



# Finance Act 2016

## CHAPTER 24

### FINANCE ACT 2016

#### PART 1

##### INCOME TAX

###### *Charge and principal rates etc*

- 1 Income tax charge and rates for 2016-17
- 2 Basic rate limit for 2017-18
- 3 Personal allowance for 2017-18

###### *Rate structure*

- 4 Savings allowance, and savings nil rate etc
- 5 Rates of tax on dividend income, and abolition of dividend tax credits etc
- 6 Structure of income tax rates

###### *Employment income: taxable benefits*

- 7 Taxable benefits: application of Chapters 5 to 7 of Part 3 of ITEPA 2003
- 8 Cars: appropriate percentage for 2019-20 and subsequent tax years
- 9 Cars which cannot emit CO<sub>2</sub>: appropriate percentage for 2017-18 and 2018-19
- 10 Diesel cars: appropriate percentage
- 11 Cash equivalent of benefit of a van
- 12 Tax treatment of payments from sporting testimonials
- 13 Exemption for trivial benefits provided by employers
- 14 Travel expenses of workers providing services through intermediaries
- 15 Taxable benefits: PAYE

*Status: This is the original version (as it was originally enacted).*

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*Employment income: other provision*

- 16 Employee share schemes
- 17 Securities options
- 18 Employment income provided through third parties

*Pensions*

- 19 Standard lifetime allowance from 2016-17
- 20 Pensions bridging between retirement and state pension
- 21 Dependants' scheme pensions
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- 23 Netherlands Benefit Act for Victims of Persecution 1940-1945

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- 25 Averaging profits of farmers etc
- 26 Relief for finance costs related to residential property businesses
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- 29 EIS and VCTs: definition of certain periods
- 30 EIS and VCTs: election
- 31 VCTs: requirements for giving approval

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- 33 Transactions in securities: company distributions
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- 35 Distributions in a winding up

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- 38 Income-based carried interest: persons coming to the UK

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- 51 Loans to participators etc: trustees of charitable trusts

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- 52 Intangible fixed assets: pre-FA 2002 assets
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- 54 Tax relief for production of orchestral concerts
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- 57 Banking companies: restrictions on loss relief etc

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- 59 Investment allowance: disqualifying conditions
- 60 Investment allowance: power to expand meaning of “relevant income”
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- 62 Cluster area allowance: disqualifying conditions
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- 82 Commencement and transitional provision: sections 78 and 79

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- 85 Entrepreneurs' relief: disposal of goodwill
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- 87 Investors' relief

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- 103 Anti-avoidance
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- 105 Assessment, payment etc
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- 108 Time limits for assessment
- 109 No deduction in respect of levy to be made from earnings
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- 130 SDLT higher rate: acquisition under regulated home reversion plan
- 131 SDLT higher rate: properties occupied by certain employees etc
- 132 SDLT: minor amendments of section 55 of FA 2003
- 133 SDLT: property authorised investment funds and co-ownership authorised contractual schemes

*Annual tax on enveloped dwellings*

- 134 ATED: regulated home reversion plans
- 135 ATED: properties occupied by certain employees etc
- 136 ATED: alternative property finance - land in Scotland

**PART 9****OTHER TAXES AND DUTIES***Stamp duty and stamp duty reserve tax*

- 137 Stamp duty: acquisition of target company's share capital
- 138 Stamp duty: transfers to depositaries or providers of clearance services
- 139 SDRT: transfers to depositaries or providers of clearance services

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- 140 Petroleum revenue tax: rate

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- 141 Insurance premium tax: standard rate

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- 142 Landfill tax: rates from 1 April 2017
- 143 Landfill tax: rates from 1 April 2018

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- 144 CCL: abolition of exemption for electricity from renewable sources
- 145 CCL: main rates from 1 April 2017
- 146 CCL: main rates from 1 April 2018

- 147 CCL: main rates from 1 April 2019
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- 149 APD: rates from 1 April 2016

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- 150 VED: rates for light passenger vehicles, light goods vehicles, motorcycles etc
- 151 VED: extension of old vehicles exemption from 1 April 2017

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- 152 Gaming duty: rates
- 153 Fuel duties: aqua methanol etc
- 154 Tobacco products duty: rates
- 155 Alcoholic liquor duties: rates

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- 157 General anti-abuse rule: binding of tax arrangements to lead arrangements
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- 164 Offshore tax errors etc: publishing details of deliberate tax defaulters
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- 176 Data-gathering powers: providers of payment or intermediary services
- 177 Data-gathering powers: daily penalties for extended default

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- 179 Raw tobacco approval scheme

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- 180 Powers to obtain information about certain tax advantages
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- 183 Qualifying transformer vehicles

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- 186 Functions of the OTS: reviews and reports
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- 188 Review of the OTS
- 189 Commencement

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**SCHEDULES****SCHEDULE 1 — Abolition of dividend tax credits etc**

- 1 Main repeals
- 2 Further amendments in ITTOIA 2005
- 3 In the heading of Chapter 3 of Part 4, for...
- 4 In section 382(2) (other contents of Chapter 3 of Part...
- 5 Omit section 384(3) (which refers to section 398).
- 6 Omit section 393(5) (determining entitlement to tax credit).



- 7 In section 394 (which deems a distribution to be made)—...
- 8 In section 395(3) (interpretation of section 395(2)) omit the words...
- 9 For section 396A(2)(b) (alternative receipt treated as qualifying distribution for...
- 10 In the italic heading before section 397, omit “Tax credits...
- 11 (1) Section 399 (qualifying distribution received by person not entitled...
- 12 (1) Section 401 (relief: qualifying distribution after linked non-qualifying distribution)...
- 13 Omit section 401A (recovery of overpaid tax credit etc).
- 14 In section 401B (power to obtain information for the purposes...
- 15 Omit sections 406(4A) and 407(4A) (determining entitlement to tax credit)....
- 16 In section 408(2A) (interpretation of section 408(2)) omit the words...
- 17 In section 411(2) (stock dividends: amount on which tax charged)...
- 18 In section 416 (released debts: amount on which tax charged)—...
- 19 In section 418(3) (release of loan: tax only on grossed-up...
- 20 In section 651 (meaning of “UK estate” and “foreign estate”)—...
- 21 In section 657 (tax charged on estate income from foreign...
- 22 In section 663 (applicable rate for purposes of grossing-up under...
- 23 In section 670 (applicable rate for purposes of Step 2...
- 24 In section 680 (income of an estate that is treated...
- 25 In section 680A (estate income treated as dividend income), in...
- 26 In section 854(6) (carrying on by partner of notional business:...
- 27 Omit section 858(3) (partnerships with foreign element: entitlement to tax...
- 28 Further amendments in CTA 2010
- 29 (1) Section 279F (ring fence profits: related 51% group company)...
- 30 (1) Section 279G (ring fence profits: meaning of “augmented profits”)...
- 31 For section 463(7) (loan to trustees of settlement which has...
- 32 (1) Section 549 (distributions: supplementary) is amended as follows.
- 33 (1) Section 751 (interpretation of Part 15 (transactions in securities))...
- 34 Omit section 814D(8) (which excludes entitlement to tax credits).
- 35 Omit section 997(5) (which introduces sections 1109 to 1111).
- 36 In sections 1026(1)(b) and 1027(2)(b) (cases where amount paid up...
- 37 (1) Section 1070 (distributions by company carrying on mutual business)...
- 38 (1) Section 1071 (company not carrying on business) is amended...
- 39 (1) Section 1100 (qualifying distribution: right to request a statement)...
- 40 (1) Section 1101 (non-qualifying distributions etc: returns and information) is...
- 41 In section 1103 (regulations about information about non-qualifying distributions)—
- 42 (1) Section 1106 (interpretation of sections 1104 and 1105) is...
- 43 Omit sections 1110 and 1111 (recovery of overpaid tax credits...
- 44 (1) Section 1115 (meaning of “new consideration” in Part 23)...
- 45 In section 1119 (definitions for the purposes of the Corporation...
- 46 Omit section 1126 (meaning of “franked investment income”).
- 47 Omit section 1136 (meaning of “qualifying distribution”).
- 48 Omit section 1139(4) (“relief” includes tax credit).
- 49 In Schedule 2 (transitionals and savings etc) omit paragraph 106(1)...
- 50 In Schedule 4 (index of defined expressions) omit the entries...
- 51 Other amendments
- 52 (1) ICTA is amended as follows. (2) Omit section 231B...

- 53 In FA 1988, in Schedule 13 omit paragraph 7(c) (post-consolidation...
- 54 In FA 1989— (a) omit section 115 (double taxation: tax...
- 55 In FA 1993 omit section 171(2B) (which excludes entitlement to...
- 56 In FA 1994 omit section 219(4B) (which excludes entitlement to...
- 57 (1) F(No.2)A 1997 is amended as follows.
- 58 (1) FA 1998 is amended as follows.
- 59 In the Commonwealth Development Corporation Act 1999, in Schedule 3...
- 60 In the Financial Services and Markets Act 2000 (Consequential Amendments)...
- 61 (1) ITEPA 2003 is amended as follows.
- 62 In ITTOIA 2005, in Schedule 1 (minor and consequential amendments)...
- 63 (1) ITA 2007 is amended as follows.
- 64 In FA 2008, in Schedule 12 (amendments relating to tax...
- 65 (1) CTA 2009 is amended as follows.
- 66 (1) FA 2009 is amended as follows.
- 67 In Schedule 1 to CTA 2010 (minor and consequential amendments)...
- 68 (1) TIOPA 2010 is amended as follows.
- 69 In FA 2011— (a) in Part 6 of Schedule 23...
- 70 In FA 2012, in section 169(2) (payments by certain friendly...
- 71 In FA 2013— (a) in paragraph 6(2) of Schedule 19...
- 72 In FA 2015, in section 19— (a) in subsection (1),...
- 73 Commencement

#### SCHEDULE 2 — Sporting testimonial payments

- 1 Income tax: sporting testimonial payments treated as earnings
- 2 Income tax: limited exemption for sporting testimonial payments
- 3 Corporation tax: deductions from total profits for sporting testimonial payments and associated payments
- 4 Application of this Schedule

#### SCHEDULE 3 — Employee share schemes: minor amendments

- 1 Enterprise management incentives and employee ownership trusts
- 2 Share incentive plans
- 3 Notification of plans and schemes to HMRC
- 4 (1) In Schedule 3 to ITEPA 2003 (SAYE option schemes),...
- 5 (1) In Schedule 4 to ITEPA 2003 (CSOP schemes), Part...
- 6 Price for acquisition of shares under share option
- 7 (1) In Schedule 4 to ITEPA 2003 (CSOP schemes), paragraph...
- 8 Tag-along rights
- 9 Exercise of EMI options

#### SCHEDULE 4 — Pensions: lifetime allowance: transitional provision

##### PART 1 — “FIXED PROTECTION 2016”

- 1 The protection
- 2 The initial conditions
- 3 Protection-cessation events
- 4 Protection-cessation events: interpretation: “benefit accrual”
- 5 Protection-cessation events: interpretation: “impermissible transfer”
- 6 Protection-cessation events: interpretation: “permitted transfer”
- 7 Protection-cessation events: interpretation: “permitted circumstances”

- 8 Protection-cessation events: interpretation: relieved non-UK pension schemes
  - PART 2 — “INDIVIDUAL PROTECTION 2016”
  - 9 The protection
  - 10 Amount A (pre-6 April 2006 pensions in payment)
  - 11 Amount B (pre-6 April 2016 benefit crystallisation events)
  - 12 Amount C (uncrystallised rights at end of 5 April 2016 under registered pension schemes)
  - 13 Amount D (uncrystallised rights at end of 5 April 2016 under relieved non-UK schemes)
  - PART 3 — REFERENCE NUMBERS ETC
  - 14 Issuing of reference numbers for fixed or individual protection 2016
  - 15 Withdrawal of reference numbers
  - 16 Appeals against non-issue or withdrawal of reference numbers
  - 17 Notification of subsequent protection-cessation events
  - 18 Notification of subsequent pension debits
  - 19 Personal representatives
  - 20 Penalties for non-supply, or fraudulent etc supply, of information under paragraph 17 or 18
  - PART 4 — INFORMATION
  - 21 Preservation of records in connection with individual protection 2016
  - 22 Amendments of regulations
  - 23 In regulation 2(1) (interpretation)— (a) after the entry for “fixed...
  - 24 (1) In the table in regulation 3(1) (provision of event...
  - 25 (1) Regulation 11 (information provided to scheme administrator by member...
  - 26 After regulation 14B insert— Individual protection 2016: provision of information...
  - 27 In consequence of paragraph 24(4), in each of—
  - PART 5 — AMENDMENTS IN CONNECTION WITH PROTECTION OF PRE-6 APRIL 2006 RIGHTS
  - 28 (1) In Part 1 of Schedule 29 to FA 2004...
  - PART 6 — INTERPRETATION AND REGULATIONS
  - 29 Interpretation of Parts 1, 2 and 3
  - 30 Interpretation of Parts 3 and 4 and this Part
  - 31 Regulations
- SCHEDULE 5 — Pension flexibility
  - 1 Serious ill-health lump sums
  - 2 (1) Section 636A of ITEPA 2003 (exemption for certain lump...
  - 3 (1) In consequence of the amendment made by paragraph 1(2),...
  - 4 The amendments made by paragraphs 1 to 3 have effect...
  - 5 Charity lump sum death benefits
  - 6 Dependants’ flexi-access drawdown funds
  - 7 Trivial commutation lump sum
  - 8 (1) Section 636B of ITEPA 2003 (taxation of trivial commutation,...
  - 9 The amendments made by paragraphs 7 and 8 have effect...
  - 10 Top-up of dependants’ death benefits
  - 11 Inheritance tax as respects cash alternatives to annuities for dependants etc
- SCHEDULE 6 — Deduction of income tax at source

PART 1 — ABOLITION OF DUTY TO DEDUCT TAX FROM INTEREST ON  
CERTAIN INVESTMENTS

1 In Chapter 2 of Part 15 of ITA 2007 (deduction...

PART 2 — DEDUCTION OF TAX FROM YEARLY INTEREST: EXCEPTION FOR  
DEPOSIT-TAKERS

2 In section 876 of ITA 2007 (interest paid by deposit-takers),...

PART 3 — AMENDMENTS OF OR RELATING TO CHAPTER 2 OF PART 15 OF  
ITA 2007

3 Amendments of Chapter 2 of Part 15 of ITA 2007

4 For the Chapter heading substitute “Meaning of “relevant investment”  
for...

5 (1) Section 850 (overview of Chapter) is amended as follows....

6 Omit section 852 (power to disapply section 851).

7 In section 853(1) (meaning of “deposit-taker”), after “In this Chapter”...

8 In section 854(3) (meaning of “relevant investment” in section 851(1)  
(b)),...

9 For section 855(1) (meaning of “investment”) substitute—

10 (1) Section 856 (meaning of “relevant investment”) is amended as...

11 In section 857 (treating investments as being or not being...

12 Omit— (a) sections 858 to 861 (investments which are not...

13 In the italic heading preceding section 863, for “Other investments”...

14 In sections 863, 864, 865 and 868(4) (investments with deposit-takers...

15 Omit sections 868(3), 869 and 870(2) (investments with building  
societies)....

16 Omit section 871 (power to make regulations to give effect...

17 In section 872 (power to amend Chapter)—

18 Omit section 873(3) to (6) (interpretation of section 861).

19 Amendments relating to Chapter 2 of Part 15 of ITA 2007

20 (1) In section 564Q(1) of ITA 2007 (alternative finance return:...

21 In section 847 of ITA 2007 (overview of Part 15)—...

22 In section 946 of ITA 2007 (collection of tax deducted...

23 In Schedule 2 to ITA 2007 omit paragraphs 154 to...

24 In Schedule 4 to ITA 2007 (index of defined expressions)—...

25 In consequence of the amendments made by Part 1 of...

## PART 4 — DEDUCTION OF TAX FROM UK PUBLIC REVENUE DIVIDENDS

26 In section 877 of ITA 2007 (duty to deduct under...

27 (1) Chapter 5 of Part 15 of ITA 2007 (deduction...

## PART 5 — COMMENCEMENT

28 (1) The amendments made by Parts 1 and 3 of...

## SCHEDULE 7 — Loan relationships and derivative contracts

1 Introductory

2 Non-market loans

3 Transfer pricing

4 In section 693 (derivative contracts: bringing transfer-pricing  
adjustments into account),...

5 Exchange gains and losses

6 In section 448 (exchange gains and losses on debtor relationships:...

7 In section 449 (exchange gains and losses on creditor relationships:...

8 In section 451 (exception to section 449 where loan exceeds...

9 (1) Section 452 (exchange gains and losses where loan not...

10 After section 475A insert— Meaning of “matched” Meaning of  
“matched”...

- 11 (1) Section 694 (derivative contracts: exchange gains and losses) is...  
12 Commencement

SCHEDULE 8 — Tax relief for production of orchestral concerts

PART 1 — AMENDMENT OF CTA 2009

- 1 After Part 15C of CTA 2009 insert— PART 15D Orchestra...

PART 2 — CONSEQUENTIAL AMENDMENTS

- 2 ICTA  
3 FA 1998  
4 In paragraph 10 (other claims and elections to be included...  
5 (1) Paragraph 52 (recovery of excessive repayments etc) is amended...  
6 In Part 9D (certain claims for tax relief)—  
7 CAA 2001  
8 FA 2007  
9 CTA 2009  
10 In section 1310 of CTA 2009 (orders and regulations), in...  
11 In Schedule 4 to CTA 2009 (index of defined expressions),...  
12 FA 2009  
13 CTA 2010  
14 In Part 8B of CTA 2010, after section 357UI insert—...  
15 (1) Schedule 4 to CTA 2010 (index of defined expressions)...  
PART 3 — COMMENCEMENT  
16 Any power to make regulations conferred on the Treasury by...  
17 (1) The amendments made by the following provisions of this...  
18 (1) The amendments made by paragraphs 13 to 15 of...

SCHEDULE 9 — Profits from the exploitation of patents etc: consequential

- 1 CTA 2010 is amended in accordance with this Schedule.  
2 In section 357B (meaning of “qualifying company”), in subsection (3)  
(b)(ii),...  
3 In the heading of Chapter 3 of Part 8A, after...  
4 (1) Section 357C (relevant IP profits) is amended as follows....  
5 In section 357CA (total gross income of a trade), in...  
6 Omit sections 357CB to 357CF.  
7 (1) Section 357CG (adjustments in calculating profits of trade) is...  
8 In section 357CI (routine return figure), in Step 1 in...  
9 Omit sections 357CJ and 357CK.  
10 (1) Section 357CL (companies eligible to elect for small claims...  
11 In section 357CM (small claims amount), in subsection (1), for...  
12 (1) Section 357D (alternative method of calculating relevant IP  
profits:...  
13 (1) Section 357DA (relevant IP profits) is amended as follows....  
14 (1) Section 357DC (the mandatory streaming conditions) is amended  
as...  
15 In section 357EB (allocation of set-off amount within a group)...  
16 In section 357ED (company ceasing to carry on trade etc)...  
17 In section 357FA (incorporation of qualifying items), in  
subsection (2),...  
18 In section 357FB (tax advantage schemes) in subsection (4)(b) for...  
19 (1) Section 357G (making an election under section 357A) is...  
20 (1) Section 357GA (revocation of election made under section 357A)...  
21 (1) Section 357GB (application of Part 8A in relation to...  
22 In section 357GC (application of Part 8A in relation to...

- 23 (1) Section 357GE (other interpretation) is amended as follows.  
 24 In Schedule 4 (index of defined expressions)—

SCHEDULE 10 — Hybrid and other mismatches

PART 1 — MAIN PROVISIONS

- 1 In TIOPA 2010, after Part 6 insert— PART 6A Hybrid...

PART 2 — CONSEQUENTIAL AMENDMENTS

- 2 FA 1998  
 3 In paragraph 25(3)— (a) insert “or” at the end of...  
 4 In paragraph 42(4)— (a) insert “or” at the end of...  
 5 CTA 2009  
 6 CTA 2010  
 7 In section 938N (group mismatch schemes: priority)—  
 8 In section 938V (tax mismatch schemes: priority)—  
 9 TIOPA 2010  
 10 In section 1 (overview of Act), in subsection (1)—  
 11 In section 157 (direct participation), in subsection (1)—  
 12 In section 158 (indirect participation: defined by sections 159 to...  
 13 In section 159 (indirect participation: potential direct participant), in subsection...  
 14 In section 160 (indirect participation: one of several major participants),...  
 15 Omit Part 6 (tax arbitrage).  
 16 Omit Part 4 of Schedule 11 (tax arbitrage: index of...  
 17 After that Part of that Schedule insert— PART 4A Hybrid...  
 PART 3 — COMMENCEMENT  
 18 Chapters 3 to 5 and 7 and 8 of Part...  
 19 Chapter 6 of Part 6A of TIOPA 2010 (counteraction of...  
 20 Chapters 9 and 10 of Part 6A of TIOPA 2010...  
 21 Chapter 11 of Part 6A of TIOPA 2010 (imported mismatch...  
 22 The following provisions of this Schedule have effect in relation...  
 23 For the purposes of paragraph 18 and 21, where a...  
 24 For the purposes of paragraphs 19, 20 and 22(b), where...  
 25 In this Part of this Schedule “the commencement date” means...

SCHEDULE 11 — Disposals of non-UK residential property interests

- 1 TCGA 1992 is amended in accordance with this Schedule.  
 2 In section 14B(1) (meaning of “non-resident CGT disposal”), in paragraph...  
 3 Omit section 14C (which introduces Schedule B1 and is superseded...  
 4 In Schedule B1 (disposals of UK residential property interests), in...  
 5 After Schedule B1 insert— SCHEDULE BA1 Disposals of non-UK residential...

SCHEDULE 12 — Disposals of residential property interests: gains and losses

- 1 TCGA 1992 is amended in accordance with this Schedule.  
 2 In section 57A(3) (gains and losses on relevant high value...  
 3 After section 57B insert— CHAPTER 7 Computation of gains and...  
 4 In Schedule B1 (disposals of UK residential property interests), in...  
 5 After Schedule 4ZZB insert— SCHEDULE 4ZZC Disposals of residential property...

SCHEDULE 13 — Entrepreneurs’ relief: “trading company” and “trading group”

- 1 TCGA 1992 is amended as follows.
- 2 In section 169H(7) (introduction), for “Section 169S contains” substitute “Sections...
- 3 In section 169S (interpretation of Chapter), subsection (4A) is treated...
- 4 After section 169S insert— Meaning of “trading company” and “trading...
- 5 After Schedule 7 insert— SCHEDULE 7ZA Entrepreneurs’ relief: “trading company”...
- 6 (1) The amendments made by this Schedule (except paragraph 3)...

#### SCHEDULE 14 — Investors’ relief

- 1 (1) In the heading to Part 5 of TCGA 1992,...
- 2 In Part 5 of TCGA 1992, after section 169V insert—...
- 3 After Schedule 7ZA of TCGA 1992 (inserted by Schedule 13)...

#### SCHEDULE 15 — Inheritance tax: increased nil-rate band

- 1 IHTA 1984 is amended as follows.
- 2 (1) Section 8D (extra nil-rate band on death if interest...
- 3 (1) Section 8E (residence nil-rate amount: interest in home goes...
- 4 In section 8F(4) (list of other relevant sections)—
- 5 After section 8F insert— Downsizing addition: entitlement: low-value death interest...
- 6 In section 8G (meaning of “brought-forward allowance”), in subsection (3)(a),...
- 7 (1) Section 8H (meaning of “qualifying residential interest”) is amended...
- 8 After section 8H insert— Qualifying former residential interest”: interests in...
- 9 In section 8J (meaning of “inherited”), in subsection (1), for...
- 10 In section 8K (meaning of “closely inherited”), in subsection (1),...
- 11 In section 8L (claims for brought-forward allowance)—
- 12 (1) Section 8M (residence nil-rate amount: cases involving conditional exemption)...

#### SCHEDULE 16 — Property authorised investment funds and co-ownership authorised contractual schemes

##### PART 1 — CO-OWNERSHIP AUTHORISED CONTRACTUAL SCHEMES

- 1 In FA 2003, after section 102 insert— Co-ownership authorised contractual...

##### PART 2 — SEEDING RELIEF FOR PROPERTY AUTHORISED INVESTMENT FUNDS AND CO-OWNERSHIP AUTHORISED CONTRACTUAL SCHEMES

- 2 FA 2003 is amended in accordance with this Part.
- 3 After section 65 insert— PAIF seeding relief and COACS seeding...
- 4 After Schedule 7 insert— SCHEDULE 7A Paif seeding relief and...

##### PART 3 — CONSEQUENTIAL AMENDMENTS

- 5 FA 2003 is amended in accordance with this Part.
- 6 In section 75C (anti-avoidance: supplemental), in subsection (4), after “Schedule...
- 7 (1) Section 81 (further return where relief withdrawn) is amended...
- 8 In section 86 (payment of tax), in subsection (2)—
- 9 (1) Section 87 (interest on unpaid tax) is amended as...
- 10 In section 118 (market value)— (a) the existing text becomes...

- 11 In section 122 (index of defined expressions), at the appropriate...
- 12 In Schedule 4A (SDLT: higher rate for certain transactions), in...
- 13 In Schedule 6B (transfers involving multiple dwellings), in paragraph 2(4)(b),...
- 14 (1) In Schedule 17A (further provisions relating to leases), paragraph...  
PART 4 — COMMENCEMENT
- 15 (1) The amendments made by Parts 2 and 3 of...

## SCHEDULE 17 — Aqua methanol etc

### PART 1 — AQUA METHANOL

- 1 Introductory
- 2 Definition
- 3 In section 2A (power to amend definitions), in subsection (1),...
- 4 Charging of excise duty
- 5 In section 6A (fuel substitutes), in subsection (1)—
- 6 Mixing of aqua methanol
- 7 Enforcement
- 8 Consequential amendments
- 9 In section 27(1) (interpretation), before the definition of “aviation gasoline”...
- 10 In section 16 of FA 1994 (appeals to a tribunal),...
- 11 In paragraph 3 of Schedule 41 to FA 2008 (penalties...  
PART 2 — HYDROCARBON OILS: MISCELLANEOUS AMENDMENTS
- 12 HODA 1979
- 13 FA 1994  
PART 3 — COMMENCEMENT
- 14 The amendments made by this Schedule come into force—

## SCHEDULE 18 — Serial tax avoidance

### PART 1 — CONTENTS OF SCHEDULE

- 1 In this Schedule— (a) Part 2 provides for HMRC to...  
PART 2 — ENTRY INTO THE REGIME AND BASIC CONCEPTS
- 2 Duty to give warning notice
- 3 Warning period
- 4 Meaning of “tax”
- 5 Meaning of “tax advantage” in relation to VAT
- 6 Meaning of “non-deductible tax”
- 7 “Tax advantage”: other taxes
- 8 “DOTAS arrangements”
- 9 “Disclosable VAT arrangements”
- 10 Paragraphs 8 and 9: “failure to comply”
- 11 “Relevant defeat”
- 12 Condition A
- 13 Condition B
- 14 Condition C
- 15 Condition D
- 16 Condition E  
PART 3 — ANNUAL INFORMATION NOTICES AND NAMING
- 17 Annual information notices
- 18 Naming  
PART 4 — RESTRICTION OF RELIEFS
- 19 Duty to give a restriction relief notice
- 20 Restriction of relief



- 21 The restricted period
- 22 Reasonable excuse
- 23 Mitigation of restriction of relief
- 24 Appeal
- 25 Meaning of “avoidance-related rule”
- 26 Meaning of “relief”
- 27 “Claim” for relief
- 28 VAT
- 29 Power to amend
- PART 5 — PENALTY
- 30 Penalty
- 31 Simultaneous defeats etc
- 32 Value of the counteracted advantage: basic rule for taxes other than VAT
- 33 Value of counteracted advantage: losses for purposes of direct tax
- 34 Value of counteracted advantage: deferred tax
- 35 Meaning of “the counteracted advantage” in paragraphs 33 and 34
- 36 Value of the counteracted advantage: Conditions D and E
- 37 Value of counteracted advantage: delayed VAT
- 38 Assessment of penalty
- 39 Alteration of assessment of penalty
- 40 Aggregate penalties
- 41 Appeal against penalty
- 42 Penalties: reasonable excuse
- 43 Paragraph 42: meaning of “the relevant failure”
- 44 Mitigation of penalties
- PART 6 — CORPORATE GROUPS, ASSOCIATED PERSONS AND PARTNERSHIPS
- 45 Representative member of a VAT group
- 46 Corporate groups
- 47 Associated persons treated as incurring relevant defeats
- 48 Meaning of “associated”
- 49 Partners treated as incurring relevant defeats
- 50 Partnership returns to which this paragraph applies
- 51 Partnerships: information
- 52 Partnerships: special provision about taxpayer emendations
- 53 Supplementary provision relating to partnerships
- PART 7 — SUPPLEMENTAL
- 54 Meaning of “adjustments”
- 55 Time of “use” of defeated arrangements
- 56 Inheritance tax
- 57 National insurance contributions
- 58 General interpretation
- 59 Consequential amendments
- 60 In section 212 of FA 2014 (follower notices: aggregate penalties),...
- 61 (1) The Social Security Contributions and Benefits Act 1992 is...
- 62 In the Social Security Contributions and Benefits (Northern Ireland) Act...
- 63 Commencement
- 64 (1) A relevant defeat is to be disregarded for the...
- 65 (1) A warning notice given to a person is to...
- SCHEDULE 19 — Large businesses: tax strategies and sanctions
- PART 1 — INTERPRETATION
- 1 Purpose of Part 1

- 2 “Relevant body”
- 3 “UK company”
- 4 “UK permanent establishment”
- 5 “Qualifying company”
- 6 “Group” and related expressions
- 7 (1) “MNE Group” has the same meaning (subject to sub-paragraph...
- 8 (1) A “group other than an MNE group” means a...
- 9 A group is headed by whichever relevant body within the...
- 10 “Qualifying group”
- 11 “UK sub-group” and “head” (in relation to a UK sub-group)
- 12 “UK partnership”, “qualifying partnership” and “representative partner”
- 13 “Financial year”
- 14 “Turnover” and “balance sheet total”
- 15 “UK taxation”
- PART 2 — PUBLICATION OF TAX STRATEGIES
- 16 Qualifying UK groups: duty to publish a group tax strategy
- 17 Content of group tax strategy
- 18 Penalty for non-compliance with paragraph 16
- 19 UK sub-groups: duty to publish a sub-group tax strategy
- 20 Content of a sub-group tax strategy
- 21 Penalty for non-compliance with requirements of paragraph 19
- 22 Qualifying companies: duty to publish a company tax strategy
- 23 Content of a company tax strategy
- 24 Penalty for non-compliance with paragraph 22
- 25 Qualifying partnerships: duty to publish a partnership tax strategy
- 26 Penalties under this Part: general provisions
- 27 Failure to comply with a time limit
- 28 Reasonable excuse
- 29 Assessment of penalties
- 30 Appeal
- 31 Enforcement
- 32 Power to change amount of penalties
- 33 Application of provisions of TMA 1970
- 34 Meaning of “tax strategy”
- PART 3 — SANCTIONS FOR PERSISTENTLY UNCO-OPERATIVE LARGE  
BUSINESSES
- 35 Large groups falling within Part 3
- 36 (1) A UK group has “engaged in unco-operative behaviour” if—...
- 37 (1) A member of a UK group has, or two...
- 38 (1) A member of a UK group has “satisfied the...
- 39 (1) There is a significant tax issue in respect of...
- 40 The references in paragraphs 36 to 39 to things done...
- 41 Warning notices
- 42 Special measures notices
- 43 (1) A special measures notice— (a) may be withdrawn by...
- 44 (1) This paragraph applies to a UK group if—
- 45 (1) This paragraph applies in relation to a UK group...
- 46 Circumstances in which warning and special measures notices are  
treated as having been given
- 47 Sanctions: liability for penalties for errors in documents given to HMRC
- 48 In Schedule 24 to FA 2007 (penalties for errors), at...
- 49 Sanctions: Commissioners publishing information
- 50 Application of Part 3 to large UK sub-groups

- 51 Application of Part 3 to large companies
- 52 Application of Part 3 to large partnerships
- 53 Meaning of “designated HMRC officer”
- PART 4 — SUPPLEMENTARY
- 54 Amendment of power under section 122 of FA 2015
- 55 Regulations

SCHEDULE 20 — Penalties for enablers of offshore tax evasion or non-compliance

PART 1 — LIABILITY FOR PENALTY

- 1 Liability for penalty
- 2 Meaning of “involving offshore activity” and related expressions
- 3 Amount of penalty
- 4 Potential lost revenue: enabling Q to commit relevant offence
- 5 Potential lost revenue: enabling Q to engage in conduct incurring relevant civil penalty
- 6 Treatment of potential lost revenue attributable to both offshore tax evasion or non-compliance and other tax evasion or non-compliance
- 7 Reduction of penalty for disclosure etc by P
- 8 (1) This paragraph applies for the purposes of paragraph 7....
- 9 (1) If they think it right because of special circumstances,...
- 10 Procedure for assessing penalty, etc
- 11 An assessment of a person as liable to a penalty...
- 12 Appeals
- 13 (1) An appeal under paragraph 12 is to be treated...
- 14 (1) On an appeal under paragraph 12(a) that is notified...
- 15 Double jeopardy
- 16 Application of provisions of TMA 1970
- 17 Interpretation of Part 1

PART 2 — APPLICATION OF SCHEDULE 36 TO FA 2008: INFORMATION POWERS

- 18 General application of information and inspection powers to suspected enablers
- 19 General modifications
- 20 Specific modifications
- 21 In the application of Schedule 36 to FA 2008 for...

PART 3 — PUBLISHING DETAILS OF PERSONS FOUND LIABLE TO PENALTIES

- 22 Naming etc of persons assessed to penalty or penalties under paragraph 1
- 23 (1) The Treasury may by regulations amend paragraph 22(1) to...

SCHEDULE 21 — Penalties relating to offshore matters and offshore transfers

- 1 Amendments to Schedule 24 to the Finance Act 2007 (c. 11)
- 2 (1) Paragraph 9 (reductions for disclosure) is amended as follows....
- 3 In paragraph 10 (amount of reduction for disclosure), for the...
- 4 After paragraph 10 insert— (1) If a person who would otherwise be liable to...
- 5 Amendments to Schedule 41 to the Finance Act 2008 (c. 9)
- 6 (1) Paragraph 12 (reductions for disclosure) is amended as follows....
- 7 In paragraph 13 (amount of reduction for disclosure), for the...
- 8 After paragraph 13 insert— (1) If a person who would otherwise be liable to...
- 9 Amendments to Schedule 55 to the Finance Act 2009 (c.10)
- 10 (1) Paragraph 14 (reductions for disclosure) is amended as follows....

- 11 In paragraph 15 (amount of reduction for disclosure), for the...
- 12 After paragraph 15 insert— (1) If a person who would otherwise be liable to...

## SCHEDULE 22 — Asset-based penalty for offshore inaccuracies and failures

### PART 1 — LIABILITY FOR PENALTY

- 1 Circumstances in which asset-based penalty is payable
- 2 Meaning of standard offshore tax penalty
- 3 Tax year to which standard offshore tax penalty relates
- 4 Potential lost revenue threshold
- 5 Offshore PLR
- 6 Restriction on imposition of multiple asset-based penalties in relation to the same asset

### PART 2 — AMOUNT OF PENALTY

- 7 Standard amount of asset-based penalty
- 8 Reductions for disclosure and co-operation
- 9 Special reduction

### PART 3 — IDENTIFICATION AND VALUATION OF ASSETS

- 10 Introduction
- 11 Capital gains tax
- 12 Inheritance tax
- 13 Asset-based income tax
- 14 Jointly held assets

### PART 4 — PROCEDURE

- 15 Assessment
- 16 Appeal
- 17 (1) An appeal is to be treated in the same...
- 18 (1) On an appeal under paragraph 16(1), the tribunal may...

### PART 5 — GENERAL

- 19 Interpretation
- 20 Consequential amendments etc
- 21 Section 97A of TMA 1970 (two or more tax-geared penalties...

## SCHEDULE 23 — Simple assessments

- 1 TMA 1970 is amended in accordance with paragraphs 2 to...
- 2 In section 7 (notice of liability to income tax and...
- 3 After section 28G (determination of amount notionally chargeable where no...
- 4 In section 31 (appeals: right to appeal), before subsection (4)...
- 5 (1) Section 31A (appeals: notice of appeal) is amended as...
- 6 After section 31A (notice of appeal) insert— Taxpayer's right to...
- 7 (1) Section 59B (payment of income tax and capital gains...
- 8 After section 59B insert— Payment of income tax and capital...
- 9 (1) Schedule 56 to FA 2009 (penalty for failure to...

## SCHEDULE 24 — Tax advantages constituting the grant of state aid

### PART 1 — TAX ADVANTAGES TO WHICH SECTION 180(2) APPLIES

*Enhanced capital allowances*

*Creative tax reliefs*

*Research and development reliefs*

PART 2 — TAX ADVANTAGES TO WHICH SECTION 180(5) APPLIES

SCHEDULE 25 — Office of Tax Simplification

- 1 Membership
- 2 Term of office
- 3 Appointment of initial members
- 4 Termination of appointments
- 5 (1) The Chancellor of the Exchequer may terminate the appointment...
- 6 Remuneration
- 7 Provision of staff and facilities etc.
- 8 Validity of proceedings
- 9 The validity of anything done by the OTS is not...
- 10 Supplementary powers
- 11 Finance
- 12 Disqualification
- 13 In Part 2 of Schedule 1 to the Northern Ireland...
- 14 Freedom of information
- 15 Public sector equality duty