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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\(3\)](#)