



Finance Act 2022

2022 CHAPTER 3

PART 1

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

International matters

25 Tonnage tax

(1) Schedule 22 to FA 2000 (tonnage tax) is amended as follows.

(2) In paragraph 10 (when election may be made)—

- (a) in sub-paragraph (2), at the end insert “, subject to sub-paragraph (3A)”,
- (b) in sub-paragraph (3), at the end insert “, subject to sub-paragraph (3A)”, and
- (c) after sub-paragraph (3) insert—

“(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.”

(3) In paragraph 13 (period for which election is in force)—

- (a) in sub-paragraph (1), for “ten years” substitute “the relevant number of years”,
- (b) in that sub-paragraph, omit the final sentence, and
- (c) after that sub-paragraph insert—

*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 2022, Section 25. (See end of Document for details)*

“(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.”

(4) In paragraph 15 (renewal election), for sub-paragraph (1) substitute—

“(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).”

(5) After paragraph 15 insert—

“Bridging renewal election

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.”

(6) In paragraph 19(3) (qualifying ships), omit paragraph (c).

(7) Omit paragraphs 22A to 22F (flagging) (and the italic headings before each of those paragraphs).

(8) In paragraph 43A(1)(a) (requirement to prove compliance with safety etc standards), for “any relevant register (see paragraph 22B(6A))” substitute “the United Kingdom”.

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- (9) In paragraph 49(2)(b) (relevant shipping income: distributions of overseas shipping companies), omit “, Gibraltar or a member State” in both places.
- (10) In paragraph 147 (index of defined expressions)—
- (a) at the appropriate place insert—
- “bridging renewal election | paragraph 15ZA”;
- (b) omit the entry for “relevant register”.
- (11) The amendments made by this section come into force on 1 April 2022.
- (12) The amendment made by subsection (9) has effect for accounting periods beginning on or after 1 April 2022.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2022, Section 25.