

**Changes to legislation:** Finance Act 2016, Paragraph 19 is up to date with all changes known to be in force on or before 23 May 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

## SCHEDULES

### SCHEDULE 18

#### SERIAL TAX AVOIDANCE

##### Modifications etc. (not altering text)

- C1** Sch. 18 modified (17.12.2020 for specified purposes, 31.12.2020 in so far as not already in force) by 1994 c. 23, Sch. 9ZA para. 79 (as inserted by [Taxation \(Post-transition Period\) Act 2020 \(c. 26\), s. 11\(1\)\(e\)](#), [Sch. 2 para. 2](#) (with [s. 3\(4\)](#), [Sch. 2 para. 7\(7\)-\(10\)](#)); [S.I. 2020/1642, reg. 9](#))

#### PART 4

##### RESTRICTION OF RELIEFS

###### *Duty to give a restriction relief notice*

- 19 (1) HMRC must give a person a written notice (a “restriction of relief notice”) if—
- (a) the person incurs a relevant defeat in relation to arrangements which the person has used in a warning period,
  - (b) the person has been given at least two warning notices in respect of other relevant defeats of arrangements which were used in that same warning period, and
  - (c) the defeats mentioned in paragraphs (a) and (b) meet the conditions in sub-paragraph (2).
- (2) The conditions are—
- (a) that each of the relevant defeats is by virtue of Condition A, B or C,
  - (b) that each of the relevant defeats relates to the misuse of a relief (see sub-paragraph (5)), and
  - (c) in the case of each of the relevant defeats, either—
    - (i) that the relevant counteraction (see sub-paragraph (7)) was made on the basis that a particular avoidance-related rule applies in relation to a person's affairs, or
    - (ii) that the misused relief is a loss relief.
- (3) In sub-paragraph (2)(c)—
- (a) the “misused relief” means the relief mentioned in sub-paragraph (5), and
  - (b) “loss relief” means any relief under Part 4 of ITA 2007 or Part 4 or 5 of CTA 2010.
- (4) A restriction of relief notice must—
- (a) explain the effect of paragraphs 20, 21 and 22, and
  - (b) set out when the restricted period is to begin and end.

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- (5) For the purposes of this Part of this Schedule, a relevant defeat by virtue of Condition A, B or C “relates to the misuse of a relief” if—
- (a) the tax advantage in question, or part of the tax advantage in question, is or results from (or would but for the counteraction be or result from) a relief or increased relief from tax, or
  - (b) it is reasonable to conclude that the making of a particular claim for relief, or the use of a particular relief, is a significant component of the arrangements in question.
- (6) In sub-paragraph (5) “the tax advantage in question” means—
- (a) in relation to a defeat by virtue of Condition A, the tax advantage mentioned in paragraph 12(1)(a),
  - (b) in relation to a defeat by virtue of Condition B, the denied advantage (as defined in paragraph 13(4)), or
  - (c) in relation to a defeat by virtue of Condition C—
    - (i) the tax advantage mentioned in paragraph 14(2)(a), or, as the case requires,
    - (ii) the absence of the relevant obligation (as defined in paragraph 14(4)).
- (7) In this paragraph “the relevant counteraction”, in relation to a relevant defeat means—
- (a) in the case of a defeat by virtue of Condition A, the counteraction referred to in paragraph 12(1)(c);
  - (b) in the case of a defeat by virtue of Condition B, the action referred to in paragraph 13(1);
  - (c) in the case of a defeat by virtue of Condition C, the counteraction referred to in paragraph 14(1)(d).
- (8) If a person has been given a single warning notice in relation to two or more relevant defeats, the person is treated for the purposes of this paragraph as having been given a separate warning notice in relation to each of those relevant defeats.

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 19 para. 12(5)(b) inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(c\)](#)
- Sch. 19 para. 12(5)(a) word inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(b\)](#)
- Sch. 19 para. 51(8)(b) words inserted by [2017 c. 32 Sch. 14 para. 48\(2\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(a\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(b\)](#)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by [2017 c. 32 Sch. 14 para. 49\(2\)\(a\)](#)
- Sch. 19 para. 58(1) words substituted by [2017 c. 32 Sch. 14 para. 48\(5\)](#)
- Sch. 20 para. 1(4)(e) inserted by [2021 c. 26 Sch. 27 para. 47\(2\)](#)
- Sch. 20 para. 3(3)(d) and word inserted by [2021 c. 26 Sch. 27 para. 47\(3\)\(b\)](#)
- Sch. 20 para. 5(5) inserted by [2021 c. 26 Sch. 27 para. 47\(5\)](#)
- Sch. 22 para. 2(4B) inserted by [2021 c. 26 Sch. 27 para. 48\(2\)\(c\)](#)
- Sch. 22 para. 3(4A) inserted by [2021 c. 26 Sch. 27 para. 48\(3\)](#)