

*Status: Point in time view as at 17/07/2014.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 3) Act 2010, SCHEDULE 1. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 1

Section 1

#### SHARED LIVES CARE

##### *Extension of foster-care relief*

1 Chapter 2 of Part 7 of ITTOIA 2005 (foster-care relief) is amended as follows.

2 (1) Section 803 (overview of Chapter 2) is amended as follows.

(2) For subsection (1) substitute—

“(1) This Chapter provides relief on income from the provision by an individual of qualifying care.

The relief is referred to in this Chapter as “qualifying care relief”.

(3) In subsections (2) and (5), for “foster-care” substitute “qualifying care”.

3 (1) Section 804 (person who qualifies for relief) is amended as follows.

(2) For subsection (1) substitute—

“(1) An individual qualifies for qualifying care relief for a tax year if the individual—

(a) has qualifying care receipts for the tax year (see section 805), and

(b) does not derive any taxable income, other than qualifying care receipts, from a relevant trade or arrangement.”

(3) In subsection (3), for “foster-care” substitute “qualifying care”.

(4) After that subsection insert—

“(4) Subsection (1) is subject to section 804A.”

4 After section 804 insert—

##### **“804A Shared lives care: further condition for relief**

(1) This section applies if an individual (“N”) has qualifying care receipts for a tax year in respect of the provision of shared lives care.

(2) N does not qualify for qualifying care relief in respect of those receipts if the placement cap is exceeded for the residence (or any of the residences) used by N to provide the care from which those receipts are derived.

(3) The placement cap is exceeded for a residence if, at any given time during the relevant period, shared lives care is being provided there (whether by N or anyone else) for more than 3 people in total.

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- (4) The relevant period, in relation to a residence, is the period for which the residence is N's only or main residence during the income period for the receipts (see section 805).
- (5) If the placement cap is so exceeded but N also has qualifying care receipts for the tax year in respect of the provision of foster care, this Chapter is to apply to N for the tax year as if—
- (a) references to qualifying care were to foster care, and
  - (b) accordingly, references (other than in this section) to qualifying care receipts did not include receipts in respect of the provision of shared lives care.
- (6) In determining the number of people for whom shared lives care is being provided at any given time, brothers and sisters (including half-brothers and half-sisters) count as one person.”
- 5 (1) In section 805(1) (meaning of “foster-care receipts”)—
- (a) for “foster-care” substitute “qualifying care”, and
  - (b) in paragraph (a), for “foster care” substitute “qualifying care”.
- (2) Accordingly, in the heading of section 805, for “**foster-care**” substitute “**qualifying care**”.
- 6 After section 805 insert—

**“805A Meaning of providing qualifying care**

For the purposes of this Chapter qualifying care is provided if an individual (alone or in partnership) provides—

- (a) foster care but not shared lives care,
- (b) shared lives care but not foster care, or
- (c) both foster care and shared lives care.”

- 7 After section 806 insert—

**“806A Meaning of providing shared lives care**

- (1) For the purposes of this Chapter shared lives care is provided by an individual if—
- (a) the individual provides accommodation and care for an adult or child (“X”) who has been placed with the individual, and
  - (b) the conditions in subsection (2) are met.
- (2) The conditions are—
- (a) the accommodation is in the individual's own home,
  - (b) the accommodation and care are provided on the basis that X will share the individual's home and daily family life during the placement,
  - (c) the placement is made under a specified social care scheme,
  - (d) the individual does not provide the accommodation and care as a foster carer, and
  - (e) the individual is not excluded within the meaning of section 806(5).

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- (3) Section 806(5) has effect for the purposes of subsection (2)(e) as if references to the child were to X (whatever X's age).
- (4) "Specified social care scheme" means a social care scheme of a kind specified or described in an order made by the Treasury.
- (5) An order under subsection (4) may make provision having effect in relation to the tax year current on the day on which the order is made.
- (6) In this section—
  - "care" means personal care, including assistance and support;
  - "home" means an individual's only or main residence;
  - "social care scheme" means a scheme, service or arrangement for those who, by reason of age, illness, disability or other vulnerability, are in need of care.

#### **806B Meaning of "residence"**

- (1) In this Chapter "residence" means—
    - (a) a building, or part of a building, occupied or intended to be occupied as a separate residence, or
    - (b) a caravan or houseboat.
  - (2) If a building, or part of a building, designed for permanent use as a single residence is temporarily divided into two or more separate residences, it is still treated as a single residence."
- 8 (1) In section 807 (calculation of "total foster-care receipts"), for "foster-care" substitute "qualifying care".
- (2) Accordingly, in the heading of that section, for "**foster-care**" substitute "**qualifying care**".
- 9 In section 808(1)(b) (the individual's limit), before "child" insert "adult or".
- 10 For section 809 substitute—

#### **"809 Share of fixed amount: residence used by more than one carer**

- (1) This section applies if in a tax year—
    - (a) the residence used to provide the qualifying care from which an individual's qualifying care receipts for the tax year are derived is also used by another individual to provide qualifying care, and
    - (b) the other individual also has qualifying care receipts for the tax year.
  - (2) Each individual's share of the fixed amount for the tax year is the fixed amount divided by the total number of individuals who—
    - (a) use the residence in the tax year to provide qualifying care, and
    - (b) have qualifying care receipts for the tax year."
- 11 In section 810(1) (share of fixed income: income period not a year), for "foster-care" substitute "qualifying care".
- 12 (1) Section 811 (the amount per child) is amended as follows.

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- (2) For subsection (1) substitute—
- “(1) An individual's amount per adult or child for a tax year is found by multiplying—
- (a) the number of weeks during the income period for the tax year in which the individual provides qualifying care for the adult or child, by
  - (b) the weekly amount for the adult or child.
- (1A) The weekly amount for an adult is £250.”
- (3) In subsection (3), for “subsection (2)” substitute “ subsection (1A) or (2) ”.
- (4) In subsection (4), for “foster care for a child” substitute “ qualifying care for an adult or child ”.
- (5) Accordingly, in the heading, before “**child**” insert “ **adult or** ”.
- 13 For section 812 substitute—
- “812 Full qualifying care relief: introduction**
- Sections 813 and 814 (which give the full form of qualifying care relief) apply if—
- (a) an individual qualifies for qualifying care relief for a tax year,
  - (b) the individual's total qualifying care receipts for the tax year do not exceed the individual's limit for the tax year, and
  - (c) sections 822 and 823 do not apply (accounting date for trade not 5 April).”
- 14 (1) In section 813(1) (full foster-care relief: trading income), for “foster-care” substitute “ qualifying care ”.
- (2) Accordingly, in the heading of section 813, for “**foster-care**” substitute “ **qualifying care** ”.
- 15 (1) In section 814(1) (full foster-care relief: income chargeable under Chapter 8 of Part 5), for “foster-care” substitute “ qualifying care ”.
- (2) Accordingly, in the heading of section 814, for “**foster-care**” substitute “ **qualifying care** ”.
- 16 In section 815(a) and (b) (alternative calculation of profits: introduction), for “foster-care” substitute “ qualifying care ”.
- 17 In section 816(1) and (2)(a) (alternative calculation of profits: trading income), for “foster-care” substitute “ qualifying care ”.
- 18 In section 817(1) and (2)(a) (alternative calculation of profits: income chargeable under Chapter 8 of Part 5), for “foster-care” substitute “ qualifying care ”.
- 19 In section 818(1)(a) and (b) (election for alternative method of calculating profits), for “foster-care” substitute “ qualifying care ”.
- 20 In section 819(1)(b) (adjustment of assessment), for “foster care” substitute “ qualifying care ”.

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- 21 In section 820(a) and (b) (periods of account not ending on 5th April), for “foster-care” substitute “qualifying care”.
- 22 (1) Section 821 (meaning of “relevant limit”) is amended as follows.
- (2) In subsection (1)—
- (a) for “foster-care” substitute “qualifying care”, and
- (b) in paragraph (b), before “child” insert “adult or”.
- (3) In subsection (2), before “child”, in both places where it occurs, insert “adult or”.
- 23 In section 822(1) (full relief), for “foster-care” substitute “qualifying care”.
- 24 In section 823(1)(a) and (2)(a) (alternative method of calculating profits), for “foster-care” substitute “qualifying care”.
- 25 In section 824(1)(a) and (2)(b) (capital allowances: introduction), for “foster-care” substitute “qualifying care”.
- 26 In section 825(2) and (4)(a) (carried forward unrelieved qualifying expenditure), for “foster care” substitute “qualifying care”.
- 27 In section 826(b) (excluded capital expenditure), for “foster care” substitute “qualifying care”.
- 28 In section 827(a) (excluded capital expenditure: subsequent treatment of asset), for “foster care” substitute “qualifying care”.
- 29 Accordingly, for the heading of Chapter 2 of Part 7 of ITTOIA 2005 substitute “QUALIFYING CARE RELIEF”.

#### *Consequential amendments*

- 30 ITTOIA 2005 is amended as follows.
- 31 In section 1(5) (overview of Act), for “foster-care” substitute “qualifying care”.
- 32 (1) In section 23 (rent-a-room and foster-care relief)—
- (a) in subsection (3), for “foster-care” substitute “qualifying care”, and
- (b) in subsection (4), for “foster care” substitute “qualifying care”.
- (2) Accordingly—
- (a) in the heading of that section, for “**foster-care**” substitute “**qualifying care**”, and
- (b) in the heading immediately preceding that section, for “*foster-care*” substitute “*qualifying care*”.
- 33 In section 688(2)(b) (income charged), for “foster care” substitute “qualifying care”.
- 34 In the heading of Part 7, for “FOSTER-CARE” substitute “QUALIFYING CARE”.
- 35 In the table in Part 2 of Schedule 4 (index of expressions defined in this Act etc)—
- (a) omit the entries for “foster-care receipts” and “foster-care relief”,
- (b) after the entry for “provides foster care” insert—

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“provides qualifying care (in Chapter 2 of Part 7) section 805A

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provides shared lives care (in Chapter 2 of Part 7 section 806A”,  
7)

(c) after the entry for “purchased life annuity” insert—

“qualifying care receipts (in Chapter 2 of Part 7) section 805  
qualifying care relief (in Chapter 2 of Part 7) section 803(1)”,

(d) after the entry for “residence” insert—

“residence (in Chapter 2 of Part 7) section 806B”,

and

(e) in the entry for “total foster-care receipts”, for “foster-care” substitute “qualifying care”.

#### *Commencement*

- 36 (1) The amendments made by this Schedule have effect for the tax year 2010-11 and subsequent tax years.
- (2) But an individual within sub-paragraph (3) may elect to be treated for income tax purposes as if those amendments had effect instead for the tax year 2011-12 and subsequent tax years (and accordingly to remain entitled, for the tax year 2010-11, to the benefit of any relevant concession so far as applicable to the individual).
- (3) An individual is within this sub-paragraph if the individual has qualifying care receipts for the tax year 2010-11 in respect of the provision of shared lives care (with or without qualifying care receipts in respect of the provision of foster care).
- (4) A relevant concession is an existing HMRC concession (within the meaning of section 160 of FA 2008)—
- which is in force immediately before the passing of this Act, and
  - to which effect is given (in whole or in part) by this Schedule.
- (5) An election under sub-paragraph (2) must be made on or before the first anniversary of the normal self-assessment filing date for the tax year 2010-11 (or such later date as an officer of Revenue and Customs may, in a particular case, allow).

#### *Transitional provision*

- 37 (1) This paragraph applies if—
- an individual had qualifying care receipts in respect of the provision of shared lives care—
    - for the pre-commencement tax year, or
    - for a continuous series of tax years up to and including the pre-commencement tax year,
  - the receipts were receipts of a trade,
  - a relevant concession applied to the individual in respect of those receipts, and
  - the individual did not derive any taxable income, other than qualifying care receipts, from the trade.

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- (2) Sections 824 to 827 of ITTOIA 2005 (capital allowances) are to have effect as if the individual had been a relevant individual for—
- (a) the pre-commencement tax year, or
  - (b) if sub-paragraph (1)(a)(ii) applies, the pre-commencement tax year and each earlier tax year in the series.
- (3) “The pre-commencement tax year” means the tax year immediately preceding—
- (a) for an individual who makes an election under paragraph 36, the tax year 2011-12,
  - (b) otherwise, the tax year 2010-11.
- (4) “Relevant concession” has the same meaning as in paragraph 36.

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