

2021 No. 1341

INCOME TAX

**The Income Tax (Exemption of Social Security Benefits)
Regulations 2021**

<i>Made</i>	- - - -	<i>29th November 2021</i>
<i>Laid before the House of Commons</i>		<i>30th November 2021</i>
<i>Coming into force</i>	- -	<i>22nd December 2021</i>

The Treasury, in exercise of the powers conferred by section 13(1) and (2)(b) and (d) of the Finance Act 2020(a), make the following Regulations.

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Income Tax (Exemption of Social Security Benefits) Regulations 2021 and come into force on 22nd December 2021.

(2) In these Regulations, “ITEPA” means the Income Tax (Earnings and Pensions) Act 2003(b).

Amendments to the Income Tax (Earnings and Pensions) Act 2003

2. In Part 1 of Table B in section 677(1) of ITEPA(c) (UK social security benefits wholly exempt from tax: Table B: benefits payable under primary legislation etc)—

(a) at the appropriate place insert—

“Short-term assistance(d)	SS(S)A 2018(e)	Section 36”;
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and

(a) 2020 c. 14 (“FA 2020”). The Parliamentary procedure for section 13 of FA 2020 is found at section 1014 of the Income Tax Act 2007 (c. 3), which applies to all powers under the “Income Tax Acts”, as defined by Schedule 1 to the Interpretation Act 1978 (c. 30).

(b) 2003 c. 1 (“ITEPA”).

(c) Section 677 was amended by: Schedules 17 and 42 to the Finance Act 2004 (c. 12), paragraph 24 of Schedule 3 to the Welfare Reform Act 2007 (c. 5), section 46 of the Finance Act 2008 (c. 9), section 138 of the Health and Social Care Act 2008 (c. 14), paragraph 49 of Schedule 9 to the Welfare Reform Act 2012 (c. 5), section 13 of the Finance Act 2013 (c. 29), section 31 of, and Schedule 16 to, the Pensions Act 2014 (c. 19), section 16 of the Finance Act 2015 (c. 11), section 12 of the Finance Act 2019 (c. 1), and section 12 of FA 2020. It was also amended by regulation 3 of S.I. 2014/606, Schedule 12 of S.I. 2015/2006, and regulation 15 of S.I. 2017/338.

(d) At present, the Scottish Ministers have only legislated in relation to eligibility to short-term assistance in cases where, generally, a decision about an individual’s entitlement to child disability payment has been superseded, or the individual is awaiting a re-determination or appeal about child disability payment to be decided. The relevant rules are contained in the Disability Assistance for Children and Young People (Scotland) Regulations 2021 (S.S.I. 2021/174), which came into force on 26 July 2021.

(e) This abbreviation is defined, in Part 1 of Schedule 1 to ITEPA, as Social Security (Scotland) Act 2018.

(b) at the appropriate place insert—

“Winter heating assistance(a) SS(S)A 2018 Section 30”.

3. The amendment made by regulation 2(a) has effect for the tax year 2021-22 and subsequent tax years.

4. The amendment made by regulation 2(b) has effect for the tax year 2020-21 and subsequent tax years.

Modifications to the Income Tax (Earnings and Pensions) Act 2003

5. ITEPA is modified as follows.

6. Section 677 has effect as if—

(a) in subsection (1), in Part 1 of Table B, at the appropriate place there were inserted—

“Payments made pursuant to the Covid Winter Grant Scheme or the Covid Local Support Grant(b)	LGA 2003	Section 31
Payments made pursuant to any scheme or grant in Scotland, Wales or Northern Ireland corresponding to the Covid Winter Grant Scheme or the Covid Local Support Grant”,		

and

(b) after subsection (1) there were inserted—

“(1A) In this section—

- (a) “the Covid Winter Grant Scheme” means the scheme that was the subject of guidance published by the Department for Work and Pensions on 23 November 2020; and
- (b) “the Covid Local Support Grant” means the grant that was the subject of guidance published by that Department on 17 April 2021 and further guidance published by that Department on 21 June 2021.

(1B) References in this section to payments made pursuant to—

- (a) the Covid Winter Grant Scheme or the Covid Local Support Grant; or
- (b) any scheme or grant in Scotland, Wales or Northern Ireland corresponding to the scheme or grant in sub-paragraph (a),

are references only to payments made pursuant to such a scheme or grant for the tax year 2020-21 and subsequent tax years.”.

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- (a) At present, the Scottish Ministers have only legislated in relation to eligibility to winter heating assistance for children and young people. The eligibility rules are set out in the Winter Heating Assistance for Children and Young People (Scotland) Regulations 2020 (S.S.I. 2020/352), which came into force on 9 November 2020.
 - (b) The Covid Winter Grant Scheme was in effect between 1 December 2020 and 16 April 2021. Details of the scheme have been published at <https://www.gov.uk/government/publications/covid-winter-grant-scheme>, although this publication was withdrawn on 8 July 2021. The Covid Local Support Grant came into effect on 17 April 2021, and that grant was subsequently extended to 30 September 2021. Details of the grant have been published at <https://www.gov.uk/government/publications/covid-local-support-grant-guidance-for-local-councils>. Paper copies of all relevant documentation relating to each scheme/grant are available for inspection at: Her Majesty’s Revenue and Customs, 100 Parliament Street, London SW1A 2BQ.

7. In Schedule 1, the Table in Part 1 (abbreviations of Acts and instruments) has effect as if at the appropriate place there were inserted—

“LGA 2003

Local Government Act 2003(a)”.

8. The modification made by regulation 7 has effect for the tax year 2020-21 and subsequent tax years.

Michael Tomlinson
Alan Mak

29th November 2021

Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Regulations amend Chapter 5 of Part 10 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1; “ITEPA”), so as to provide that no liability to income tax arises on social security benefits of a description specified in the Regulations, including social security benefits paid by the Scottish Ministers and local authorities.

Regulation 1 provides for citation and commencement, and gives a definition of “ITEPA” which applies to the Regulations.

Regulation 2 amends section 677 of ITEPA by inserting new rows into Part 1 of Table B contained within that provision, in order to wholly exempt short-term assistance (“STA”) and winter heating assistance (“WHA”), respectively, from income tax. The Regulations are made in exercise of the power in section 13(2)(b) of the Finance Act 2020 (c. 14; “FA 2020”), which provides that regulations made under section 13(1) of that Act may make retrospective provision. Regulation 3 therefore provides that the amendments to ITEPA made by the Regulations have effect in relation to payments of STA made by the Scottish Ministers during the tax year 2021-22 and subsequent tax years; whilst regulation 4 provides that the amendments have effect in relation to payments of WHA made during the tax year 2020-21 and subsequent tax years.

Regulation 6, which is also made under section 13(1) of FA 2020 and in exercise of the specific power in section 13(2)(b), modifies the effect of section 677 of ITEPA so that—

—payments made pursuant to the Covid Winter Grant Scheme or the Covid Local Support Grant; and

—payments made pursuant to any scheme or grant in Scotland, Wales or Northern Ireland corresponding to the Covid Winter Grant Scheme or the Covid Local Support Grant,

will be wholly exempt from income tax, where such payments were made pursuant to such a scheme or grant for the tax year 2020-21 and subsequent tax years.

Regulation 7 makes a consequential modification to the Table in Part 1 of Schedule 1 to ITEPA, so that the Table has effect as if an abbreviation for the Local Government Act 2003 (c. 26) (“LGA 2003”) were inserted into it. This modification has effect for the tax year 2020-21 and subsequent tax years (see regulation 8).

A Tax Information and Impact Note has not been prepared for this instrument as it contains no substantive changes to tax policy.

(a) 2003 c. 26.

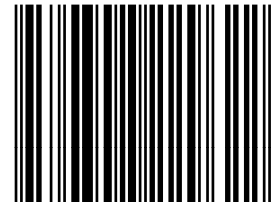
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