



# Finance (No. 2) Act 2015

## 2015 CHAPTER 33

### PART 4

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

##### *Income tax*

#### **21 Pensions: special lump sum death benefits charge**

- (1) Section 206 of FA 2004 (special lump sum death benefits charge) is amended in accordance with subsections (2) to (5).
- (2) In each of subsections (1), (1A), (1B)(a) and (1C)(a) (which specify payments attracting the charge) after “paid” insert “, to a non-qualifying person,”.
- (3) In subsection (1B)(b) (payments attracting charge if paid more than 2 years after death of member under 75), before the “or” at the end of sub-paragraph (ii) insert—  
“(ia) a defined benefits lump sum death benefit,”.
- (4) In subsection (7) (sums taxed under section 206 not income for income tax purposes), at the end insert “(but see subsection (8)).”
- (5) After subsection (7) insert—
  - “(8) Where—
    - (a) a lump sum death benefit in respect of which tax is charged under this section is one paid to a non-qualifying person in the person’s capacity as a trustee, and
    - (b) a payment of any part of the lump sum is made out of a settlement to a beneficiary who is an individual,

the amount received by the beneficiary, together with so much of the tax charged under this section on the lump sum as is attributable to the amount received by the beneficiary, is income of the beneficiary for income tax purposes but the beneficiary may claim to deduct that much of that tax from

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the income tax charged on the beneficiary's total income for the tax year in which the payment is made to the beneficiary.

(9) For the purposes of this section, a person is a “non-qualifying person” in relation to payment of a lump sum if—

- (a) the person is not an individual, or
- (b) the person is an individual and the payment is made to the person in the person's capacity as—
  - (i) a trustee or personal representative,
  - (ii) a director of a company,
  - (iii) a partner in a firm, or
  - (iv) a member of a limited liability partnership,

except that a person is not a “non-qualifying person” in relation to payment of a lump sum if the payment is made to the person in the person's capacity as a bare trustee.

(10) In subsection (9)—

“bare trustee” means a person acting as trustee for—

- (a) an individual absolutely entitled as against the trustee,
- (b) two or more individuals who are so entitled,
- (c) an individual who would be so entitled but for being a minor or otherwise lacking legal capacity, or
- (d) two or more individuals who would be so entitled but for all or any of them being a minor or otherwise lacking legal capacity,

“director” is read in accordance with section 452 of CTA 2010, and references to a firm are to be read in the same way as references to a firm in Part 9 of ITTOIA 2005 (which contains special provision about partnerships).”

(6) In section 251(4) of FA 2004 (powers to impose information requirements), after paragraph (b) insert—

“(ba) requiring, in a case where a payment (“the onwards payment”) is made directly or indirectly out of a sum on whose payment tax has been charged under section 206, the person making the onwards payment to provide information of a prescribed description to the person to whom the onwards payment is made.”

(7) In paragraph 16 of Schedule 32 to FA 2004 (benefit crystallisation event 7: defined benefits lump sum death benefit is a “relevant lump sum death benefit”)—

- (a) in the first sentence, in paragraph (a), after “benefit” insert “, other than one—
  - (i) paid by a registered pension scheme in respect of a member of the scheme who had not reached the age of 75 at the date of the member's death, but
  - (ii) not paid before the end of the relevant two-year period”, and
- (b) in the second sentence, for “sub-paragraph” substitute “paragraphs (a)(ii) and”.

(8) In Part 2 of Schedule 29 to FA 2004 (interpretation of lump sum death benefit rule), in paragraph 13 (defined benefits lump sum death benefit)—

- (a) in sub-paragraph (1) omit the second sentence (exclusion of sums paid more than 2 years after death of member under 75), and
  - (b) omit sub-paragraph (2) (interpretation of that sentence).
- (9) In consequence of subsection (8), in paragraph 33 of Schedule 16 to FA 2011—
- (a) in sub-paragraph (3) omit paragraph (c), and
  - (b) omit sub-paragraph (4).
- (10) The amendments made by this section have effect in relation to lump sums paid on or after 6 April 2016.

## **22 Pensions: some lump sum death benefits taxed as pension income**

- (1) Part 9 of ITEPA 2003 (pension income) is amended in accordance with subsections (2) to (7).
- (2) In section 636A (lump sums under registered pension schemes) for subsection (4) (certain death benefit lump sums) substitute—
- “(4) If a lump sum under a registered pension scheme—
- (a) is listed in section 636AA, and
  - (b) is paid to a non-qualifying person (see subsection (8)),
- the sum is subject to income tax under section 206 of FA 2004 (charge to tax on scheme administrator in respect of certain lump sum death benefits) and not otherwise (but see section 206(8) of FA 2004).
- (4ZA) If a lump sum under a registered pension scheme—
- (a) is listed in section 636AA, and
  - (b) is paid to a qualifying person (see subsection (8)),
- section 579A applies in relation to the sum as it applies to any pension under a registered pension scheme.”
- (3) In section 636A(1) (no liability to income tax on certain lump sum death benefits)—
- (a) after paragraph (c) insert “or”, and
  - (b) omit paragraph (d) (certain defined benefits lump sum death benefits) and the “or” preceding it.
- (4) In section 636A, after subsection (7) insert—
- “(8) For the purposes of this section—
- (a) a person is a “non-qualifying person” in relation to payment of a lump sum if, for the purposes of section 206 of FA 2004, the person is a non-qualifying person in relation to payment of the sum, and
  - (b) a person is a “qualifying person” in relation to payment of a lump sum except where the person is a non-qualifying person in relation to payment of the sum.”
- (5) After section 636A insert—

### **“636AA Taxable lump sum death benefits**

- (1) The following are the lump sums mentioned in section 636A(4) and (4ZA).

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- (2) An annuity protection lump sum death benefit, or a pension protection lump sum death benefit, paid in respect of a member of the scheme who had reached the age of 75 at the date of the member's death.
- (3) A drawdown pension fund lump sum death benefit under paragraph 17(1) of Schedule 29 to FA 2004, a flexi-access drawdown fund lump sum death benefit under paragraph 17A(1) of that Schedule, a defined benefits lump sum death benefit or an uncrystallised funds lump sum death benefit—
- (a) paid in respect of a member of the scheme who had reached the age of 75 at the date of the member's death, or
  - (b) paid in respect of a member of the scheme who had not reached the age of 75 at the date of the member's death, but not paid before the end of the relevant 2-year period in respect of the member's death.
- (4) A drawdown pension fund lump sum death benefit under paragraph 17(2) of Schedule 29 to FA 2004 or a flexi-access drawdown fund lump sum death benefit under paragraph 17A(2) of that Schedule—
- (a) paid on the death of a dependant of a deceased member of the scheme where the dependant had reached the age of 75 at the date of the dependant's death, or
  - (b) paid on the death of a dependant of a deceased member of the scheme where the dependant had not reached the age of 75 at the date of the dependant's death, but not paid before the end of the relevant 2-year period in respect of the dependant's death.
- (5) A flexi-access drawdown fund lump sum death benefit under paragraph 17A(3) or (4) of Schedule 29 to FA 2004—
- (a) paid on the death of a nominee or successor (as the case may be) of a deceased member of the scheme where the nominee or successor ("the beneficiary") had reached the age of 75 at the date of the beneficiary's death, or
  - (b) paid on the death of a nominee or successor (as the case may be) of a deceased member of the scheme where the nominee or successor ("the beneficiary") had not reached the age of 75 at the date of the beneficiary's death, but not paid before the end of the relevant 2-year period in respect of the beneficiary's death.
- (6) In this section—
- "dependant", "nominee" and "successor" have the meaning given, respectively, by paragraphs 15, 27A and 27F of Schedule 28 to FA 2004, and
- "relevant 2-year period", in relation to a death, means the period of 2 years beginning with the earlier of—
- (a) the day on which the scheme administrator of the scheme mentioned in section 636A(4) or (4ZA) (as the case may be) first knew of the death, and
  - (b) the day on which that scheme administrator could first reasonably have been expected to have known of it.
- (7) Section 636A(4A) and (7) (interpretation) apply also for the purposes of this section."

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- (6) In section 579CA as substituted by paragraph 117 of Schedule 45 to FA 2013 (pensions under registered pension schemes: temporary non-residents), in subsection (4) (which lists relevant withdrawals) as substituted by the Taxation of Pensions Act 2014—
- (a) omit the “or” at the end of paragraph (k), and
  - (b) after paragraph (l) insert “, or
    - (m) any payment to the person of a lump sum to which section 579A applies by virtue of section 636A(4ZA).”
- (7) In the version of section 579CA which has effect if the year of departure is the tax year 2012-13 or an earlier tax year, in subsection (3A) (which lists relevant withdrawals)—
- (a) omit the “or” at the end of paragraph (k), and
  - (b) after paragraph (l) insert “, or
    - (m) any payment to the person of a lump sum to which section 579A applies by virtue of section 636A(4ZA).”
- (8) In section 683 of ITEPA 2003 (meaning of “PAYE income”)—
- (a) in subsection (3) (meaning, subject to subsections (3A) and (3B), of “PAYE pension income”) for “and (3B)” substitute “to (3C)”, and
  - (b) after subsection (3B) insert—

“(3C) PAYE pension income” for a tax year does not include any taxable pension income that is treated as accruing in that tax year by virtue of section 636A(1A) to (1C) or (4ZA) so far as having effect as applied by paragraph 1(3)(da) or (db) of Schedule 34 to FA 2004.”
- (9) In section 168(2) of FA 2004 (meaning of “lump sum death benefit”), at the end insert “, or a lump sum payable in respect of the member on the subsequent death of a dependant, nominee or successor of the member.”
- (10) In Schedule 34 to FA 2004 (application of certain charges to non-UK pension schemes) —
- (a) in paragraph 1(3) (meaning of “member payment charges”), before the “and” at the end of paragraph (da) insert—
    - “(db) the charge under section 636A(4ZA) of ITEPA 2003 (certain payments of lump sum death benefits),” and
  - (b) in paragraph 1(4)(b) (provisions of ITEPA 2003 which are “member payment provisions”) after “636A(1A) to (1C)” insert “and (4ZA) and section 636AA”.
- (11) In consequence of subsections (2) and (3)—
- (a) in Schedule 16 to FA 2011, omit paragraph 42(2)(b) and (4), and
  - (b) in the Taxation of Pensions Act 2014—
    - (i) in Schedule 1 omit paragraph 31(a), and
    - (ii) in Schedule 2 omit paragraph 19(3)(a)(i).
- (12) The amendments made by subsections (2) to (8), (10) and (11) have effect in relation to lump sums paid on or after 6 April 2016.
- (13) The amendment made by subsection (9) is to be treated as having come into force on 15 July 2015.

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### **23 Pensions: annual allowance**

Schedule 4 contains provision in connection with the annual allowance for inputs into pension schemes.

### **24 Relief for finance costs related to residential property businesses**

- (1) ITTOIA 2005 is amended in accordance with subsections (2) to (6).
- (2) After section 272 insert—

#### **“272A Restricting deductions for finance costs related to residential property**

- (1) Where a deduction is allowed for costs of a dwelling-related loan in calculating the profits of a property business for the tax year 2017-18, the amount allowed to be deducted in respect of those costs in calculating those profits for income tax purposes is 75% of what would be allowed apart from this section.
- (2) Where a deduction is allowed for costs of a dwelling-related loan in calculating the profits of a property business for the tax year 2018-19, the amount allowed to be deducted in respect of those costs in calculating those profits for income tax purposes is 50% of what would be allowed apart from this section.
- (3) Where a deduction is allowed for costs of a dwelling-related loan in calculating the profits of a property business for the tax year 2019-20, the amount allowed to be deducted in respect of those costs in calculating those profits for income tax purposes is 25% of what would be allowed apart from this section.
- (4) In calculating the profits of a property business for income tax purposes for the tax year 2020-21 or any subsequent tax year, no deduction is allowed for costs of a dwelling-related loan.
- (5) Subsections (1) to (4) do not apply in relation to calculating the profits of a property business for the purposes of charging a company to income tax on so much of those profits as accrue to it otherwise than in a fiduciary or representative capacity.
- (6) For the meaning of “costs of a dwelling-related loan” see section 272B.

#### **272B Meaning of “costs of a dwelling-related loan”**

- (1) Subsections (2) to (5) apply for the purposes of section 272A.
- (2) “Dwelling-related loan”, in relation to a property business, means so much of an amount borrowed for purposes of the business as is referable (on a just and reasonable apportionment) to so much of the business as is carried on for the purpose of generating income from—
  - (a) land consisting of a dwelling-house or part of a dwelling-house, or
  - (b) an estate, interest or right in or over land within paragraph (a),
 but see subsections (3) and (4).

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- (3) Anything that in the course of a property business is done for creating (by construction or adaptation) a dwelling-house, or part of a dwelling-house, from which income is to be generated is, for the purposes of subsection (2), to be treated as done for the purpose mentioned in that subsection.
  - (4) An amount borrowed for purposes of a property business is not a dwelling-related loan so far as the amount is referable (on a just and reasonable apportionment) to so much of the property business as consists of the commercial letting of furnished holiday accommodation.
  - (5) “Costs”, in relation to a dwelling-related loan, means—
    - (a) interest on the loan,
    - (b) an amount in connection with the loan that, for the person receiving or entitled to the amount, is a return in relation to the loan which is economically equivalent to interest, or
    - (c) incidental costs of obtaining finance by means of the loan.
  - (6) Section 58(2) to (4) (meaning of “incidental costs of obtaining finance”) apply for the purposes of subsection (5)(c).
  - (7) A reference in this section to a “dwelling-house” includes any land occupied or enjoyed with it as its garden or grounds.”
- (3) In section 274(1)(b) (rules which override rules allowing deductions) after “as applied by section 272” insert “, and to section 272A (finance costs)”.
  - (4) In section 274(3) (meaning of “relevant prohibitive rule”) after “as applied by section 272” insert “, and apart also from section 272A”.
  - (5) After section 274 insert—

*“Tax reduction for non-deductible costs of a dwelling-related loan*

#### **274A Tax reduction for individuals**

- (1) Subsections (2) to (5) apply if—
  - (a) an amount (“A”) would be deductible in calculating the profits for income tax purposes of a property business for a tax year but for section 272A, and
  - (b) a particular individual is liable to income tax on N% of those profits, where N is a number—
    - (i) greater than 0, and
    - (ii) less than or equal to 100.
- (2) The individual is entitled to relief under this section for the tax year in respect of an amount (the “relievable amount”) equal to N% of A.
- (3) Subject to subsection (4), the amount of the relief is given by—

$$\mathbf{BR \times L}$$

where BR is the basic rate of income tax for the year, and L is the lower of—

- (a) the total of—
  - (i) the relievable amount, and

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- (ii) any difference available in relation to the individual and the property business for carry-forward to the year under subsection (5), and
  - (b) the profits for income tax purposes of the property business for the year after any deduction under section 118 of ITA 2007 (“the adjusted profits”) or, if less, the share of the adjusted profits on which the individual is liable to income tax.
- (4) If the individual’s gross finance-costs relief for the year (“GFCR”) is greater than the individual’s adjusted total income for the year (“ATI”), the amount of the relief under this section for the year in respect of the relievable amount is—

$$\frac{\text{ATI}}{\text{GFCR}} \times (\text{BR} \times \text{L})$$

where BR and L have the same meaning as in subsection (3).

- (5) Where the amount (“AY”) of the relief under this section for the year in respect of the relievable amount is less than—

$$\text{BR} \times \text{T}$$

where BR is basic rate of income tax for the year and T is the total found at subsection (3)(a), the difference between—

- (a) T, and
  - (b) AY divided by BR (with BR expressed as a fraction for this purpose),
- is available in relation to the individual and the property business for carry-forward to the following tax year.
- (6) For the purposes of this section—
- (a) an individual’s adjusted total income for a tax year is the individual’s total income for that year less the total of—
    - (i) so much of that total income as is savings income,
    - (ii) so much of that total income as is dividend income, and
    - (iii) any allowances to which the individual is entitled for that year under Chapter 2 of Part 3 of ITA 2007 (individuals: personal and blind person’s allowance), and
  - (b) an individual’s gross finance-costs relief for a tax year is the total relief to which the individual is entitled for the year under this section before any adjustment under subsection (4).

### **274B Tax reduction for accumulated or discretionary trust income**

- (1) Subsections (2) to (4) apply if—
- (a) an amount (“A”) would be deductible in calculating the profits for income tax purposes of a property business for a tax year but for section 272A,
  - (b) the trustees of a particular settlement are liable for income tax on N % of those profits, where N is a number—
    - (i) greater than 0, and
    - (ii) less than or equal to 100, and



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(c) in relation to those trustees, that N% of those profits is accumulated or discretionary income.

(2) The trustees of the settlement are entitled to relief under this section for the tax year in respect of an amount (“the relievable amount”) equal to N% of A.

(3) The amount of the relief is given by—

$$BR \times L$$

where BR is the basic rate of income tax for the year, and L is the lower of—

(a) the total of—

- (i) the relievable amount, and
- (ii) any difference available in relation to the trustees of the settlement and the property business for carry-forward to the year under subsection (4), and

(b) the profits for income tax purposes of the property business for the year after any deduction under section 118 of ITA 2007 (“the adjusted profits”) or, if less, the share of the adjusted profits—

- (i) on which the trustees of the settlement are liable to income tax, and
- (ii) which, in relation to the trustees of the settlement, is accumulated or discretionary income.

(4) Where the amount (“AY”) of the relief under this section for the year in respect of the relievable amount is less than—

$$BR \times T$$

where BR is the basic rate of income tax for the year and T is the total found at subsection (3)(a), the difference between—

(a) T, and

(b) AY divided by BR (with BR expressed as a fraction for this purpose), is available in relation to the trustees of the settlement and the property business for carry-forward to the following tax year.

(5) In this section “accumulated or discretionary income” has the meaning given by section 480 of ITA 2007.”

(6) In section 322 (which lists provisions relying on the definition of “commercial letting of furnished holiday accommodation”)—

(a) in subsections (2) and (2A), before paragraph (a) insert—

“(za) section 272B(4) (exception from restriction on deductibility of finance costs),”

(b) in subsection (2), before the “and” at the end of paragraph (g) insert—

“(ga) section 399A(9) of ITA 2007 (exception from restriction on deductibility of interest on loans to invest in partnerships),” and

(c) in subsection (2A), before the “and” at the end of paragraph (e) insert—

“(ea) section 399A(9) of ITA 2007 (exception from restriction on deductibility of interest on loans to invest in partnerships),”.

(7) In ITA 2007, after section 399 insert—

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### **“399A Property partnerships: restriction of relief for investment loan interest**

- (1) This section applies to interest on a loan within section 398 if—
  - (a) the partnership concerned carries on a property business, and
  - (b) that property business or part of it is carried on for the purpose of generating income from—
    - (i) land consisting of a dwelling-house or part of a dwelling-house, or
    - (ii) an estate, interest or right in or over land within subparagraph (i).
- (2) Subsections (3) to (6) have effect to restrict relief under section 383(1) for so much of the interest as is referable (on a just and reasonable apportionment) to the property business or (as the case may be) the part of it within subsection (1) (b).
- (3) For the tax year 2017-18, the amount of that relief is 75% of what would be given apart from this section.
- (4) For the tax year 2018-19, the amount of that relief is 50% of what would be given apart from this section.
- (5) For the tax year 2019-20, the amount of that relief is 25% of what would be given apart from this section.
- (6) For the tax year 2020-21 and subsequent tax years, that interest is not eligible for relief under this Chapter.
- (7) Section 399(4) is to be applied in relation to the tax year to which subsection (3), (4) or (5) applies before that subsection is applied in relation to that tax year.
- (8) Anything that in the course of a property business is done for creating (by construction or adaptation) a dwelling-house, or part of a dwelling-house, from which income is to be generated is, for the purposes of subsection (1) (b), to be treated as done for the purpose mentioned in subsection (1)(b).
- (9) A property business, or part of a property business, that consists of the commercial letting of furnished holiday accommodation (as defined by Chapter 6 of Part 3 of ITTOIA 2005) is not within subsection (1)(b).
- (10) A reference in this section to a “dwelling-house” includes any land occupied or enjoyed with it as its garden or grounds.
- (11) In this section “property business” means a UK property business or an overseas property business.

### **399B Property partnerships: tax reduction for non-deductible loan interest**

- (1) Subsections (2) and (3) apply if for a tax year an individual would be given relief for an amount (“the relievable amount”) by section 383(1) but for section 399A.

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(2) The individual is entitled to relief under this section for the tax year in respect of the relievable amount.

(3) The amount of the relief is given by—  
**BR × the relievable amount**

where BR is the basic rate of income tax for the year.”

(8) In section 26(1)(a) of ITA 2007 (tax reductions deductible at Step 6 of the calculation in section 23 of ITA 2007)—

(a) after the entry for Chapter 1 of Part 7 of ITA 2007 insert—  
“section 399B (relief for non-deductible interest on loan to invest in partnership with residential property business),” and

(b) before the entry for section 535 of ITTOIA 2005 insert—  
“section 274A of ITTOIA 2005 (property business: relief for non-deductible costs of a dwelling-related loan),”.

(9) In section 26(2) of ITA 2007 (tax reductions deductible at Step 6 of the calculation in section 23 of ITA 2007 in the case of taxpayer who is not an individual), before the “and” at the end of paragraph (a) insert—

“(aa) section 274B of ITTOIA 2005 (trusts with accumulated or discretionary income derived from property business: relief for non-deductible costs of dwelling-related loans),”.

## **25 Enterprise investment scheme**

Schedule 5 contains amendments of Part 5 of ITA 2007 (enterprise investment scheme).

## **26 Venture capital trusts**

Schedule 6 contains amendments of Part 6 of ITA 2007 (venture capital trusts).

## **27 EIS, VCTs etc: excluded activities**

(1) In section 192 of ITA 2007 (excluded activities for the purposes of sections 181 and 189 (and, by virtue of section 257HF(2), Part 5A)), in subsection (1)—

(a) in paragraph (kb), omit the final “and”;

(b) after paragraph (kb) insert—  
“(kc) making reserve electricity generating capacity available (or, where such capacity has been made available, using it to generate electricity), and”.

(2) In section 303 of ITA 2007 (excluded activities for the purposes of sections 290 and 300), in subsection (1)—

(a) in paragraph (kb), omit the final “and”;

(b) after paragraph (kb) insert—  
“(kc) making reserve electricity generating capacity available (or, where such capacity has been made available, using it to generate electricity), and”.

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- (3) The amendment made by subsection (1) has effect in relation to shares issued on or after 30 November 2015.
- (4) The amendment made by subsection (2) has effect in relation to relevant holdings issued on or after 30 November 2015.

## **28 EIS, VCTs and EMI: meaning of “farming”**

- (1) In section 996 of ITA 2007 (meaning of “farming” and related expressions), omit subsection (7).
- (2) The amendment made by subsection (1)—
  - (a) in relation to the application of section 996 of ITA 2007 for the purposes of section 192(1) of that Act, has effect in relation to shares issued on or after the day on which this Act is passed;
  - (b) in relation to the application of section 996 of that Act for the purposes of section 303(1) of that Act, has effect for the purposes of determining whether shares or securities issued on or after that day are to be regarded as comprised in a company’s qualifying holdings;
  - (c) in relation to the application of section 996 for the purposes of paragraph 16 of Schedule 5 to ITEPA 2003, has effect in relation to options granted on or after that day.

## **29 Travel expenses of members of local authorities etc**

- (1) ITEPA 2003 is amended as follows.
- (2) In section 229(2) (mileage allowance payments), for “section 236(1)” substitute “sections 235A and 236(1)”.
- (3) After section 235 insert—

### **“235A Journeys made by members of local authorities etc**

- (1) Subject to subsections (2) and (3), a qualifying journey made by a member of a relevant authority is to be treated as business travel for the purposes of this Chapter if a qualifying payment is made by the authority—
  - (a) to the member for expenses related to the member’s use for the journey of a vehicle to which this Chapter applies, or
  - (b) to another member of the authority for carrying the member as a passenger on the journey in a car or van.
- (2) A qualifying journey is not to be treated as business travel—
  - (a) for the purposes of section 231, or
  - (b) when calculating for the purposes of that section the mileage allowance payments paid to the member in respect of the journey and the approved amount for such payments.
- (3) If a journey made by a member of a relevant authority is a qualifying journey and a qualifying payment is made to the member for carrying a passenger on the journey, the member’s journey is not to be treated as business travel in

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respect of that passenger for the purposes of sections 233 and 234 unless the passenger is also a member of the authority.

- (4) A journey made by a member of a relevant authority is a “qualifying journey” for the purposes of this section if—
- (a) it is a journey between the member’s home and permanent workplace, and
  - (b) the member’s home is situated in the area of the authority, or no more than 20 miles outside the boundary of the area.
- (5) In this section “permanent workplace” has the same meaning as in Part 5 (see section 339).
- (6) The Treasury may by regulations—
- (a) provide for bodies specified in the regulations (which must be local authorities or bodies that have similar or related functions or purposes) to be relevant authorities for the purposes of this section,
  - (b) provide for references in this section to a member of a relevant authority to be read as references to a member of a description prescribed in the regulations, and
  - (c) define what is meant by “qualifying payment” for the purposes of this section.
- (7) The regulations may contain transitional provision and savings.”

- (4) In section 236 (interpretation of Chapter 2 of Part 4), after subsection (1) insert—

“(1A) For journeys that are treated as business travel for the purposes of certain provisions of this Chapter, see section 235A (journeys made by members of local authorities etc).”

- (5) After section 295 insert—

*“Members of local authorities etc*

#### **295A Travel expenses of members of local authorities etc**

- (1) No liability to income tax arises in respect of a qualifying payment made to a member of a relevant authority for travel expenses incurred by the member if—
- (a) the payment is for expenses other than those related to the member’s use of a vehicle to which Chapter 2 applies, and
  - (b) the expenses are not excluded by subsection (2).
- (2) Expenses are excluded by this subsection if—
- (a) they are incurred on a journey between the member’s home and permanent workplace, and
  - (b) the member’s home is situated more than 20 miles outside the boundary of the area of the relevant authority.
- (3) In this section “permanent workplace” has the same meaning as in Part 5 (see section 339).
- (4) The Treasury may by regulations—

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*Status: This is the original version (as it was originally enacted).*

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- (a) provide for bodies specified in the regulations (which must be local authorities or bodies that have similar or related functions or purposes) to be relevant authorities for the purposes of this section,
  - (b) provide for references in this section to a member of a relevant authority to be read as references to a member of a description prescribed in the regulations, and
  - (c) define what is meant by “qualifying payment” for the purposes of this section.
- (5) The regulations may contain transitional provision and savings.”
- (6) In Schedule 1 (index of defined expressions), in the entry relating to business travel in Chapter 2 of Part 4, for “section 236(1)” substitute “sections 235A and 236(1)”.
- (7) The amendments made by this section have effect for the tax year 2016-17 and subsequent tax years.

### **30 London Anniversary Games**

- (1) A duly 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 2015-16, or
  - (b) the accredited competitor is UK resident for the tax year 2015-16 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 (deductions 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—
- “Anniversary Games” means the athletics event held at the Olympic Stadium in London on 24 - 26 July 2015;
  - “Games period” means the period—
    - (a) beginning with 22 July 2015, and
    - (b) ending with 28 July 2015;
  - “income” means employment income or profits of a trade, profession or vocation (including profits treated as arising as result of section 13 of ITTOIA 2005).
- (6) This section is treated as having come into force on 8 July 2015.