

2023 No. 1009

INHERITANCE TAX

**The Post Office Horizon Shortfall Scheme and Group Litigation
Order Compensation Payments (Inheritance Tax Relief)
Regulations 2023**

Made - - - - 14th September 2023
Laid before the House of Commons 18th September 2023
Coming into force - - 9th October 2023

The Treasury make these Regulations in exercise of the powers conferred by paragraphs 2(5) and (6) and 5(7) of Schedule 15 to the Finance Act 2020^(a).

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Post Office Horizon Shortfall Scheme and Group Litigation Order Compensation Payments (Inheritance Tax Relief) Regulations 2023 and come into force on 9th October 2023.

(2) These Regulations have effect from—

- (a) 1st May 2020 in relation to Horizon Shortfall Scheme compensation payments, and
- (b) 1st August 2022 in relation to Group Litigation Order compensation payments.

Interpretation

2. In these Regulations—

“Group Litigation Order compensation payment” means a payment of compensation made by the Department for Business, Energy and Industrial Strategy or the Department for Business and Trade to a person who was a party to a claim against Post Office Limited in respect of the Horizon system that was subject to a group litigation order;

“Horizon Shortfall Scheme compensation payment” means a payment of compensation made to a person under the scheme created by Post Office Limited on 1st May 2020 to compensate people who were adversely affected by accounting shortfalls related to the Horizon system and includes a top-up payment made under that scheme to account for sums lost to tax;

“the Horizon system” means any version of the computer system used by Post Office Limited known as Horizon, Horizon Legacy, Horizon Online or HNG-X;

“Post Office Limited” means the private company limited by shares with the company number 02154540 whose registered office is 100 Wood Street, London, United Kingdom, EC2V 7ER.

Relief from inheritance tax for Horizon Shortfall Scheme compensation payments and Group Litigation Order compensation payments

3. The following compensation payments are qualifying payments for the purposes of paragraph 5 of Schedule 15 to the Finance Act 2020—

- (a) Horizon Shortfall Scheme compensation payments, and
- (b) Group Litigation Order compensation payments.

*Andrew Stephenson
Stuart Anderson*

14th September 2023

Two of the Lords Commissioners of His Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations provide for relief from inheritance tax in relation to Horizon Shortfall Scheme compensation payments and Group Litigation Order compensation payments.

Horizon Shortfall Scheme compensation payments are made by Post Office Limited to people who were adversely affected by accounting shortfalls related to the Horizon system. Group Litigation Order payments are made by the Department for Business, Energy and Industrial Strategy or the Department for Business and Trade to people who were parties to a claim against Post Office Limited in respect of the Horizon system that was subject to a group litigation order.

Schedule 15 to the Finance Act 2020 (c. 14) provides for exemptions and relief from tax in respect of qualifying payments. Under paragraph 2(5) of that Schedule, the Treasury may by regulations specify that compensation payments made by a public authority or by or on behalf of the United Kingdom government are qualifying payments. Paragraph 5 of the Schedule provides for a relief from inheritance tax where a qualifying payment is received by a person or the personal representatives of a person. This relief reduces the tax chargeable on the value transferred by the transfer made on the person's death by the lower of the applicable IHT rate on the amount of the payment or the amount of IHT that would otherwise be chargeable.

These Regulations apply with retrospective effect in accordance with regulation 1(2) under the power in paragraph 5(7) of Schedule 15 to the Finance Act 2020. These Regulations have effect in relation to Horizon Shortfall Scheme compensation payments from 1st May 2020 and Group Litigation Order compensation payments from 1st August 2022.

A Tax Information and Impact Note covering this instrument will be published on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>

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