



Finance (No. 2) Act 2024

2024 CHAPTER 12

Other measures

22 Transfers of assets abroad

- (1) Chapter 2 of Part 13 of ITA 2007 (transfer of assets abroad) is amended as follows.
- (2) After section 720 (charge to tax on income treated as arising under section 721) insert—

“720A Transfers by closely-held companies

- (1) The charge under section 720 also applies for the purpose of preventing the avoiding of a liability to taxation by means of a relevant transfer carried out by a closely-held company in which an individual has a qualifying interest.
- (2) But the charge only applies in those circumstances if—
 - (a) the individual is involved in the company, and
 - (b) the avoidance condition is met.
- (3) An individual has a qualifying interest in a closely-held company if the individual, or a nominee of the individual, is a participator in—
 - (a) the closely-held company, or
 - (b) the first closely-held company in a chain of two or more closely-held companies where each company in the chain is a participator in the next company in the chain, of which one such company is the closely-held company that carried out the relevant transfer.
- (4) For the purposes of this section, an individual with a qualifying interest in a company is to be treated as being involved in the company unless the individual satisfies an officer of Revenue and Customs that neither the individual nor (in a case where the individual is not the relevant participator) the relevant participator has any direct or indirect involvement in the decision making of the company.

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- (5) The avoidance condition is met if—
- (a) the relevant participator did not object to the making of the relevant transfer, and
 - (b) it is reasonable to draw the conclusion, from all the circumstances of the case, that the relevant participator was aware, or ought reasonably to have been aware—
 - (i) of the transfer, and
 - (ii) that one of the direct or indirect consequences of the transfer is the avoidance of a liability to taxation.
- (6) For the purposes of subsections (4) and (5) the “relevant participator” means—
- (a) in a case where the individual’s qualifying interest arises as a result of a nominee of the individual being a participator in a company, the nominee, or
 - (b) otherwise, the individual.
- (7) Any arrangements to secure that a person has no direct or indirect involvement in the decision making of a company are to be disregarded if the main purpose, or one of the main purposes, of the arrangements is to secure that the condition in subsection (2)(a) is not met.
- (8) Any arrangements that would result in the avoidance condition not being met are to be disregarded if the main purpose, or one of the main purposes, of the arrangements is to secure that the avoidance condition is not met.
- (9) In this section—
- “arrangements” include any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);
- “taxation” has the meaning it has in section 737.”
- (3) After section 727 (charge to tax on income treated as arising under section 728) insert—

“727A Transfers by closely-held companies

- (1) The charge under section 727 also applies for the purpose of preventing the avoiding of a liability to taxation by means of a relevant transfer carried out by a closely-held company in which an individual has a qualifying interest.
- (2) But the charge only applies in those circumstances if—
 - (a) the individual is involved in the company, and
 - (b) the avoidance condition is met.
- (3) An individual has a qualifying interest in a closely-held company if the individual, or a nominee of the individual, is a participator in—
 - (a) the closely-held company, or
 - (b) the first closely-held company in a chain of two or more closely-held companies where each company in the chain is a participator in the next company in the chain, of which one such company is the closely-held company that carried out the relevant transfer.

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- (4) For the purposes of this section, an individual with a qualifying interest in a company is to be treated as being involved in the company unless the individual satisfies an officer of Revenue and Customs that neither the individual nor (in a case where the individual is not the relevant participator) the relevant participator has any direct or indirect involvement in the decision making of the company.
- (5) The avoidance condition is met if—
- (a) the relevant participator did not object to the making of the relevant transfer, and
 - (b) it is reasonable to draw the conclusion, from all the circumstances of the case, that the relevant participator was aware, or ought reasonably to have been aware—
 - (i) of the transfer, and
 - (ii) that one of the direct or indirect consequences of the transfer is the avoidance of a liability to taxation.
- (6) For the purposes of subsections (4) and (5) the “relevant participator” means—
- (a) in a case where the individual’s qualifying interest arises as a result of a nominee of the individual being a participator in a company, the nominee, or
 - (b) otherwise, the individual.
- (7) Any arrangements to secure that a person has no direct or indirect involvement in the decision making of a company are to be disregarded if the main purpose, or one of the main purposes, of the arrangements is to secure that the condition in subsection (2)(a) is not met.
- (8) Any arrangements that would result in the avoidance condition not being met are to be disregarded if the main purpose, or one of the main purposes, of the arrangements is to secure that the avoidance condition is not met.
- (9) In this section—
- “arrangements” include any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);
 - “taxation” has the meaning it has in section 737.”
- (4) In section 721(1), after “720(1)” insert “or 720A(1)”.
- (5) In section 728, after “727(1)” insert “or 727A(1)”.
- (6) After section 719 (meaning of “associated operation”) insert—

“719A Other definitions

In this Chapter—

“closely-held company” means—

- (a) a close company for the purposes of the Corporation Tax Acts (see Part 10 of CTA 2010), or

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- (b) a company that would be a close company if section 442(a) of CTA 2010 were ignored (non-UK resident company not to be treated as close);
“nominee”, in relation to an individual, means a person—
 - (a) who possesses any rights or powers on behalf of the individual, or
 - (b) who may be required to exercise any rights or powers on the individual’s direction or behalf;
 “participator” is to be construed in accordance with section 454 of CTA 2010.”
- (7) In section 749 (restrictions on particulars to be provided by relevant lawyers)—
 - (a) in subsections (2) and (4), for “a body corporate to which subsection (6) applies” substitute “a closely-held company whose business does not consist wholly or mainly of the carrying on of a trade or trades”, and
 - (b) omit subsection (6).
- (8) In section 750 (restrictions on particulars to be provided by banks), in subsection (3), for “a body corporate to which section 749(6) applies” substitute “a closely-held company whose business does not consist wholly or mainly of the carrying on of a trade or trades”.
- (9) In section 751 (the tribunal’s jurisdiction on appeals), before paragraph (a) insert—
 - “(za) section 720A(4) or 727A(4) (whether individual treated as involved in closely-held companies)”.
- (10) The amendments made by this section have effect in relation to income arising on or after 6 April 2024.

23 Minor VAT amendments

- (1) In section 35 of VATA 1994 (refund of VAT to persons constructing certain buildings)—
 - (a) in subsections (1) and (1C), before “the Commissioners shall” insert “subject to subsections (2) to (2C)”, and
 - (b) after subsection (2) insert—
 - “(2A) Where a person has made a claim for a refund of VAT under this section, before determining the claim the Commissioners may by notice require the person to produce further documents, by way of evidence or otherwise, that the Commissioners reasonably require in connection with the claim.
 - (2B) A notice under subsection (2A) must specify the time within which, and the form and manner in which, the documents must be produced.
 - (2C) Where the person does not produce the documents required by a notice under subsection (2A), the Commissioners may refuse to refund the amount of VAT (or any part of it) in respect of which the claim was made.”
- (2) The amendments made by subsection (1) have effect in relation to claims under section 35 of that Act made on or after the day on which this Act is passed.
- (3) In section 50 of VATA 1994 (terminal markets)—

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- (a) in subsections (1) and (2)(b), for “ordinarily engaged” substitute “involved”, and
 - (b) in subsection (3), for the words from the first “with respect to” to the end substitute—
 - “for different purposes, including different provision in relation to—
 - (a) different terminal markets;
 - (b) different persons;
 - (c) different commodities, goods or services.”
- (4) In Part 2 of Schedule 54A to FA 2009 (further provision as to late payment interest and repayment interest)—
- (a) in paragraph 5 (interpretation), omit the definition of “VAT credit”,
 - (b) in paragraph 7 (conditions for recovery of certain amounts of repayment interest), in sub-paragraph (1), for “on a VAT credit” substitute “in respect of an amount that is, or relates to, value added tax”, and
 - (c) in paragraph 8 (common period rules for value added tax)—
 - (i) in sub-paragraph (2), for paragraphs (a) and (b) substitute—
 - “(a) an amount (“the overdue payment”) that is, or relates to, value added tax—
 - (i) is due and payable by the person, and
 - (ii) carries late payment interest, and
 - (b) an amount (“the relevant amount”) that is, or relates to, value added tax—
 - (i) is payable to the person, and
 - (ii) carries repayment interest.”,
 - (ii) in sub-paragraph (3), in the words before paragraph (a), for “During” substitute “In respect of”,
 - (iii) in paragraphs (a) and (b) of that sub-paragraph, for “VAT credit”, in each place it occurs, substitute “relevant amount”, and
 - (iv) after sub-paragraph (3) insert—
 - “(4) An amount of repayment interest that—
 - (a) has been paid to a person, but
 - (b) as a result of sub-paragraph (3)(b), ought not to have been paid,may be recovered from the person as if it were late payment interest.”
- (5) Part 2 of Schedule 54A to FA 2009 has effect, and is to be deemed always to have had effect, with the amendments made by [subsection \(4\)](#).

24 Collective money purchase arrangements

- (1) Part 4 of FA 2004 (pension schemes) is amended as follows.
- (2) In section 169(1F) (recognised transfers),
 - for “of a CMP-derived drawdown pension” substitute “of—
 - (a) sums or assets that—

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- (i) were transferred in accordance with section 36 of the Pension Schemes Act 2021 and regulations made under that section (collective money purchase scheme pursuing continuity option 1: discharge of liabilities and winding up (Great Britain)),
 - (ii) were transferred in accordance with section 87 of the Pension Schemes Act 2021 and regulations made under that section (collective money purchase scheme pursuing continuity option 1: discharge of liabilities and winding up (Northern Ireland)), or
 - (iii) are derived from sums or assets within sub-paragraph (i) or (ii);
- (b) any pension or other benefits provided from sums or assets within paragraph (a).”
- (3) In section 169(1G), for “held for the purposes of a CMP-derived drawdown pension” substitute “within paragraph (a) of that subsection”.
- (4) In section 279 (other definitions) omit subsection (1F).
- (5) In section 280 (abbreviations and general index), in subsection (2) omit the entry for “CMP-derived drawdown pension”.
- (6) In Schedule 29 (authorised lump sums - supplementary), in paragraph 1 (pension commencement lump sums)—
- (a) in sub-paragraph (1)(c), at the end insert “, and”;
 - (b) omit sub-paragraph (1)(f) and the “and” before it;
 - (c) omit sub-paragraph (4A).
- (7) In Schedule 29, in paragraph 3C (pension commencement excess lump sum), in sub-paragraph (4) omit paragraph (b) and the “or” before it.

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