



# Finance Act 2013

## 2013 CHAPTER 29

### PART 1

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER 2

#### INCOME TAX: GENERAL

#### *Exemptions and reliefs*

#### **8 London Anniversary Games**

- (1) An accredited competitor who performs an Anniversary Games activity is not liable to income tax in respect of any income arising from the activity if the non-residence condition is met.
- (2) The following are Anniversary Games activities—
  - (a) competing at the Anniversary Games, and
  - (b) any activity that is performed during the games period the main purpose of which is to support or promote the Anniversary Games.
- (3) The non-residence condition is that—
  - (a) the accredited competitor is non-UK resident for the tax year 2013-14, or
  - (b) the accredited competitor is UK resident for the tax year 2013-14 but the year is a split year as respects the competitor and the activity is performed in the overseas part of the year.
- (4) Section 966 of ITA 2007 (deduction of sums representing income tax) does not apply to any payment or transfer which gives rise to income benefiting from the exemption under subsection (1).
- (5) In this section—

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“accredited competitor” means a person to whom an accreditation card in the athletes' category has been issued by the company named UK Athletics Limited which was incorporated on 16 December 1998;

“the Anniversary Games” means the British Athletics London Anniversary Games held at the Olympic Stadium in London in July 2013;

“the games period” means the period—

- (a) beginning with 21 July 2013, and
- (b) ending with 29 July 2013;

“income” means employment income or profits of a trade, profession or vocation (including profits treated as arising as a result of section 13 of ITTOIA 2005).

- (6) This section is treated as having come into force on 6 April 2013.

## **9 Glasgow Commonwealth Games**

- (1) An accredited competitor who performs a Commonwealth Games activity is not liable to income tax in respect of any income arising from the activity if the non-residence condition is met.

- (2) The following are Commonwealth Games activities—

- (a) competing at the Glasgow Commonwealth Games, and
- (b) any activity that is performed during the games period the main purpose of which is to support or promote the Glasgow Commonwealth Games or any future Commonwealth Games.

- (3) The non-residence condition is that—

- (a) the accredited competitor is non-UK resident for the tax year in which the Commonwealth Games activity is performed, or
- (b) the accredited competitor is UK resident for the tax year in which the activity is performed but the year is a split year as respects the competitor and the activity is performed in the overseas part of the year.

- (4) Section 966 of ITA 2007 (deduction of sums representing income tax) does not apply to any payment or transfer which gives rise to income benefiting from the exemption under subsection (1).

- (5) In this section—

“accredited competitor” means a person to whom a Glasgow 2014 accreditation card in the athletes' category has been issued by the company named Glasgow 2014 Limited which was incorporated on 11 June 2007;

“the games period” means the period—

- (a) beginning with 4 March 2014, and
- (b) ending with 3 September 2014;

“the Glasgow Commonwealth Games” means the Commonwealth Games held in Scotland in 2014;

“income” means employment income or profits of a trade, profession or vocation (including profits treated as arising as a result of section 13 of ITTOIA 2005).

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## 10 Expenses of elected representatives

(1) After section 293A of ITEPA 2003 insert—

### “293B UK travel expenses of other elected representatives

- (1) No liability to income tax arises in respect of a payment to which this section applies if it is expressed to be made in respect of relevant UK travel expenses.
- (2) This section applies to payments—
  - (a) made to members of the Scottish Parliament under section 81(2) of the Scotland Act 1998,
  - (b) made to members of the National Assembly for Wales under section 20(2) of the Government of Wales Act 2006 or to a member of the Welsh Assembly Government under section 53(2) of that Act, or
  - (c) made to members of the Northern Ireland Assembly under section 47(2) of the Northern Ireland Act 1998.
- (3) In this section “relevant UK travel expenses” means expenses necessarily incurred on journeys of the following kinds within the United Kingdom—
  - (a) journeys within subsection (4) made by the member that are necessary for the performance of his or her duties as a member;
  - (b) if the member shares caring responsibilities with a spouse or partner, journeys made by the spouse or partner between the constituency or region and the member's parliamentary home.
- (4) The journeys referred to in subsection (3)(a) are those—
  - (a) between the constituency or region and the Parliament or Assembly to which the member belongs,
  - (b) between the constituency or region and the member's parliamentary home, or
  - (c) within the constituency or region, but not excluded by subsection (5).
- (5) A journey is excluded if—
  - (a) in the case of a member who has only one local office, it is between the member's local home and that office, and
  - (b) in any other case, it is between the member's local home and the principal local office.
- (6) In this section—

“constituency or region”, in relation to a member, means the constituency or region which the member represents and the area within 20 miles of the boundary of that constituency or region;

“local office”, in relation to a member, means an office which is situated in the constituency or region and occupied by the member for the purposes of performing duties as a member;

“the member's local home” means a residence of the member situated in the constituency or region;

“the member's parliamentary home” means the member's only or main residence in the area comprising—

  - (a) the main site of the Parliament or Assembly to which the member belongs, and

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(b) the area within 20 miles of that site;

“principal local office”, in relation to a member, means the local office most frequently occupied by the member for the purposes of performing duties as a member.

(7) A person has “caring responsibilities” if the person—

- (a) has parental responsibility for a dependent child aged under 17 or for a child aged 17 or 18 who is in full-time education, or
- (b) is the primary carer for a family member in receipt of—
  - (i) attendance allowance,
  - (ii) disability living allowance at the middle or highest rate for personal care,
  - (iii) the daily living component of personal independence payment, or
  - (iv) constant attendance allowance at or above the maximum rate with an industrial injuries disablement benefit, or the basic (full day) rate with a war disablement pension.

(8) The Treasury may by order amend the definition of “caring responsibilities” in subsection (7).”

(2) The amendment made by this section has effect in relation to payments made on or after 6 April 2013.

## **11 Exemption from income tax of contributions to pension schemes**

- (1) In Chapter 9 of Part 4 of ITEPA 2003 (exemptions from income tax for pension provision), in section 308 (exemption of contributions to registered pension scheme), at the end insert “ in respect of the employee ”.
- (2) The amendment made by this section has effect for the tax year 2013-14 and subsequent tax years.

## **12 Childcare exemptions: meaning of disabled child**

- (1) In section 318B of ITEPA 2003 (childcare: meaning of “disabled” etc), in subsection (3)(a), after “allowance” insert “ or personal independence payment ”.
- (2) The amendment made by this section has effect for the tax year 2013-14 and subsequent tax years.

## **13 Income tax exemption for universal credit**

- (1) In section 677(1) of ITEPA 2003 (UK social security benefits wholly exempt from tax), in Part 1 of Table B (benefits payable under primary legislation), insert at the appropriate place—

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“Universal credit	WRA 2012	Part 1
	Any provision made for Northern Ireland which corresponds to Part 1 of WRA 2012”.	

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- (2) The amendment made by this section has effect for the tax year 2013-14 and subsequent tax years.

#### **14 Tax advantaged employee share schemes**

Schedule 2 amends the SIP code, the SAYE code, the CSOP code and the EMI code.

#### **15 Abolition of tax relief for patent royalties**

- (1) Chapter 4 of Part 8 of ITA 2007 (reliefs: annual payments and patent royalties) is amended in accordance with subsections (2) and (3).
- (2) In section 448 (relief for individuals), in subsection (1)(b) omit “or 903(5)” and “and patent royalties”.
- (3) In section 449 (relief for other persons), in subsection (1)(b) omit “or 903(6)” and “and patent royalties”.
- (4) Accordingly, that Act is amended as follows—
- (a) in section 2 (overview of Act), in subsection (8)(c) omit “and patent royalties”,
  - (b) in section 24 (reliefs deductible at Step 2), in subsection (1)(b) omit “and patent royalties”, and
  - (c) in the heading for Chapter 4 of Part 8 of that Act omit “AND PATENT ROYALTIES”.
- (5) The amendments made by this section have effect in relation to payments made on or after 5 December 2012.

#### **16 Limit on income tax reliefs**

Schedule 3 contains provision limiting the deductions which may be made at Step 2 of the calculation in section 23 of ITA 2007 (calculation of income tax liability).

#### *Trade profits*

#### **17 Cash basis for small businesses**

Schedule 4 contains provision enabling the profits of a trade, profession or vocation to be calculated on the cash basis.

#### **18 Deductions allowable at a fixed rate**

Schedule 5 contains provision enabling persons carrying on a trade, profession or vocation to claim deductions for certain expenses at a fixed rate.

#### *Other provisions*

#### **19 Employment income: duties performed in the UK and overseas**

Schedule 6 contains provision about employment income in cases where duties are performed in the UK and overseas.

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## **20 Remittance basis: exempt property**

Schedule 7 contains provision about the application of the remittance basis in relation to exempt property.

## **21 Payments on account**

- (1) ITA 2007 is amended as follows.
- (2) In section 809K (sections 809L to 809Z6: introduction), in subsection (2)(e), for “809V” substitute “ 809UA ”.
- (3) Before section 809V (but after the italic heading) insert—

### **“809UA Money used for payments on account**

- (1) Subsection (2) applies to income or chargeable gains of an individual if—
  - (a) the income or gains would (but for subsection (2)) be regarded as remitted to the United Kingdom by virtue of the bringing of money to the United Kingdom,
  - (b) the money is brought to the United Kingdom by way of direct payments to the Commissioners on account of income tax,
  - (c) the tax year (“tax year 2”) in respect of which the payments on account are made is a tax year for which section 809H (remittance basis charge for long-term UK resident) does not apply as respects the individual, and
  - (d) that section applied as respects the individual for the previous tax year (“tax year 1”).
- (2) The relevant amount of income or chargeable gains is to be treated as not remitted to the United Kingdom if money equal to the relevant amount is taken offshore by—
  - (a) the 15 March following the end of tax year 2, or
  - (b) such later date as the Commissioners may allow on a claim made by the individual.
- (3) A claim under subsection (2)(b)—
  - (a) may be made only if the individual has made and delivered a return under section 8 of TMA 1970 for tax year 2 and reasonably expects to receive from the Commissioners a repayment of tax paid in respect of that tax year, and
  - (b) may be made no later than the 5 April following the end of tax year 2.
- (4) Money that is taken offshore in accordance with subsection (2) is to be treated as having the same composition of kinds of income and capital as the money used to make the payments on account.
- (5) In this section “the relevant amount” means the lower of the following—
  - (a) the amount brought to the United Kingdom as mentioned in subsection (1)(b), and
  - (b) the applicable amount (as defined in section 809H) for tax year 1.”

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- (4) In section 809Z9(11) (taking proceeds etc offshore or investing them: modification of general provisions)—
  - (a) for “section 809VB(2) but in that case” substitute “ sections 809UA(2) and 809VB(2), but in those cases ”, and
  - (b) at the beginning of paragraph (b) insert “ in the case of section 809VB(2), ”.
- (5) The amendments made by this section have effect in relation to payments on account made in respect of the tax year 2012-13 and subsequent tax years.

## **22 Arrangements made by intermediaries**

- (1) In Chapter 8 of Part 2 of ITEPA 2003 (application of provisions to workers under arrangements made by intermediaries), in section 49 (engagements to which Chapter applies), for subsection (1)(c) substitute—
  - “(c) the circumstances are such that—
    - (i) if the services were provided under a contract directly between the client and the worker, the worker would be regarded for income tax purposes as an employee of the client or the holder of an office under the client, or
    - (ii) the worker is an office-holder who holds that office under the client and the services relate to the office.”
- (2) This section has effect for the tax year 2013-14 and subsequent tax years.

## **23 Taxable benefit of cars: the appropriate percentage**

- (1) Section 139 of ITEPA 2003 (car with CO<sub>2</sub> figure: the appropriate percentage) is amended in accordance with subsections (2) to (6).
- (2) In subsection (2), after “the relevant threshold” omit “for the year”.
- (3) For subsection (2)(a) substitute—
  - “(a) if the car's CO<sub>2</sub> emissions figure does not exceed 50 grams per kilometre driven, 5%,
  - (aa) if the car's CO<sub>2</sub> emissions figure exceeds 50 grams per kilometre driven but does not exceed 75 grams per kilometre driven, 9%, and”.

<sup>F1</sup>(4) .....

- (5) In subsection (3)—
  - (a) after “the relevant threshold” omit “for the year”, and
  - <sup>F2</sup>(b) .....
- (6) In subsection (4)—
  - (a) after “the relevant threshold” (in both places) omit “for the year”, and
  - (b) in paragraph (b), for “35%” substitute “ 37% ”.
- (7) Section 140 of that Act (car without CO<sub>2</sub> figure: the appropriate percentage) is amended in accordance with subsections (8) to (11).
- (8) In the Table in subsection (2), for “35%” substitute “ 37% ”.
- (9) For subsection (3)(a) substitute—

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“(a) 5% if the car cannot in any circumstances emit CO<sub>2</sub> by being driven, and”.

(10) In subsection (3)(b), for “35%” substitute “ 37% ”.

(11) Omit subsection (3A).

(12) The amendments made by this section have effect for the tax year 2015-16 and subsequent tax years.

#### **Textual Amendments**

- F1** S. 23(4) omitted (with effect in accordance with s. 24(17) of the amending Act) by virtue of [Finance Act 2014 \(c. 26\), s. 24\(16\)](#)
- F2** S. 23(5)(b) omitted (with effect in accordance with s. 24(17) of the amending Act) by virtue of [Finance Act 2014 \(c. 26\), s. 24\(16\)](#)

#### **24 Gains from contracts for life insurance etc**

Schedule 8 amends Chapter 9 of Part 4 of ITTOIA 2005 (gains from contracts for life insurance etc).

#### **25 Qualifying insurance policies**

Schedule 9 amends Schedule 15 to ICTA (qualifying insurance policies) and makes other provision relating to qualifying policies under Schedule 15 to ICTA.

#### **26 Transfer of assets abroad**

Schedule 10 amends Chapter 2 of Part 13 of ITA 2007 (tax avoidance: transfer of assets abroad).

#### **27 Payments of interest**

Schedule 11 contains provision in connection with the payment of interest for the purposes of income tax.

#### **28 Disguised interest**

Schedule 12 contains provision about returns which are economically equivalent to interest.



**Changes to legislation:**

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