

*Changes to legislation: There are currently no known outstanding effects  
for the Finance Act 2000, Part II. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 22

#### TONNAGE TAX

#### PART II

#### TONNAGE TAX ELECTIONS

**Modifications etc. (not altering text)**

- C1** Sch. 22 Pt. 2 applied (with modifications) (1.6.2023) by [The Tonnage Tax \(Further Opportunity for Election\) Order 2023 \(S.I. 2023/508\)](#), arts. 1, 3

*Company or group election*

- 7 (1) A tonnage tax election may be made in respect of—  
(a) a qualifying single company (a “company election”), or  
(b) a qualifying group (a “group election”).  
(2) A group election has effect in relation to all qualifying companies in the group.

*Method of making election*

- 8 (1) A tonnage tax election is made by notice to the Inland Revenue.  
(2) The notice must contain such particulars and be supported by such evidence as the Inland Revenue may require.

*Person by whom election to be made*

- 9 (1) A company election must be made by the company concerned.  
(2) A group election must be made jointly by all the qualifying companies in the group.

*When election may be made*

- 10 (1) A tonnage tax election may be made at any time before the end of the period of twelve months beginning with the day on which this Act is passed (“the initial period”).  
After the end of the initial period a tonnage tax election may only be made—  
(a) in the circumstances specified in the following provisions of this paragraph,  
or  
(b) as provided by an order under paragraph 11 (power to provide further opportunities for election).

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- (2) An election may be made after the end of the initial period in respect of a single company that—
- (a) becomes a qualifying company, and
  - (b) has not previously been a qualifying company at any time after the passing of this Act.

Any such election must be made before the end of the period of twelve months beginning with the day on which the company became a qualifying company [<sup>F1</sup>, subject to sub-paragraph (3A)].

- (3) An election may be made after the end of the initial period in respect of a group that becomes a qualifying group by virtue of a member of the group becoming a qualifying company, not previously having been a qualifying company at any time after the passing of this Act.

This does not apply if the group—

- (a) was previously a qualifying group at any time after the passing of this Act, or
- (b) is substantially the same as a group that was previously a qualifying group at any such time.

An election under this sub-paragraph must be made before the end of the period of twelve months beginning with the day on which the group became a qualifying group [<sup>F2</sup>, subject to sub-paragraph (3A)].

[<sup>F3</sup>(3A) An election under sub-paragraph (2) or (3) may be made after the end of the period specified in that sub-paragraph with the consent of an officer of Revenue and Customs.

- (3B) An officer of Revenue and Customs may not give consent for the purposes of sub-paragraph (3A) unless satisfied that—
- (a) there was a reasonable excuse for the failure to make the election before the end of the period specified in sub-paragraph (2) or (3) (as appropriate), and
  - (b) after the end of that period, the consent was requested without delay or there is a reasonable excuse for any further delay.]
- (4) This paragraph does not prevent an election being made under the provisions of Part XII of this Schedule relating to mergers and demergers.

#### Textual Amendments

- F1** Words in [Sch. 22 para. 10\(2\)](#) inserted (1.4.2022) by [Finance Act 2022 \(c. 3\), s. 25\(2\)\(a\)\(11\)](#)  
**F2** Words in [Sch. 22 para. 10\(3\)](#) inserted (1.4.2022) by [Finance Act 2022 \(c. 3\), s. 25\(2\)\(b\)\(11\)](#)  
**F3** [Sch. 22 para. 10\(3A\)\(3B\)](#) inserted (1.4.2022) by [Finance Act 2022 \(c. 3\), s. 25\(2\)\(c\)\(11\)](#)

#### *Power to provide further opportunities for election*

- 11 (1) The Treasury may by order provide for further periods during which tonnage tax elections may be made.
- (2) Any such order may provide for this Part of this Schedule to apply, with such consequential adaptations as appear to the Treasury to be appropriate, in relation to any such further period as it applies in relation to the initial period.

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The consequential adaptations that may be made include adaptations of the references to the passing of this Act or to 1st January 2000.

*When election takes effect*

- 12 (1) The general rule is that a tonnage tax election has effect from the beginning of the accounting period in which it is made.

This is subject to the following exceptions.

- (2) A tonnage tax election cannot have effect in relation to an accounting period beginning before 1st January 2000.

If the general rule would produce that effect, the election has effect instead from the beginning of the accounting period following that in which it is made.

- (3) The Inland Revenue may agree that a tonnage tax election made before the end of the initial period shall have effect from the beginning of an accounting period earlier than that in which it is made (but not one beginning before 1st January 2000).

- (4) The Inland Revenue may agree that a tonnage tax election made before the end of the initial period shall have effect from the beginning of the accounting period following that in which it is made.

In exceptional circumstances they may agree that it shall have effect from the beginning of the accounting period following that one.

- (5) In the case of a group election in respect of a group where the members have different accounting periods—

- (a) sub-paragraph (1), or  
(b) any agreement under sub-paragraph (3) or (4),

has effect in relation to each qualifying company by reference to that company's accounting periods.

- (6) A tonnage tax election under paragraph 10(2) or (3) (election in consequence of company becoming a qualifying company) has effect from the time at which the company in question became a qualifying company.

This is subject to paragraph 38(2)(a) and (b) (effect in certain cases of exceeding the 75% limit on chartered in tonnage).

**Modifications etc. (not altering text)**

- C2** Sch. 22 para. 12 modified (1.7.2005) by [Tonnage Tax \(Further Opportunity for Election\) Order 2005 \(S.I. 2005/1449\)](#), [arts. 1, 3](#)

*Period for which election is in force*

- 13 (1) The general rule is that a tonnage tax election remains in force until it expires at the end of the period of [<sup>F4</sup>the relevant number of years] beginning—

- (a) in the case of a company election, with the first day on which the election has effect in relation to the company;

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- (b) in the case of a group election, with the first day on which the election has effect in relation to any member of the group.

<sup>F5</sup> ...

[<sup>F6</sup>(1A) “The relevant number of years” means—

- (a) in relation to a tonnage tax election made before 1 April 2022, ten years;  
(b) in relation to a tonnage tax election made on or after 1 April 2022, eight years.

(1B) Sub-paragraph (1) is subject to the following exceptions.]

(2) A tonnage tax election ceases to be in force—

- (a) in the case of a company election, if the company ceases to be a qualifying company;  
(b) in the case of a group election, if the group ceases to be a qualifying group.

[<sup>F7</sup>(2A) A tonnage tax election ceases to be in force—

- (a) in the case of a company election, if a withdrawal notice in respect of the company takes effect under paragraph 15A;  
(b) in the case of a group election, if a withdrawal notice in respect of the group takes effect under that paragraph.]

(3) A tonnage tax election may also cease to be in force under—

- (a) the provisions of Part V of this Schedule, or  
(b) the provisions of Part XII of this Schedule relating to mergers and demergers.

(4) This paragraph has effect subject to paragraph 15(4) (election superseded by renewal election).

#### Textual Amendments

- F4** Words in Sch. 22 para. 13(1) substituted (1.4.2022) by Finance Act 2022 (c. 3), s. 25(3)(a)(11)  
**F5** Words in Sch. 22 para. 13(1) omitted (1.4.2022) by virtue of Finance Act 2022 (c. 3), s. 25(3)(b)(11)  
**F6** Sch. 22 para. 13(1A)(1B) inserted (1.4.2022) by Finance Act 2022 (c. 3), s. 25(3)(c)(11)  
**F7** Sch. 22 para. 13(2A) inserted (7.4.2005) by Finance Act 2005 (c. 7), Sch. 7 paras. 2(2), 18(2)

#### *Effect of election ceasing to be in force*

- 14 A tonnage tax election that ceases to be in force ceases to have effect in relation to any company.

#### *Renewal election*

- 15 [<sup>F8</sup>(1) A further tonnage tax election (a “renewal election”) may be made in respect of a single company or group if—  
(a) at the time it is made, a tonnage tax election is in force in respect of the company or group, or  
(b) it is a bridging renewal election (see paragraph 15ZA).]  
(2) This is subject to paragraph 32(5) (training requirement: no renewal election if non-compliance notice in force).

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- (3) The provisions of—  
    paragraphs 7 to 9 (type of election, method of election and person by whom election to be made), and  
    paragraphs 13 and 14 (period for which election is in force and when election ceases to have effect),

apply in relation to a renewal election as they apply in relation to an original tonnage tax election.

- (4) A renewal election supersedes the existing tonnage tax election.

**Textual Amendments**

**F8** Sch. 22 para. 15(1) substituted (1.4.2022) by Finance Act 2022 (c. 3), s. 25(4)(11)

*[<sup>F9</sup>Bridging renewal election*

**Textual Amendments**

**F9** Sch. 22 para. 15ZA and cross-heading inserted (1.4.2022) by Finance Act 2022 (c. 3), s. 25(5)(11)

- 15ZA (1) A renewal election in respect of a single company or a group is a bridging renewal election if—
- (a) the last tonnage tax election in force in respect of the company or group (“the previous election”) expired (rather than ceasing to be in force for another reason),
  - (b) in the period beginning with the expiry of the previous election and ending with the time from which the renewal election would have effect, nothing has happened which, if a tonnage tax election had been force in respect of the company or group, would have caused it to cease to be in force, and
  - (c) the renewal election is made with the consent of an officer of Revenue and Customs.
- (2) An officer of Revenue and Customs may not give consent for the purposes of this paragraph unless satisfied that—
- (a) the consent was requested without delay after the company or (as appropriate) a company in the group first became aware that the previous election had expired, and
  - (b) the conduct of the company or group in connection with tonnage tax has not at any time involved conduct the main purpose (or one of the main purposes) of which was the avoidance of tax.
- (3) Where a bridging renewal election is made, the previous election is to be treated as having remained in force until the time when the bridging renewal election takes effect.]

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*F<sup>10</sup>Withdrawal notices*

**Textual Amendments**

**F10** Paras. 15A, 15B and cross-headings inserted (7.4.2005) by [Finance Act 2005 \(c. 7\)](#), [Sch. 7 paras. 3, 18\(2\)](#)

- 15A (1) A withdrawal notice (see paragraph 13(2A)) may be given—
- (a) in respect of a single company, or
  - (b) in respect of a group,
- but only if the following conditions are met.
- (2) Condition 1 is that the notice is given during the period—
- (a) beginning with the day on which the Finance Act 2005 is passed, and
  - (b) ending with 31st March 2006.
- (3) Condition 2 is that, for the whole of the period of three years ending with the day on which the Finance Act 2005 is passed, a tonnage tax election or a renewal election has been in force in respect of the company or group in respect of which the withdrawal notice is to be given.
- (4) A withdrawal notice must be given to the Inland Revenue—
- (a) in the case of a withdrawal notice in respect of a single company, by that company;
  - (b) in the case of a withdrawal notice in respect of a group, jointly by all the qualifying companies in the group.
- (5) A withdrawal notice given in accordance with this paragraph takes effect at the end of the accounting period that precedes the first accounting period of the company to begin after 1st July 2005.
- (6) In the case of a withdrawal notice given in respect of a group, sub-paragraph (5) has effect in relation to each qualifying company in the group by reference to that company's accounting periods.

*Power to provide further opportunities for withdrawal*

- 15B (1) The Treasury may by order provide for further periods during which withdrawal notices under paragraph 15A may be given.
- (2) Any such order may provide for that paragraph to apply, with such consequential adaptations as appear to the Treasury to be appropriate, in relation to any such further period as it applies in relation to the period specified in sub-paragraph (2) of that paragraph.
- (3) The consequential adaptations that may be made include adaptations of the reference in sub-paragraph (3) of that paragraph to the period of three years ending with the day on which the Finance Act 2005 is passed.]

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