulations a discretion to do anything under, or for the purposes of, the regulations;
 - (b) make provision by reference to things specified in a notice published in accordance with the regulations;
 - (c) make different provision for different purposes or areas.
- (5) A statutory instrument that—
 - (a) contains (whether alone or with other provision) regulations under subsection (2), and
 - (b) is not subject to any requirement under section 96 that the instrument be laid before, and approved by a resolution of, the House of Commons after being made,
 is subject to annulment in pursuance of a resolution of the House of Commons.
- (6) This subsection and the following provisions come into force on the day on which this Act is passed—

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- (a) subsection (1) and Schedule 18 so far as making provision for anything to be done by regulations, directions or public notice, and
 - (b) subsections (2) to (5), (7) and (8).
- (7) Subsection (1) and Schedule 18 come into force for all remaining purposes on such day as the Treasury may by regulations made by statutory instrument appoint.
- (8) Regulations under subsection (7) may appoint different days for different purposes.

Commencement Information

- I1** S. 95(1) in force for specified purposes and s. 95(2)-(8) in force at Royal Assent, see s. 95(6)
- I2** S. 95(1) in force at 1.7.2021 for specified purposes by [S.I. 2021/770](#), [regs. 3, 4](#) (with [regs. 5-7](#))

96 Distance selling: power to make further provision **U.K.**

- (1) The Treasury may by regulations made by statutory instrument make such provision relating to value added tax as they consider appropriate in relation to the Protocol on Ireland/Northern Ireland in the EU withdrawal agreement—
- (a) for the purposes of, or in connection with, giving effect to Council Directive (EU) 2017/2455 of 5 December 2017 amending Directive [2006/112/EC](#) and Directive [2009/132/EC](#) as regards certain value added tax obligations for supplies of services and distance sales of goods, or
 - (b) otherwise for the purposes of dealing with matters arising out of, or related to, that Directive.
- (2) No regulations may be made under this section on or after 1 April 2024.
- (3) Regulations under this section—
- (a) may make any such provision as might be made by an Act of Parliament, including provision amending or repealing any provision of this Act, but
 - (b) may not make provision taking effect from a date earlier than that of the making of the regulations.
- (4) A statutory instrument containing (whether alone or with other provision) regulations under this section that amend or repeal any Act of Parliament must be laid before the House of Commons after being made.
- (5) Regulations contained in a statutory instrument laid before the House of Commons under subsection (4) cease to have effect at the end of the period of 28 days beginning with the day on which the instrument is made unless, during that period, the instrument is approved by a resolution of the House of Commons.
- (6) In calculating the period of 28 days, no account is to be taken of any whole days that fall within a period during which—
- (a) Parliament is dissolved or prorogued, or
 - (b) the House of Commons is adjourned for more than four days.
- (7) If regulations cease to have effect as a result of subsection (5), that does not—
- (a) affect the validity of anything previously done under or by virtue of the instrument, or
 - (b) prevent the making of new regulations.

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- (8) A statutory instrument containing (whether alone or with other provision) regulations under this section to which subsection (4) does not apply is subject to annulment in pursuance of a resolution of the House of Commons.
- (9) This section comes into force on the day on which this Act is passed.

97 Supply of imported works of art etc **U.K.**

- (1) In Schedule 6 to VATA 1994 (valuation: special cases), after paragraph 11 insert—
- “11A (1) Sub-paragraph (2) applies to goods that—
- (a) fall within subsection (5) of section 21 (works of art etc), and
 - (b) are treated as supplied in the United Kingdom as a result of section 7(5B) (importation of consignments with an intrinsic value not exceeding £135).
- (2) The value of a supply of goods to which this sub-paragraph applies is to be taken to be an amount equal to 25% of the amount that, apart from this sub-paragraph, would be its value for the purposes of this Act.
- (3) An order under section 2(2) may contain provision making such alteration of the percentage for the time being specified in sub-paragraph (2) as the Treasury consider appropriate in consequence of any increase or decrease by that order of the rate of VAT.”
- (2) The amendment made by subsection (1) has effect in relation to supplies made on or after IP completion day.

98 Continuing effect of principle preventing the abuse of the VAT system **U.K.**

- (1) In section 42 of TCTA 2018 (EU law relating to VAT), after subsection (4) insert—
- “(4A) Accordingly, that principle may continue to be relied upon in determining any matter relating to value added tax (including in determining the effect of any provision made by or under an enactment).”
- (2) That section has effect, and is to be deemed always to have had effect, with the amendment made by subsection (1).

99 Deferring VAT payment by reason of the coronavirus emergency **U.K.**

- (1) Schedule 19 makes provision about—
- (a) powers of the Commissioners for Her Majesty's Revenue and Customs to agree that payment of sums to meet liabilities described in article 5 of the Finance Act 2008, Section 135 (Coronavirus) Order 2020 (S.I. 2020/934) (“the Coronavirus Order 2020”) may be further deferred,
 - (b) surcharges arising on such sums, and
 - (c) a penalty payable in connection with non-payment of such sums.
- (2) Subsection (1) and Schedule 19 are to be treated as having come into force on 9 March 2021.

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- (3) The Treasury may by regulations repeal paragraphs 4 to 11 of Schedule 19 (penalty) where they consider it appropriate to do so by reason of circumstances arising as a result of the emergency specified in article 2 of the Coronavirus Order 2020.
- (4) Regulations made under subsection (3)—
 - (a) must make provision for the repayment of amounts paid in respect of penalties under Schedule 19, and
 - (b) may make other transitional provision.
- (5) Regulations under this section are to be made by statutory instrument.
- (6) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of the House of Commons.

Commencement Information

- I3** S. 99(1) treated as having come into force at 9.3.2021 and s. 99(2)-(6) in force at Royal Assent, see. s. 99(2)

100 Refunds to S4C **U.K.**

- (1) In section 33(3) of the Value Added Tax Act 1994 (refunds of VAT in certain cases), after paragraph (i) insert—
 - “(ia) S4C;”.
- (2) The amendment made by this section has effect in relation to supplies made, and acquisitions and importations taking place, on or after 1 April 2021.

Customs duty

101 Steel removed to Northern Ireland **U.K.**

Schedule 20 contains amendments of the Customs (Northern Ireland) (EU Exit) Regulations 2020 (S.I. 2020/1605) in connection with the removal of certain steel products to Northern Ireland.

Fuel duties

102 Restriction of use of rebated diesel and biofuels **U.K.**

- (1) Schedule 21 makes—
 - (a) provision amending HODA 1979 to restrict the use of rebated diesel and biofuels to specified categories of machines, and
 - (b) related provision.
- (2) Schedule 21 comes into force on 1 April 2022.
- (3) The Treasury may by regulations make such consequential, supplementary, incidental, transitional, transitory or saving provision as the Treasury consider appropriate in connection with the coming into force of Schedule 21.

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- (4) Regulations under subsection (3) may—
- (a) amend, repeal or revoke provision made by or under an Act passed before this Act;
 - (b) make different provision for different purposes or areas.
- (5) Regulations under subsection (3) are to be made by statutory instrument.
- (6) A statutory instrument containing regulations under subsection (3) is subject to annulment in pursuance of a resolution of the House of Commons.
- (7) In Schedule 11 to FA 2020 (amendments of HODA 1979 relating to private pleasure craft), in paragraph 21 (power to make consequential amendments), after “enactment” insert “, including Schedule 21 to FA 2021, ”.

Tobacco products duty

103 Rates of tobacco products duty U.K.

- (1) In Schedule 1 to TDPA 1979 (table of rates of tobacco products duty), for the Table substitute—

“TABLE

1 Cigarettes	An amount equal to the higher of— (a) 16.5% of the retail price plus £244.78 per thousand cigarettes, or (b) £320.90 per thousand cigarettes.
2 Cigars	£305.32 per kilogram
3 Hand-rolling tobacco	£271.40 per kilogram
4 Other smoking tobacco and chewing tobacco	£134.24 per kilogram
5 Tobacco for heating	£251.60 per kilogram”

- (2) In consequence of the provision made by subsection (1), the Tobacco Products Duty (Alteration of Rates) Order 2020 (S.I. 2020/1256) is revoked.

Vehicle taxes

104 Rates for light passenger or light goods vehicles, motorcycles etc U.K.

- (1) Schedule 1 to VERA 1994 (annual rates of vehicle excise duty) is amended as follows.
- (2) In paragraph 1 (general rate)—
- (a) in sub-paragraph (2) (vehicle not covered elsewhere in Schedule with engine cylinder capacity exceeding 1,549cc), for “£270” substitute “ £280 ”, and
 - (b) in sub-paragraph (2A) (vehicle not covered elsewhere in Schedule with engine cylinder capacity not exceeding 1,549cc), for “£165” substitute “ £170 ”.
- (3) In paragraph 1B (graduated rates for light passenger vehicles registered before 1 April 2017), for the Table substitute—

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“CO₂ emissions figure		Rate	
(1)	(2)	(3)	(4)
Exceeding	Not exceeding	Reduced rate	Standard rate
g/km	g/km	£	£
100	110	10	20
110	120	20	30
120	130	120	130
130	140	145	155
140	150	160	170
150	165	200	210
165	175	240	250
175	185	265	275
185	200	305	315
200	225	330	340
225	255	575	585
255		590	600”.

(4) In the sentence immediately following the Table in that paragraph, for paragraphs (a) and (b) substitute—

- “(a) in column (3), in the last two rows, “330” were substituted for “575” and “ 590 ”, and
- (b) in column (4), in the last two rows, “340” were substituted for “585” and “ 600 ”.”

(5) In paragraph 1GC (graduated rates for first licence for light passenger vehicles registered on or after 1 April 2017), for Table 1 (vehicles other than higher rate diesel vehicles) substitute—

“CO₂ emissions figure		Rate	
(1)	(2)	(3)	(4)
Exceeding	Not exceeding	Reduced rate	Standard rate
g/km	g/km	£	£
0	50	0	10
50	75	15	25
75	90	105	115
90	100	130	140
100	110	150	160
110	130	170	180
130	150	210	220

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150	170	545	555
170	190	885	895
190	225	1335	1345
225	255	1900	1910
255		2235	2245”

(6) In that paragraph, for Table 2 (higher rate diesel vehicles) substitute—

<i>“CO₂ emissions figure</i>		<i>Rate</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Rate</i>
<i>g/km</i>	<i>g/km</i>	<i>£</i>
0	50	25
50	75	115
75	90	140
90	100	160
100	110	180
110	130	220
130	150	555
150	170	895
170	190	1345
190	225	1910
225	255	2245
255		2245”.

(7) In paragraph 1GD(1) (rates for any other licence for light passenger vehicles registered on or after 1 April 2017)—

- (a) in paragraph (a) (reduced rate), for “£140” substitute “ £145 ”, and
- (b) in paragraph (b) (standard rate), for “£150” substitute “ £155 ”.

(8) In paragraph 1GE(2) (rates for light passenger vehicles registered on or after 1 April 2017 with a price exceeding £40,000)—

- (a) in paragraph (a), for “£465” substitute “ £480 ”, and
- (b) in paragraph (b), for “£475” substitute “ £490 ”.

(9) In paragraph 1J(a) (rates for light goods vehicles that are not pre-2007 or post-2008 lower emission vans), for “£265” substitute “ £275 ”.

(10) In paragraph 2(1) (rates for motorcycles)—

- (a) in paragraph (a) (engine cylinder capacity not exceeding 150cc), for “£20” substitute “ £21 ”,
- (b) in paragraph (b) (motorbicycles with engine cylinder capacity exceeding 150cc but not exceeding 400cc), for “£44” substitute “ £45 ”,

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- (c) in paragraph (c) (motorbicycles with engine cylinder capacity exceeding 400cc but not exceeding 600cc), for “£67” substitute “ £69 ”, and
- (d) in paragraph (d) (other cases), for “£93” substitute “ £96 ”.

(11) The amendments made by this section have effect in relation to licences taken out on or after 1 April 2021.

105 Rebates where higher rate of duty paid **U.K.**

- (1) Section 19 of VERA 1994 (rebates of vehicle excise duty) is amended as follows.
- (2) In subsection (3A) for “subsection (3B)” substitute “ subsections (3B) and (3C) ”.
- (3) After subsection (3B) insert—

“(3C) Where the annual rate of duty chargeable on a vehicle licence at the time when it was taken out is determined in accordance with paragraph 1GE(2) of Schedule 1 (higher rates of duty: vehicles with a price exceeding £40,000) the relevant amount is given by—

$$\frac{(H \times R) + (L \times P)}{12}$$

where—

H is the annual rate of duty chargeable on the licence at the time when it was taken out;

R is the number of complete months (if any) of that part of the currency of the licence which is unexpired—

- (a) in respect of which the rebate condition is satisfied, and
- (b) which are within the period of six years beginning with the day of registration;

L is the annual rate of duty that would have been chargeable on the licence at the time when it was taken out if that time had been after the period of six years beginning with the day of registration;

P is the number of complete months (if any) of that part of the currency of the licence which is unexpired—

- (a) in respect of which the rebate condition is satisfied, and
- (b) which are not within R.

(3D) In subsection (3C) the “day of registration” means the day on which the vehicle in respect of which the licence is in force was first registered under this Act or under the law of a country or territory outside the United Kingdom.”

- (4) The amendments made by this section have effect in relation to cases where a rebate condition (within the meaning of section 19 of VERA 1994) is satisfied on or after 1 April 2021.

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106 HGV road user levy (extension of suspension) **U.K.**

In section 88 of FA 2020 (suspension of HGV road user levy), in subsection (3), for “12” substitute “ 24 ”.

Air passenger duty

107 Rates of air passenger duty from 1 April 2022 **U.K.**

- (1) In section 30(4A) of FA 1994 (air passenger duty: long haul rates)—
- in paragraph (a), for “£82” substitute “ £84 ”, and
 - in paragraph (b), for “£180” substitute “ £185 ”.
- (2) The amendments made by this section have effect in relation to the carriage of passengers beginning on or after 1 April 2022.

Gaming duty

108 Amounts of gross gaming yield charged to gaming duty **U.K.**

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

“TABLE

Part of gross gaming yield	Rate
The first £2,548,500	15%
The next £1,757,000	20%
The next £3,077,000	30%
The next £6,494,500	40%
The remainder	50%”.

- (2) The amendment made by this section has effect in relation to accounting periods beginning on or after 1 April 2021.

Environmental taxes

109 Rates of climate change levy from 1 April 2022 to 31 March 2023 **U.K.**

- (1) Paragraph 42 of Schedule 6 to FA 2000 (climate change levy: amount payable by way of levy) is amended as follows.
- (2) In sub-paragraph (1), for the table substitute—

“TABLE

<i>Taxable commodity supplied</i>	<i>Rate at which levy payable if supply is not a reduced-rate supply</i>
Electricity	£0.00775 per kilowatt hour

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Gas supplied by a gas utility or any gas supplied in a gaseous state that is of a kind supplied by a gas utility £0.00568 per kilowatt hour

Any petroleum gas, or other gaseous hydrocarbon, supplied in a liquid state £0.02175 per kilogram

Any other taxable commodity £0.04449 per kilogram”.

- (3) In sub-paragraph (1)(c) (reduced-rate supplies in respect of any taxable commodity other than electricity or petroleum gas, or other gaseous hydrocarbon, supplied in a liquid state), for “17” substitute “ 14 ”.
- (4) In consequence of the amendment made by subsection (3), in the definition of “r” in the Notes to paragraph 2 of Schedule 1 to the Climate Change Levy (General) Regulations 2001, for “0.83” substitute “ 0.86 ”.
- (5) The amendments made by this section have effect in relation to supplies treated as taking place on or after 1 April 2022 but before 1 April 2023.

110 Rates of climate change levy from 1 April 2023 **U.K.**

- (1) Paragraph 42 of Schedule 6 to FA 2000 (climate change levy: amount payable by way of levy) is amended as follows.
- (2) In sub-paragraph (1), for the table substitute—

“TABLE

<i>Taxable commodity supplied</i>	<i>Rate at which levy payable if supply is not a reduced-rate supply</i>
Electricity	£0.00775 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	£0.00672 per kilowatt hour
Any petroleum gas, or other gaseous hydrocarbon, supplied in a liquid state	£0.02175 per kilogram
Any other taxable commodity	£0.05258 per kilogram”.

- (3) In sub-paragraph (1)(c) (reduced-rate supplies in respect of any taxable commodity other than electricity or petroleum gas, or other gaseous hydrocarbon, supplied in a liquid state), as amended by section 109(3), for “14” substitute “ 12 ”.
- (4) In consequence of the amendment made by subsection (3), in the definition of “r” in the Notes to paragraph 2 of Schedule 1 to the Climate Change Levy (General) Regulations 2001, as amended by section 109(4), for “0.86” substitute “ 0.88 ”.
- (5) The amendments made by this section have effect in relation to supplies treated as taking place on or after 1 April 2023.

111 Rates of landfill tax **U.K.**

- (1) Section 42 of FA 1996 (amount of landfill tax) is amended as follows.

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- (2) In subsection (1)(a) (standard rate), for “£94.15” substitute “ £96.70 ”.
- (3) In subsection (2) (reduced rate for certain disposals), in the words after paragraph (b)
 - (a) for “£94.15” substitute “ £96.70 ”, and
 - (b) for “£3” substitute “ £3.10 ”.
- (4) The amendments made by this section have effect in relation to disposals made (or treated as made) on or after 1 April 2021.

112 Repeal of carbon emissions tax **U.K.**

- (1) In FA 2019, omit Part 3 (carbon emissions tax).
- (2) In FA 2020, omit section 95 and Schedule 12 (carbon emissions tax).

PART 4 **U.K.**

MISCELLANEOUS AND FINAL

Freeports

113 Designation of freeport tax sites **U.K.**

- (1) The Treasury may by regulations designate an area in Great Britain as a special area for the purposes of—
 - (a) Part 2 of CAA 2001 (plant and machinery allowances),
 - (b) Part 2A of CAA 2001 (structures and buildings allowances), and
 - (c) where the area is in England, Part 4 of FA 2003 (stamp duty land tax).
- (2) An area may only be designated by regulations under this section if, at the time the regulations are made—
 - (a) the area is situated in a freeport, or
 - (b) the Treasury consider that the area is being used, or is likely to be used, for purposes connected with activities carried on, or likely to be carried on, in a freeport.
- (3) An area designated under this section is to be known as a “freeport tax site”.
- (4) Regulations under this section must specify the date on which the designation takes effect.
- (5) In this section, “freeport” means an area which is identified as a freeport in a document published by, or with the consent of, the Treasury for the purposes of this section (and not withdrawn).
- (6) Any regulations made by the Treasury in reliance on a resolution under section 1 of the Provisional Collection of Taxes Act 1968 and in force immediately before the passing of this Act which make a designation described in subsections (1) and (2) have effect as if validly made under this section.

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114 Capital allowances for freeport tax sites U.K.

- (1) Schedule 22 makes provision about capital allowances for expenditure incurred in connection with freeport tax sites.
- (2) In that Schedule —
 - (a) Part 1 provides for a first-year allowance under Part 2 of CAA 2001 (plant and machinery allowances),
 - (b) Part 2 provides for a different rate of allowance under Part 2A of CAA 2001 (structures and buildings allowances), and
 - (c) Part 3 contains related amendments.

115 Relief from stamp duty land tax for freeport tax sites U.K.

Schedule 23 provides for relief under Part 4 of FA 2003 in the case of transactions relating to land in a freeport tax site.

Penalties

116 Penalties for failure to make returns etc U.K.

- (1) Schedule 24 contains provision for imposing penalties on persons in respect of failures to make certain returns.
- (2) Schedule 25 contains provision for imposing penalties on persons who, by failing to make certain returns, deliberately withhold information which would enable or assist HMRC to assess that person's liability to tax.
- (3) Schedules 24 and 25 come into force on such day as the Treasury may by regulations appoint.
- (4) Different days may be appointed for different purposes.
- (5) The Treasury may by regulations make transitional, transitory or saving provision in connection with the coming into force of any provision in Schedules 24 and 25.
- (6) The power to make regulations under subsection (5) includes power to make different provision for different purposes.
- (7) Regulations under this section are to be made by statutory instrument.

117 Penalties for failure to pay tax U.K.

- (1) Schedule 26 contains provision for imposing penalties on persons in respect of failures to make certain payments on time.
- (2) Schedule 26 comes into force on such day as the Treasury may by regulations appoint.
- (3) Different days may be appointed for different purposes.
- (4) The Treasury may by regulations make transitional, transitory or saving provision in connection with the coming into force of any provision in Schedule 26.
- (5) The power to make regulations under subsection (4) includes power to make different provision for different purposes.

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(6) Regulations under this section are to be made by statutory instrument.

118 Penalties for failure to make returns etc or pay tax: consequential provision **U.K.**

- (1) Schedule 27 contains amendments that are consequential on Schedules 24 to 26.
- (2) Schedule 27 comes into force on such day as the Treasury may by regulations appoint.
- (3) Different days may be appointed for different purposes.
- (4) The Treasury may by regulations make transitional, transitory or saving provision in connection with the coming into force of any provision in Schedule 27.
- (5) The Treasury may by regulations make provision that is consequential on Schedules 24 to 26.
- (6) Regulations under subsection (5) may—
 - (a) include provision amending, repealing or revoking any provision of an Act or subordinate legislation whenever passed or made (including this Act and any Act amended by it);
 - (b) make supplementary, incidental, transitional, transitory or saving provision.
- (7) In subsection (6) “subordinate legislation” has the same meaning as in the Interpretation Act 1978.
- (8) The power to make regulations under subsection (4) or (5) includes power to make different provision for different purposes.
- (9) Regulations under this section are to be made by statutory instrument.
- (10) A statutory instrument containing (whether alone or with other provision) regulations under subsection (5) that amend or repeal provision made by an Act is subject to annulment in pursuance of a resolution of the House of Commons.

119 Follower notice penalties **U.K.**

Schedule 28 makes provision in relation to penalties to which a person may be liable after a follower notice has been given under Chapter 2 of Part 4 of FA 2014.

Interest

120 Late payment interest and repayment interest: VAT **U.K.**

- (1) Schedule 29 contains amendments of FA 2009 relating to late payment interest, repayment interest and VAT.
- (2) Schedule 29 comes into force on such day as the Treasury may by regulations appoint.
- (3) Different days may be appointed for different purposes.
- (4) The Treasury may by regulations make transitional, transitory or saving provision in connection with the coming into force of any provision in Schedule 29.
- (5) The Treasury may by regulations make provision that is consequential on Schedule 29.

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- (6) Regulations under subsection (5) may—
 - (a) include provision amending, repealing or revoking any provision of an Act or subordinate legislation whenever passed or made (including this Act and any Act amended by it);
 - (b) make supplementary, incidental, transitional, transitory or saving provision.
- (7) In subsection (6) “subordinate legislation” has the same meaning as in the Interpretation Act 1978.
- (8) The power to make regulations under subsection (4) or (5) includes power to make different provision for different purposes.
- (9) Regulations under this section are to be made by statutory instrument.
- (10) A statutory instrument containing (whether alone or with other provision) regulations under subsection (5) that amend or repeal provision made by an Act is subject to annulment in pursuance of a resolution of the House of Commons.

Avoidance

121 Promoters of tax avoidance schemes **U.K.**

- (1) Part 5 of FA 2014 (promoters of tax avoidance schemes) is amended in accordance with Schedule 30.
- (2) Part 1 of that Schedule contains—
 - (a) amendments about “stop notices”, which prohibit the promotion of arrangements of a description specified in the notice, and
 - (b) amendments about the application of Schedule 36 to FA 2008 (information and inspection powers) in connection with Part 5 of FA 2014.
- (3) Part 2 of that Schedule contains amendments in connection with providing for persons (whether or not they carry on a business) to be treated as carrying on business as a promoter as a result of their connection to other persons.
- (4) Part 3 of that Schedule contains amendments about powers to give a person a conduct notice or monitoring notice as a result of the transfer of a business, a part of a business, or property of a business to that person.
- (5) Part 4 of that Schedule contains miscellaneous amendments of Part 5 of FA 2014.
- (6) The amendments made by that Schedule, other than the amendments made by paragraphs 20, 21 and 27 of that Schedule, have effect—
 - (a) from the day on which this Act is passed, and
 - (b) for the purposes of determining whether a person meets a threshold condition (within the meaning of Part 5 of FA 2014), or a condition in subsections (11) to (13) of Section 237A of FA 2014, in a period of three years ending on or after that day.

122 Disclosure of tax avoidance schemes **U.K.**

Schedule 31 makes provision about the disclosure of tax avoidance schemes.

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123 Penalties for enablers of defeated tax avoidance **U.K.**

- (1) Schedule 16 to F(No.2)A 2017 (penalties for enablers of defeated tax avoidance) is amended as follows.
- (2) In paragraph 21 (special provision about assessment for multi-user schemes)—
- (a) in sub-paragraph (1)(c), for “, the required percentage of relevant defeats has not been reached” substitute “ (other than a tribunal or court defeat), neither condition 1 nor condition 2 has been met ”;
 - (b) in sub-paragraph (2), for “the required percentage of relevant defeats is reached” substitute “ condition 1 or condition 2 is met ”;
 - (c) after sub-paragraph (2) insert—
 - “(2A) Condition 1 is that a defeat that is a tribunal or court defeat is incurred in the case of at least one of the number of related arrangements implementing the proposal.
 - (2B) Condition 2 is that the required number or percentage of relevant defeats is reached.
 - (2C) For the purposes of this paragraph, a defeat incurred in respect of arrangements is a “tribunal or court defeat” if—
 - (a) condition A (in paragraph 5) is met and the adjustments mentioned in paragraph 5(2) have been confirmed by a tribunal or court, or
 - (b) condition B (in paragraph 6) is met and the assessment mentioned in paragraph 6(2) has been confirmed by a tribunal or court.
 - (2D) An adjustment or assessment (as the case may be) has been confirmed by a tribunal or court if the First-tier Tribunal, the Upper Tribunal or a court has determined in proceedings before it that the adjustment or assessment in question should not be varied.
 - (2E) For the purposes of sub-paragraph (2D), disregard variations that do not substantively alter the basis of the adjustment or assessment in question.”;
 - (d) in sub-paragraph (3)—
 - (i) after “required” insert “ number or ”;
 - (ii) for the words from “defeats have” to the end of the sub-paragraph substitute “—
 - (a) the number of related arrangements implementing the proposal is fewer than 21 and defeats have been incurred in the case of 50% or more of those arrangements;
 - (b) the number of related arrangements implementing the proposal is more than 20 but fewer than 44 and defeats have been incurred in the case of 11 or more of those arrangements;
 - (c) the number of related arrangements implementing the proposal is more than 43 but fewer than 200 and defeats have been incurred in the case of 25% or more of those arrangements;

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- (d) the number of related arrangements implementing the proposal is 200 or more and defeats have been incurred in the case of 50 or more of those arrangements.”
- (3) In paragraph 22 (time limit for assessment)—
 - (a) in sub-paragraph (3)—
 - (i) in paragraph (a), for “the required percentage of defeats was reached” substitute “ condition 1 or condition 2 was met ”;
 - (ii) for paragraph (b) substitute—
 - “(b) condition 1 or condition 2 has been met.”;
 - (iii) in paragraph (ii) for “that required percentage was reached” substitute “ the first of condition 1 or condition 2 was met ”;
 - (b) in sub-paragraph (4), in the words after paragraph (b), for “the required percentage of relevant defeats is reached” substitute “ condition 1 or condition 2 is met ”.
- (4) In paragraph 40 (information and inspection powers: application of Schedule 36 to FA 2008)—
 - (a) for sub-paragraph (1) substitute—
 - “(1) Schedule 36 to FA 2008 (information and inspection powers) applies for the purpose of—
 - (a) checking a relevant person's position as regards liability for a penalty under paragraph 1 in relation to particular tax arrangements;
 - (b) ascertaining the identity of any other person who has or may have enabled those arrangements,as it applies for the purpose of checking a person's tax position, subject to the modifications in paragraphs 41 to 43.”;
 - (b) in sub-paragraph (2), in the definition of “relevant person”, at the end of the definition insert “ (or will become or may become so liable if T incurs a defeat) ”;
 - (c) after sub-paragraph (2) insert—
 - “(3) References in this paragraph and paragraphs 41 and 42 to a person who has or may have enabled particular tax arrangements are to be read in accordance with Part 4 of this Schedule (persons who “enabled” the arrangements), save that—
 - (a) references in that Part to the arrangements mentioned in paragraph 1 (however expressed) are to be read as references to the particular tax arrangements, and
 - (b) references in that Part to “T” are to be read as references to the person who entered into the particular tax arrangements.”
- (5) In paragraph 41 (general modifications of Schedule 36 to FA 2008 as applied)—
 - (a) in the words before sub-paragraph (a), for “the purpose” substitute “ a purpose ”;
 - (b) in sub-paragraph (d), for the words from “the investigation” to the end of the sub-paragraph substitute “—

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- (i) the investigation of the relevant person's position as regards liability for a penalty under paragraph 1 in relation to particular tax arrangements, or (as the case may be)
 - (ii) the identification of any other person who has or may have enabled those arrangements, and”.
- (6) In paragraph 42 (specific modifications of Schedule 36 to FA 2008 as applied)—
 - (a) in sub-paragraph (1)—
 - (i) for “the purpose” substitute “ a purpose ”;
 - (ii) for “(2)” substitute “ (1A) ”;
 - (b) after sub-paragraph (1) insert—
 - “(1A) Paragraph 1 (taxpayer notices) has effect as if the reference to checking the taxpayer's tax position (as modified by paragraph 41 of this Schedule) included a reference to ascertaining the identity of any other person who has or may have enabled the particular tax arrangements in relation to which the relevant person's position as regards liability to a penalty under paragraph 1 is to be checked.
 - (1B) Paragraph 10 (power to inspect business premises etc) has effect as if the reference to checking that person's tax position (as modified by paragraph 41 of this Schedule) included a reference to ascertaining the identity of any other person who has or may have enabled the particular tax arrangements in relation to which the relevant person's position as regards liability to a penalty under paragraph 1 is to be checked.”;
 - (c) after sub-paragraph (2) insert—
 - “(2A) Paragraph 25 (tax advisers) is treated as omitted.”
- (7) In paragraph 43 (exclusion of paragraphs 50 and 51 of Schedule 36 to FA 2008), for “the purpose” substitute “ a purpose ”.
- (8) In paragraph 48 (restrictions on power to publish information about persons who have incurred a penalty)—
 - (a) in sub-paragraph (1), omit paragraph (c);
 - (b) in sub-paragraph (2), for “(1)(c) and (d)” substitute “ (1)(d) ”;
 - (c) omit sub-paragraph (3).
- (9) The amendments made by subsections (2) and (3) do not have effect in relation to a person who is liable to a penalty under paragraph 1 of Schedule 16 to F(No.2)A 2017 solely by reason of actions of the person carried out before the day on which this Act is passed.
- (10) Where the amendments made by subsections (2) and (3) have effect, in determining whether condition 1 or 2 is met in relation to particular tax arrangements, account may be taken of defeats incurred in the case of other related arrangements before the day on which this Act is passed.
- (11) For the purposes of subsection (10), “condition 1”, “condition 2”, “defeat” and “related arrangements” have the same meanings as in paragraph 21 of Schedule 16 to F(No.2)A 2017 (as amended by subsection (2)).

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- (12) The amendments made by subsections (4) to (7) have effect for a purpose mentioned in paragraph (a) or (b) of paragraph 40(1) of Schedule 16 to F(No.2)A 2017 (as substituted by subsection (4)(a)) in relation to tax arrangements whenever entered into (whether before or after the passing of this Act).
- (13) The amendments made by subsection (8) do not have effect in relation to a person who incurs a penalty under paragraph 1 of Schedule 16 to F(No.2)A 2017 whose liability to the penalty arose solely by reason of actions of the person carried out before the day on which this Act is passed.

124 The GAAR and partnerships **U.K.**

- (1) Schedule 32 makes provision about the operation of the general anti-abuse rule in relation to partnerships.
- (2) The amendments made by the Schedule have effect in relation to tax arrangements (within the meaning of Part 5 of FA 2013) entered into at any time (whether before or after the passing of this Act).

Conditionality

125 Licensing authorities: requirements to give or obtain tax information **U.K.**

- (1) Schedule 33 contains provision requiring licensing authorities, before considering an application for an authorisation to which that Schedule applies—
 - (a) in the case of a first-time application, to give the applicant information relating to tax compliance, and
 - (b) in the case of any other application, to obtain from HMRC confirmation that the applicant has given HMRC information relating to tax compliance.
- (2) Schedule 33 has effect in relation to applications made on or after 4 April 2022.

HMRC powers

126 Financial institution notices **U.K.**

- (1) Schedule 36 to FA 2008 (information and inspection powers) is amended as follows.
- (2) After paragraph 4 insert—

4A “Power to obtain information and documents from financial institutions

- (1) An officer of Revenue and Customs may by notice in writing require a financial institution—
 - (a) to provide information, or
 - (b) to produce a document,if conditions A and B are met.
- (2) Condition A is that the information or document is, in the reasonable opinion of the officer giving the notice, of a kind that it would not be onerous for the institution to provide or produce.

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- (3) Condition B is that the information or document is reasonably required by the officer—
 - (a) for the purpose of checking the tax position of another person whose identity is known to the officer (“the taxpayer”), or
 - (b) for the purpose of collecting a tax debt of the taxpayer.
- (4) In this Schedule, “financial institution notice” means a notice under this paragraph.
- (5) A financial institution notice may be given by an officer of Revenue and Customs only if—
 - (a) the officer is an authorised officer of Revenue and Customs, or
 - (b) an authorised officer of Revenue and Customs has agreed to the giving of the notice.
- (6) A financial institution notice must name the taxpayer to whom it relates.
- (7) An officer of Revenue and Customs—
 - (a) must give a copy of a financial institution notice to the taxpayer to whom it relates, and
 - (b) must give the taxpayer a summary of the reasons why an officer of Revenue and Customs requires the information and documents.
- (8) An application (without notice) may be made to the tribunal by, or with the agreement of, an authorised officer of Revenue and Customs to disapply any of the requirements under sub-paragraph (6) or (7).
- (9) The tribunal must grant the application to disapply the requirement under sub-paragraph (6) if it is satisfied that the officer has reasonable grounds for believing that naming the taxpayer might seriously prejudice the assessment or collection of tax.
- (10) The tribunal must grant the application to disapply a requirement under sub-paragraph (7) if it is satisfied that complying with the requirement might prejudice the assessment or collection of tax.”
- (3) In paragraph 6 (notices)—
 - (a) in sub-paragraph (1), after “2,” insert “ 4A, ”;
 - (b) in sub-paragraph (4), after “4” insert “ , 4A ”.
- (4) After paragraph 61 insert—

61ZA “Financial institution

- (1) In this Schedule “financial institution” means—
 - (a) a financial institution under the CRS other than one which is such an institution because (and only because) it is an investment entity within section VIII (A)(6)(b) of the CRS, or
 - (b) a person who issues credit cards.
- (2) In this paragraph “the CRS” means the common reporting standard for automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development, as that standard has effect from time to time.”

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- (5) As soon as reasonably practicable after the end of each financial year, the Commissioners for Her Majesty's Revenue and Customs must provide the Treasury with—
 - (a) information about the number of financial institution notices given during that financial year, and
 - (b) such other information (if any) relating to financial institution notices as the Treasury may reasonably require.
- (6) Information received under subsection (5) must be included in a report laid before the House of Commons by the Treasury.
- (7) The report mentioned in subsection (6) must be laid not later than 31 January following the end of the financial year to which the information relates.
- (8) For the purposes of subsections (5) to (7)—

“financial institution notice” means a notice under paragraph 4A of Schedule 36 to FA 2008;

each of the following is a “financial year”—

 - (a) the period beginning with the date on which this Schedule comes into force and ending with 31 March 2022, and
 - (b) each successive period of 12 months.
- (9) The amendments made by subsections (2) to (4) have effect—
 - (a) for the purpose of checking the tax position of a taxpayer as regards periods or tax liabilities whenever arising, or
 - (b) for the purpose of collecting a tax debt of a taxpayer whenever arising.

127 Collection of tax debts **U.K.**

- (1) Schedule 36 to FA 2008 (information and inspection powers) is amended as follows.
- (2) In paragraph 1(1) (taxpayer notices), at the end insert “ or for the purpose of collecting a tax debt of the taxpayer ”.
- (3) In paragraph 2(1) (third party notices), at the end insert “ or for the purpose of collecting a tax debt of the taxpayer ”.
- (4) In paragraph 5(2) (persons whose identities are not known), after “tax position of” insert “ or for the purpose of collecting a tax debt of ”.
- (5) In paragraph 5A (persons whose identity can be ascertained)—
 - (a) in sub-paragraph (2), at the end insert “ or for the purpose of collecting a tax debt of the taxpayer ”, and
 - (b) in sub-paragraph (7), after “tax position of”, in both places, insert “ , or for the purpose of collecting a tax debt of, ”.
- (6) After paragraph 63 insert—

63A “Tax debts: collection

- (1) In this Schedule a reference to collecting a tax debt of a person is a reference to taking any steps for, or in connection with, the recovery of—
 - (a) an amount of tax due from the person, or

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- (b) any other amount due from the person in connection with any tax.
- (2) It does not matter whether or not another person is, or has been, at any time liable to pay the tax or other amount.”
- (7) After paragraph 63A (inserted by subsection (6)) insert—
 - 63B **“Tax debts: extended meaning of “relevant foreign tax”**

Where this Schedule applies for the purpose of collecting a tax debt of a person, “relevant foreign tax” is to be taken to include (in addition to what is mentioned in paragraph 63(4)) any tax or duty which is covered by the provisions for the exchange of information under Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures (as it had effect immediately before IP completion day).”
- (8) The amendments made by this section have effect for the purpose of collecting a tax debt of a person whenever arising.

128 **Miscellaneous amendments of Schedule 36 to FA 2008** **U.K.**

Schedule 34 makes miscellaneous amendments of Schedule 36 to FA 2008 (information and inspection powers).

129 **International arrangements for exchanging information on the gig economy** **U.K.**

- (1) The Treasury may by regulations make such provision as they consider appropriate for the purpose of giving effect to—
 - (a) the OECD Model Rules for Reporting by Platform Operators with respect to Sellers in the Sharing and Gig Economy, published on 3 July 2020 (“the Model Rules”);
 - (b) any other international agreement or arrangements to which the United Kingdom is a party that make provision corresponding, or similar, to that made by the Model Rules.
- (2) References in subsection (1) to the Model Rules, agreements or arrangements include those Model Rules, agreements or arrangements as modified or supplemented from time to time.
- (3) Regulations under this section may (among other things)—
 - (a) make provision about penalties for failure to comply with the regulations;
 - (b) provide that a reference in the regulations to, or to a provision of, the Model Rules or an agreement or arrangement to which subsection (1) refers is to be construed as a reference to the Model Rules, agreement or arrangement, or provision, as amended from time to time;
 - (c) make consequential, supplementary, incidental, transitional or saving provision (including amending, repealing or revoking an enactment whenever passed or made).
- (4) Regulations under this section are to be made by statutory instrument.

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

130 Unauthorised removal or disposal of seized goods U.K.

- (1) In Schedule 3 to CEMA 1979 (provisions relating to forfeiture), after paragraph 17 insert—

“Unauthorised removal or disposal: penalties etc

- 18 (1) This paragraph applies where a thing is seized as liable to forfeiture and, with the agreement of a person within sub-paragraph (2) (“the responsible person”), the thing remains at the place where it is first seized.
- (2) A person is within this sub-paragraph if the person is—
- (a) the person whose offence or suspected offence occasioned the seizure,
 - (b) the owner or any of the owners of the thing seized or any servant or agent of such an owner,
 - (c) a person who has (or appears to have) possession or control over the thing being seized,
 - (d) in the case of any thing seized on a ship or aircraft, the master or commander,
 - (e) in the case of any thing seized on any other vehicle, the vehicle operator, or
 - (f) a person whom the person who seizes the thing reasonably believes to be a person within any of paragraphs (a) to (e).
- (3) Where the thing is deemed to be seized as liable to forfeiture under paragraph 2(3) of Schedule 2A—
- (a) the offence or suspected offence that occasioned its detention is to be treated, for the purpose of sub-paragraph (2)(a), as having occasioned its seizure, and
 - (b) sub-paragraph (2)(f) has effect as if the reference to the person who seizes the thing were a reference to any officer of Revenue and Customs.
- (4) If the responsible person fails to prevent the unauthorised removal or disposal of the thing from the place where it is seized, that failure attracts a penalty under section 9 of the Finance Act 1994 (civil penalties).
- (5) The removal or disposal of the thing is unauthorised unless it is done with the permission of a proper officer of Revenue and Customs.
- (6) 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.

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- (7) 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 when it was first seized, or
 - (b) £250.
- 19 (1) This paragraph applies where—
- (a) a thing is seized 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 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.”
- (2) The amendments made by this section have effect in relation to a thing seized as liable to forfeiture on or after the day on which this Act is passed.

VALID FROM 05/07/2021

131 Temporary approvals etc pending review or appeal **U.K.**

- (1) In Chapter 2 of Part 1 of FA 1994 (customs and excise: appeals and penalties), after section 16 insert—

“16A Temporary approvals etc pending review or appeal: eligibility

- (1) Section 16B applies where HMRC notify P of an approval decision and—
- (a) HMRC are required to review the decision under section 15C or 15E, or
 - (b) the decision, or the decision on a review under that section, has been appealed to an appeal tribunal under section 16.
- (2) An approval decision is a decision as to whether or not, and in which respects, any person or place (as the case may be) is to be or is to continue to be—
- (a) approved under section 92 of CEMA 1979 (warehousekeepers and owners of warehouses goods regime: approval of excise warehouses);
 - (b) approved and registered under section 100G of CEMA 1979 by virtue of—
 - (i) regulation 3 of the Warehousekeepers and Owners of Warehoused Goods Regulations 1999 (S.I. 1999/1278) (authorized warehousekeepers);
 - (ii) regulation 5 of those Regulations (registered owners);

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- (iii) regulation 6 of those Regulations (duty representatives);
 - (iv) regulation 4 of the Hydrocarbon Oil (Registered Dealers in Controlled Oil) Regulations 2002 (S.I. 2002/3057) (registered dealers in controlled oil);
 - (c) approved and registered to carry on a controlled activity under section 88C ALDA 1979 (alcohol wholesalers registration scheme);
 - (d) approved to carry on a controlled activity under section 8L of TPDA 1979 (raw tobacco scheme);
 - (e) approved and registered under section 49 F(No.2)A 2017 (fulfilment houses due diligence scheme);
 - (f) licensed to carry out a regulated activity under the Tobacco Products Manufacturing Machinery (Licensing Scheme) Regulations 2018 (S.I. 2018/75) (tobacco machinery scheme).
- (3) The Commissioners may by regulations made by statutory instrument amend subsection (2) so as to add, vary or remove a paragraph of that subsection.
- (4) A statutory instrument containing regulations under subsection (3) is subject to annulment in pursuance of a resolution of the House of Commons.

16B Temporary approvals etc pending review or appeal: process

- (1) On an application by P, HMRC may grant temporary approval if they are satisfied that—
- (a) P has demonstrated that if temporary approval were not granted the review or appeal in respect of the approval decision, or the appeal from a decision on review of that decision, would be rendered nugatory by virtue of P being unable to continue as a going concern or otherwise, and
 - (b) it is appropriate in all the circumstances to grant temporary approval (despite the approval decision).
- (2) In determining whether it would be appropriate to grant temporary approval, HMRC must have regard to—
- (a) the prospect of the review or appeal in respect of the approval decision, or appeal from a decision on review of that decision, being determined in P's favour;
 - (b) any alternative steps available to, and taken by, P to protect P's position pending the final determination of the review or appeal;
 - (c) whether P has acted expeditiously in requiring the review or in bringing and progressing the appeal.
- (3) Subject to any provision made in regulations under section 16C, temporary approval has effect as an approval, registration or licence (as the case may be) under the relevant provision listed in section 16A(2) that—
- (a) commences on the day on which the application for temporary approval is granted,
 - (b) expires on the day determined in accordance with subsection (4), and
 - (c) is subject to any conditions or restrictions imposed on the temporary approval.
- (4) The day on which a temporary approval expires is—

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- (a) in a case where the approval decision is cancelled on a review, the day on which it is cancelled;
 - (b) in a case where the approval decision is upheld on a review, the last day on which an appeal could be brought against that decision (ignoring any possibility of an appeal brought out of time with permission), unless paragraph (4)(c) applies;
 - (c) in a case where an appeal (other than an appeal brought out of time with permission) is brought in respect of an approval decision or a decision on a review of that decision, the day on which the appeal is finally determined.
- (5) HMRC may revoke a temporary approval, or vary the conditions or restrictions to which it is subject, if they are satisfied that a change in circumstances justifies doing so.
- (6) HMRC may by notice published in such form as HMRC considers appropriate make provision about the timing, form, content and determination of applications under subsection (1).
- (7) Subsection (8) applies if HMRC—
- (a) refuse an application under subsection (1),
 - (b) grant an application under that subsection subject to conditions or restrictions,
 - (c) vary the conditions or restrictions to which a temporary approval is subject, or
 - (d) revoke a temporary approval, and
- the approval decision, or the decision on a review of that decision under section 15C or 15E, has been appealed to an appeal tribunal under section 16.
- (8) If, on an application by P, the appeal tribunal decides that HMRC should not have (as the case may be)—
- (a) refused the application,
 - (b) granted the application subject to particular conditions or restrictions,
 - (c) varied the conditions or restrictions to which the temporary approval is subject, or
 - (d) revoked the temporary approval,
- the appeal tribunal may order HMRC to make any decision that it would have been open to HMRC to make under this section.
- (9) If the appeal tribunal makes an order under subsection (8), HMRC or P may apply to the appeal tribunal to vary or revoke that order.
- (10) HMRC must notify P of any decision to grant or revoke a temporary approval or to vary the conditions or restrictions to which such approval is subject.

16C Temporary approvals etc pending review or appeal: modifications

- (1) The Commissioners may by regulations make such provision as they consider appropriate in consequence of provision made in sections 16A and 16B (including by virtue of regulations under section 16A(3)).

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- (2) Regulations under this section may amend, repeal, revoke or otherwise modify any enactment.
 - (3) Regulations under this section are to be made by statutory instrument.
 - (4) A statutory instrument containing regulations under this section which amend, repeal or modify the application of an Act of Parliament must be laid before the House of Commons after being made and, unless approved by that House before the end of the period of 28 days beginning with the date on which the instrument is made, ceases to have effect at the end of that period.
 - (5) Any other statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of the House of Commons.
 - (6) The fact that a statutory instrument ceases to have effect as a result of subsection (4) does not affect—
 - (a) anything previously done under the instrument, or
 - (b) the making of a new instrument.
 - (7) In calculating the period of 28 days mentioned in subsection (4), no account is to be taken of any time—
 - (a) during which Parliament is dissolved or prorogued, or
 - (b) during which the House of Commons is adjourned for more than four days.
 - (8) In this section “enactment” includes an enactment contained in subordinate legislation within the meaning of the Interpretation Act 1978.”
- (2) In section 16A(1) of FA 1994 (inserted by subsection (1) of this section), the reference to HMRC notifying P of an approval decision includes a reference to HMRC having notified P of such a decision before the coming into force of this section.
 - (3) This section comes into force on such day as the Commissioners may by regulations made by statutory instrument appoint.

Banking

132 Replacement of LIBOR with incremental borrowing rate U.K.

- (1) In section 70O of CAA 2001 (funding leases: the lease payments test)—
 - (a) in subsection (4)(b), for “1% above LIBOR” substitute “ the incremental borrowing rate ”;
 - (b) for subsection (5) substitute—
 - “(5) For this purpose, the incremental borrowing rate has the same meaning as it has for accounting purposes.
 - (6) The Treasury may by regulations amend this section for the purpose of replacing references to the incremental borrowing rate with references to another rate.”
- (2) In section 228MB of CAA 2001 (plant or machinery leases: present value of asset)—

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- (a) in subsection (3), for “1% above LIBOR” substitute “ the incremental borrowing rate ”;
- (b) for subsection (4) substitute—
 - “(4) For this purpose, the incremental borrowing rate has the same meaning as it has for accounting purposes.
 - (5) The Treasury may by regulations amend this section for the purpose of replacing references to the incremental borrowing rate with references to another rate.”
- (3) In section 437C of CTA 2010 (plant or machinery lease: present value of lease)—
 - (a) in subsection (6), for “1% above LIBOR” substitute “ the incremental borrowing rate ”;
 - (b) for subsection (7) substitute—
 - “(7) For this purpose, the incremental borrowing rate has the same meaning as it has for accounting purposes.
 - (7A) The Treasury may by regulations amend this section for the purpose of replacing references to the incremental borrowing rate with references to another rate.”
- (4) Subsection (1) has effect in relation to leases the inception of which (within the meaning of section 70YI of CAA 2001) is on or after 1 January 2022.
- (5) Subsection (2) has effect in relation to leases entered into on or after 1 January 2022.
- (6) Subsection (3) has effect in cases where the relevant time for the purposes of section 437C of CTA 2010 is on or after 1 January 2022.

133 Tax consequences of reform etc of LIBOR and other reference rates **U.K.**

- (1) The Treasury may by regulations make provision about the tax consequences of things done in anticipation of or in connection with—
 - (a) the reform or discontinuance of LIBOR, or
 - (b) the reform or discontinuance of another reference rate.
- (2) Regulations under this section may, for example, make provision—
 - (a) changing the tax treatment of transactions (including by disregarding a transaction or treating a transaction as taking place at a different time or to a different extent);
 - (b) changing the tax treatment of amounts (including by disregarding an amount or treating an amount as larger or smaller than it actually is).
- (3) Regulations under this section may include retrospective provision.
- (4) Where regulations under this section do so—
 - (a) they must include provision conferring power on a person to make an election for no provision of the regulations to have retrospective effect in the person's case;
 - (b) they may include provision conferring power on a person to make such other election limiting the retrospective effect of the regulations in the person's case as is specified in the regulations.

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- (5) Regulations that include provision for an election mentioned in subsection (4)—
 - (a) must include provision about how the election is to be made, and
 - (b) may include provision for a time limit within which the election is to be made.
- (6) Regulations under this section may—
 - (a) apply an enactment (with or without modifications) or disapply an enactment, or
 - (b) amend, repeal or revoke an enactment.
- (7) Regulations under this section may—
 - (a) make different provision for different cases or purposes, and
 - (b) include incidental, consequential, supplementary or transitional provision.
- (8) Regulations under this section are to be made by statutory instrument.
- (9) No regulations may be made under this section unless a draft of the statutory instrument containing them has been laid before and approved by a resolution of the House of Commons.
- (10) In this section—
 - “enactment” includes an enactment contained in subordinate legislation (within the meaning of the Interpretation Act 1978);
 - “reference rate” means a published rate used to set interest rates for financial instruments;
 - “tax” includes stamp duty.
- (11) The power conferred by this section is not exercisable after 31 December 2023, except for the purpose of revoking regulations made under it on or before that date.

134 Powers of the Treasury to amend legislation relating to banks U.K.

- (1) In section 133N of CTA 2009 (powers to amend provisions relating to banking companies), after subsection (3) insert—
 - “(3A) Regulations under this section made on or before 30 June 2022 may have retrospective effect in relation to any time on or after 1 January 2022.”
- (2) Chapter 2 of Part 7A of CTA 2010 (banking companies: key definitions) is amended as follows.
- (3) For the italic heading before section 269BE (power to make consequential changes) substitute “ Powers to amend ”.
- (4) In section 269BE—
 - (a) for the heading substitute “ Powers to amend ”;
 - (b) after subsection (1) insert—
 - “(1A) The Treasury may by regulations—
 - (a) amend sections 269B to 269BD;
 - (b) amend other provisions of this Part in consequence of provision made under paragraph (a).
 - (1B) Regulations under this section may include transitional provision.

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- (1C) Regulations under this section made on or before 30 June 2022 may have retrospective effect in relation to any accounting period ending on or after 1 January 2022.
- (1D) A statutory instrument containing (whether alone or with other provision) regulations under subsection (1A) 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) Part 9 of Schedule 19 to FA 2011 (the bank levy: power to make consequential changes) is amended as follows.
- (6) For the Part heading substitute “ Powers to amend ”.
- (7) In paragraph 81—
- (a) after sub-paragraph (1) insert—
- “(1A) The Treasury may by regulations made by statutory instrument—
- (a) amend Part 8 of this Schedule (definitions);
- (b) amend other Parts of this Schedule in consequence of provision made under paragraph (a).”
- (1B) An order under sub-paragraph (1) or regulations under sub-paragraph (1A) may include transitional provision.”;
- (b) in sub-paragraph (2)—
- (i) in the words before paragraph (a), for “this paragraph” substitute “ sub-paragraph (1) ”;
- (ii) omit paragraph (b);
- (iii) at the end insert—
- “(c) in the case of an order made on or before 30 June 2022, in relation to any chargeable period ending on or after 1 January 2022.”;
- (c) after sub-paragraph (2) insert—
- “(2A) Regulations under sub-paragraph (1A) made on or before 30 June 2022 may have retrospective effect in relation to any chargeable period ending on or after 1 January 2022.”;
- (d) in sub-paragraph (3), for “an order under this paragraph” substitute “ only an order under sub-paragraph (1) ”;
- (e) after sub-paragraph (3) insert—
- “(4) Any other statutory instrument containing provision made under this paragraph may not be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.”

Other

135 Interpretation **U.K.**

In this Act the following abbreviations are references to the following Acts—

CAA 2001

Capital Allowances Act 2001

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CEMA 1979	Customs and Excise Management Act 1979
CRCA 2005	Commissioners for Revenue and Customs Act 2005
CTA 2009	Corporation Tax Act 2009
CTA 2010	Corporation Tax Act 2010
CT(NI)A 2015	Corporation Tax (Northern Ireland) Act 2015
FA followed by a year	Finance Act of that year
F(No.2)A or F(No.3)A followed by a year	Finance (No.2) Act or Finance (No.3) Act of that year
HODA 1979	Hydrocarbon Oil Duties Act 1979
IHTA 1984	Inheritance Tax Act 1984
ITA 2007	Income Tax Act 2007
ITEPA 2003	Income Tax (Earnings and Pensions) Act 2003
ITTOIA 2005	Income Tax (Trading and Other Income) Act 2005
TCGA 1992	Taxation of Chargeable Gains Act 1992
TCTA 2018	Taxation (Cross-border Trade) Act 2018
TIOPA 2010	Taxation (International and Other Provisions) Act 2010
TMA 1970	Taxes Management Act 1970
TPDA 1979	Tobacco Products Duty Act 1979
VATA 1994	Value Added Tax Act 1994
VERA 1994	Vehicle Excise and Registration Act 1994

136 Short title **U.K.**

This Act may be cited as the Finance Act 2021.

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Changes to legislation:

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