



Finance Act 2020

2020 CHAPTER 14

PART 3

OTHER TAXES

Inheritance tax

73 Excluded property etc

(1) IHTA 1984 is amended as follows.

(2) In section 48 (excluded property)—

- (a) in subsection (3)(a), for “settlement was made” substitute “property became comprised in the settlement (but see also subsection (3F))”,
- (b) in subsection (3A)(a), for “settlement was made” substitute “property became comprised in the settlement (but see also subsection (3F))”,
- (c) in subsection (3E), for “settlement is made” substitute “property became comprised in the settlement (but see also subsection (3F))”, and
- (d) after subsection (3E) insert—

“(3F) If—

- (a) an amount is payable in respect of property (“the existing property”) comprised in a settlement, and
- (b) the amount represents an accumulation of income which (once accumulated) becomes comprised in the settlement,

subsections (3)(a), (3A)(a) and (3E) have effect, in the case of the amount, as if any reference to the time it became comprised in the settlement were to the time the existing property became comprised in the settlement.”

(3) After section 48 insert—

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“48A Commencement of settlement

In this Act any reference to the commencement of a settlement is to the time when property first becomes comprised in it.”

- (4) Omit section 60 (meaning of commencement of settlement for purposes of Chapter).
- (5) In section 64 (charge at ten-year anniversary)—
- (a) in subsection (1B)—
 - (i) after “settlor of” insert “ property comprised in ”,
 - (ii) for “settlement was made” substitute “ property became comprised in the settlement (but see also subsection (1BA)) ”, and
 - (iii) after “income of the settlement” insert “ that arose (directly or indirectly) from the property ”, and
 - (b) after that subsection insert—

“(1BA) If—

 - (a) an amount is payable in respect of property (“the existing property”) comprised in a settlement, and
 - (b) the amount represents an accumulation of income which (once accumulated) becomes comprised in the settlement,

subsection (1B) has effect, in the case of the amount, as if any reference to the time it became comprised in the settlement were to the time the existing property became comprised in the settlement.”
- (6) In section 65 (charge at other times)—
- (a) in subsection (7A), for “settlement made” substitute “ property became comprised in settlement ”,
 - (b) in subsection (8)—
 - (i) after “settlor of” insert “ property comprised in ”,
 - (ii) for “settlement was made” substitute “ property became comprised in the settlement (but see also subsection (8A)) ”, and
 - (iii) for “property comprised in the settlement” substitute “ the property ”, and
 - (c) after that subsection insert—

“(8A) If—

 - (a) an amount is payable in respect of property (“the existing property”) comprised in a settlement, and
 - (b) the amount represents an accumulation of income which (once accumulated) becomes comprised in the settlement,

subsection (8) has effect, in the case of the amount, as if any reference to the time it became comprised in the settlement were to the time the existing property became comprised in the settlement.”
- (7) In section 74A (arrangements involving acquisition of interest in settled property etc)
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- (a) in subsection (2)(a), for “settlement was made” substitute “ relevant settled property became comprised in the settlement ”, and

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- (b) in subsection (3)(a), for “settlement was made” substitute “ relevant settled property became comprised in the settlement ”.
- (8) In section 157(3) (non-residents' bank accounts), for “he made” substitute “ the settled property became comprised in ”.
- (9) In section 237(1)(b) (imposition of charge), for “the chargeable transfer is made by the making of a settlement or” substitute “ property becomes comprised in a settlement by virtue of the chargeable transfer or the chargeable transfer ”.
- (10) In section 272 (general interpretation)—
 - (a) before the definition of “conditionally exempt transfer” insert—

““commencement” of a settlement has the meaning given by section 48A;”, and
 - (b) in the definition of “foreign-owned”, in paragraph (b)(ii), at the end insert “ (and section 64(1BA) applies for the purposes of this sub-paragraph as it applies for the purposes of section 64(1B)) ”.
- (11) In relation to any chargeable transfer made on or after the day on which this Act is passed, the amendments made by this section are treated as always having been in force.

Section 2(3) of IHTA 1984 applies for the purposes of this subsection.

74 Transfers between settlements etc

- (1) IHTA 1984 is amended as follows.
- (2) After section 81A insert—

“81B Excluded property: property to which section 80 applies

- (1) This section applies to property to which section 80 (initial interest of settlor etc) applies.
- (2) If the property would apart from this section be excluded property by virtue of section 48(3)(a) or (3A)(a), the property is at any time in a tax year to be regarded as excluded property for the purposes of this Chapter, except sections 78 and 79, only if Conditions A and B are met.
- (3) Section 65(8) has effect in relation to the property only if Condition A is met (in addition to any condition mentioned in that provision).
- (4) Condition A is that the actual settlor was not domiciled in the United Kingdom at the time of the occasion first referred to in section 80(1).
- (5) Condition B is that the actual settlor is not a formerly domiciled resident for the tax year.
- (6) In this section “the actual settlor” means the person who is the settlor of the property in relation to the settlement first mentioned in section 80(1).
- (7) Where the occasion first referred to in section 80(1) occurred before the day on which the Finance Act 2020 was passed, this section has effect as if, in subsection (2), “or (3A)(a)” were omitted.”

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- (3) In section 82 (excluded property)—
- (a) in subsection (1), omit “80 or”,
 - (b) in subsection (2)—
 - (i) omit “80 or”, and
 - (ii) for “settlement was made” substitute “ property became comprised in the settlement ”,
 - (c) in subsection (3), omit paragraph (a),
 - (d) in subsection (4), omit paragraph (a),
 - (e) after that subsection insert—
 - “(5) This section does not apply in relation to a case to which section 82A applies.”, and
 - (f) in the heading, at the end insert “ : property to which section 81 applies (old cases) ”.
- (4) After section 82 insert—

“82A Excluded property: property to which section 81 applies (new cases)

- (1) This section—
- (a) applies where, at any time on or after the day on which the Finance Act 2020 is passed, property ceases to be comprised in a settlement (“the first settlement”) but is treated as a result of section 81 as remaining comprised in that settlement for the purposes of this Chapter, and
 - (b) applies whether or not at any subsequent time the property is comprised in the first settlement without regard to that section.
- (2) If the property would apart from this section be excluded property by virtue of section 48(3)(a) or (3A)(a), the property is to be regarded as excluded property for the purposes of this Chapter, except sections 78 and 79, at any time only if the non-domicile condition is met in relation to each qualifying transfer occurring on or before that time.
- (3) Section 65(8) has effect in relation to the property at any time only if (in addition to the condition mentioned there) the non-domicile condition is met in relation to each qualifying transfer occurring on or before that time; but, for the purposes of this subsection, the non-domicile condition has effect with the omission of subsection (6)(a)(ii).
- (4) For the purposes of this section each of the following is a “qualifying transfer”—
- (a) the occasion on which section 81 applies to the property; and
 - (b) any subsequent occasion on which the property would, if the effect of section 81 were ignored, become comprised in a settlement to which this Chapter applies (including the first settlement).
- (5) But a qualifying transfer does not occur as a result of—
- (a) an assignment by a beneficiary of an interest in a settlement, or
 - (b) an exercise of a general power of appointment,

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unless the time of the assignment or exercise of the power falls on or after the day on which the Finance Act 2020 is passed.

- (6) For the purposes of this section “the non-domicile condition” is—
- (a) in a case where a qualifying transfer occurs as a result of an assignment by a beneficiary of an interest in a settlement or an exercise of a general power of appointment, that the beneficiary or the person exercising the power—
 - (i) was not domiciled in the United Kingdom at the time of the assignment or exercise of the power, and
 - (ii) is not a formerly domiciled resident for the tax year in which the time mentioned in subsection (2) falls;
 - (b) in a case in which section 81 applies which is not within paragraph (a), that the person who was the settlor of the property in relation to the first settlement was not domiciled in the United Kingdom immediately before the time when the property ceased to be comprised in the first settlement;
 - (c) in any other case, that the person who was the settlor of the property in relation to the first settlement was not domiciled in the United Kingdom immediately before the time of the subsequent occasion.
- (7) If—
- (a) the settlor mentioned in subsection (6)(b) or (c) has died before the time mentioned there, and
 - (b) the death does not give rise to a qualifying transfer,
- the non-domicile condition is treated as met.
- (8) In this section any reference to a qualifying transfer occurring as a result of—
- (a) an assignment by a beneficiary of an interest in a settlement, or
 - (b) an exercise of a general power of appointment,
- includes the transfer occurring partly as a result of the assignment or exercise of the power.
- (9) In this section any reference to an assignment includes an assignation.”
- (5) In relation to any chargeable transfer made on or after the day on which this Act is passed, the amendments made by subsections (2) and (3) are treated as always having been in force.

Section 2(3) of IHTA 1984 applies for the purposes of this subsection.

75 Relief for payments to victims of persecution during Second World War era

- (1) IHTA 1984 is amended as follows.
- (2) In section 153ZA (inheritance tax relief for payments to victims of persecution during Second World War era: qualifying payments), after subsection (8) insert—
- “(8A) Regulations under this section may have effect in relation to deaths occurring before the regulations are made.”
- (3) In Schedule 5A (inheritance tax relief for payments to victims of persecution during Second World War era), in Part 1 (compensation payments), after paragraph 9 insert—

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“10 A one-off payment of a fixed amount from the Kindertransport Fund established by the Government of the Federal Republic of Germany.”

- (4) The amendment made by subsection (3) has effect in relation to deaths occurring on or after 1 January 2019.

Stamp duty land tax

76 Exceptional circumstances preventing disposal of interest in three year period

- (1) In FA 2003, Schedule 4ZA (stamp duty land tax: higher rates for additional dwellings etc) is amended as follows.

- (2) In paragraph 3 (single dwelling transactions)—

- (a) in sub-paragraph (7)(b) for “the period of three years beginning with the day after the effective date of the transaction concerned” substitute “ a permitted period ”;
- (b) after sub-paragraph (7) insert—

“(7A) For the purposes of sub-paragraph (7)(b), the permitted periods are—

- (a) the period of three years beginning with the day after the effective date of the transaction concerned, or
- (b) if HMRC are satisfied that the purchaser or the purchaser’s spouse or civil partner would have disposed of the major interest in the sold dwelling within that three year period but was prevented from doing so by exceptional circumstances that could not reasonably have been foreseen, such longer period as HMRC may allow in response to an application made in accordance with sub-paragraph (7B).

(7B) An application for the purposes of sub-paragraph (7A)(b) must—

- (a) be made within the period of 12 months beginning with the effective date of the transaction disposing of the major interest in the sold dwelling, and
- (b) be made in such form and manner, and contain such information, as may be specified by HMRC.

(7C) Schedule 11A (claims not included in returns) does not apply in relation to an application made in accordance with sub-paragraph (7B).”

- (3) In paragraph 8 (further provision in connection with paragraph 3(6) and (7))—

- (a) in sub-paragraph (3), after “paragraph 3(7)” insert “ by virtue of paragraph 3(7A)(a) ”;
- (b) in sub-paragraph (4), after “paragraph 3(7)” insert “ by virtue of paragraph 3(7A)(a) ”;
- (c) after sub-paragraph (4) insert—

“(5) Where HMRC grant an application made in accordance with paragraph 3(7B)—

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- (a) the land transaction return in respect of the transaction concerned is treated as having been amended to take account of the application of paragraph 3(7) by virtue of paragraph 3(7A)(b), and
 - (b) HMRC must notify the purchaser accordingly.”
- (4) The amendments made by this section have effect in a case where the effective date of the transaction concerned is on or after 1 January 2017.

Stamp duty and stamp duty reserve tax

77 Stamp duty: transfers of unlisted securities and connected persons

After section 47 of FA 2019 insert—

“47A Stamp duty: transfers of unlisted securities and connected persons

- (1) This section applies if—
 - (a) an instrument transfers unlisted securities to a company or a company's nominee for consideration,
 - (b) the person transferring the securities is connected with the company or is the nominee of a person connected with the company, and
 - (c) some or all of the consideration consists of the issue of shares.
- (2) In this section “unlisted securities” means stock or marketable securities that are not listed securities within the meaning of section 47 (stamp duty: transfers of listed securities and connected persons).
- (3) For the purposes of the enactments relating to stamp duty the amount or value of the consideration is to be treated as being equal to—
 - (a) the amount or value of the consideration for the transfer, or
 - (b) if higher, the value of the unlisted securities.
- (4) For the purposes of subsection (3) “the enactments relating to stamp duty” means the Stamp Act 1891 and any enactment amending that Act or that is to be construed as one with that Act.
- (5) For the purposes of this section—
 - (a) the value of unlisted securities is to be taken to be the market value of the securities at the date the instrument is executed;
 - (b) “market value” has the same meaning as in TCGA 1992 and is to be determined in accordance with sections 272 and 273 of that Act (valuation).
- (6) Section 1122 of CTA 2010 (connected persons) has effect for the purposes of this section.
- (7) This section is to be construed as one with the Stamp Act 1891.
- (8) This section has effect in relation to instruments executed on or after the date on which FA 2020 is passed.”

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78 **SDRT: unlisted securities and connected persons**

After section 48 of FA 2019—

“48A SDRT: unlisted securities and connected persons

- (1) This section applies if a person is connected with a company and—
 - (a) the person or the person's nominee—
 - (i) agrees to transfer unlisted securities to the company or the company's nominee for consideration in money or money's worth, or
 - (ii) transfers such securities to the company or the company's nominee for consideration in money or money's worth, and
 - (b) some or all of the consideration consists of the issue of shares.
- (2) In this section “unlisted securities” means chargeable securities that are not listed securities within the meaning of section 48 (SDRT: listed securities and connected persons).
- (3) For the purposes of stamp duty reserve tax chargeable under section 87 of FA 1986 (the principal charge), the amount or value of the consideration is to be treated as being equal to—
 - (a) the amount or value of the consideration for the transfer, or
 - (b) if higher, the market value of the unlisted securities at the time the agreement is made.
- (4) Subsection (5) has effect for the purposes of stamp duty reserve tax chargeable under section 93 of FA 1986 (depository receipts) or section 96 of that Act (clearance services).
- (5) If the amount or value of the consideration for any transfer of unlisted securities is less than the value of those securities at the time they are transferred, the transfer is to be treated as being for an amount of consideration in money equal to that value.
- (6) For the purposes of this section—
 - (a) the value of unlisted securities is to be taken to be their market value;
 - (b) “market value” has the same meaning as in TCGA 1992 and is to be determined in accordance with sections 272 and 273 of that Act (valuation).
- (7) Section 1122 of CTA 2010 (connected persons) has effect for the purposes of this section.
- (8) This section is to be construed as one with Part 4 of FA 1986.
- (9) This section has effect—
 - (a) in relation to the charge to tax under section 87 of FA 1986 where—
 - (i) the agreement to transfer securities is conditional and the condition is satisfied on or after the relevant date, or
 - (ii) in any other case, the agreement is made on or after that date;
 - (b) in relation to the charge to tax under section 93 or 96 of that Act, where the transfer is on or after the relevant date (whenever the arrangement was made).

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In this subsection “the relevant date” is the day on which FA 2020 is passed.”

79 Stamp duty: acquisition of target company's share capital

- (1) Section 77A of FA 1986 (disqualifying arrangements) is amended as follows.
- (2) In subsection (2), after paragraph (b) insert—

“but a person who has held at least 25% of the issued share capital of the target company at all times during the relevant period is not within paragraph (a) or (b).”
- (3) After that subsection insert—

“(2A) For the purposes of subsection (2) the “relevant period” is the period of 3 years ending immediately before the time at which the shares in the acquiring company are issued (or first issued) as consideration for the acquisition.”
- (4) In subsection (3) omit “But”.
- (5) After subsection (5) insert—

“(5A) The Treasury may by regulations amend subsection (2) or (2A) so as to alter the percentage or length of the period for the time being specified there.

(5B) The power to make regulations under subsection (5A) is exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.”
- (6) The amendments made by this section have effect in relation to instruments executed on or after the day on which this Act is passed.

Value added tax

80 Call-off stock arrangements

- (1) VATA 1994 is amended as follows.
- (2) After section 14 insert—

“Goods supplied between the UK and member States under call-off stock arrangements

14A Call-off stock arrangements

Schedule 4B (call-off stock arrangements) has effect.”

- (3) In section 69 (breaches of regulatory provisions)—
 - (a) in subsection (1)(a) for “or paragraph 5 of Schedule 3A” substitute “, paragraph 5 of Schedule 3A or paragraph 9(1) or (2)(a) of Schedule 4B”, and
 - (b) in subsection (2) after “under” insert “ paragraph 8 or 9(2)(b) of Schedule 4B or ”.

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(4) In Schedule 4 (matters to be treated as a supply of goods or services) in paragraph 6, after sub-paragraph (2) insert—

“(3) Sub-paragraph (1) above is subject to paragraph 2 of Schedule 4B (call-off stock arrangements).”

(5) After Schedule 4A insert—

“SCHEDULE 4B

Section 14A

CALL-OFF STOCK ARRANGEMENTS

Where this Schedule applies

- 1 (1) This Schedule applies where—
- (a) on or after 1 January 2020 goods forming part of the assets of any business are removed —
 - (i) from the United Kingdom for the purpose of being taken to a place in a member State, or
 - (ii) from a member State for the purpose of being taken to a place in the United Kingdom,
 - (b) the goods are removed in the course or furtherance of that business by or under the directions of the person carrying on that business (“the supplier”),
 - (c) the goods are removed with a view to their being supplied in the destination State, at a later stage and after their arrival there, to another person (“the customer”),
 - (d) at the time of the removal the customer is entitled to take ownership of the goods in accordance with an agreement existing between the customer and the supplier,
 - (e) at the time of the removal the supplier does not have a business establishment or other fixed establishment in the destination State,
 - (f) at the time of the removal the customer is identified for the purposes of VAT in accordance with the law of the destination State and both the identity of the customer and the number assigned to the customer for the purposes of VAT by the destination State are known to the supplier,
 - (g) as soon as reasonably practicable after the removal the supplier records the removal in the register provided for in Article 243(3) of Council Directive [2006/112/EC](#) of 28 November 2006 on the common system of value added tax, and
 - (h) the supplier includes the number mentioned in paragraph (f) in the recapitulative statement provided for in Article 262(2) of Council Directive [2006/112/EC](#).
- (2) In this Schedule—
- “the destination State” means—
- (a) in a case within paragraph (i) of sub-paragraph (1)(a), the member State concerned, and
 - (b) in a case within paragraph (ii) of sub-paragraph (1)(a), the United Kingdom, and

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“the origin State” means—

- (a) in a case within paragraph (i) of sub-paragraph (1)(a), the United Kingdom, and
- (b) in a case within paragraph (ii) of sub-paragraph (1)(a), the member State concerned.

Removal of the goods not to be treated as a supply

- 2 The removal of the goods from the origin State is not to be treated by reason of paragraph 6(1) of Schedule 4 as a supply of goods by the supplier.

Goods transferred to the customer within 12 months of arrival

- 3 (1) The rules in sub-paragraph (2) apply if—
- (a) during the period of 12 months beginning with the day the goods arrive in the destination State the supplier transfers the whole property in the goods to the customer, and
 - (b) during the period beginning with the day the goods arrive in the destination State and ending immediately before the time of that transfer no relevant event occurs.
- (2) The rules are that—
- (a) a supply of the goods in the origin State is deemed to be made by the supplier,
 - (b) the deemed supply is deemed to involve the removal of the goods from the origin State at the time of the transfer mentioned in sub-paragraph (1),
 - (c) the consideration given by the customer for the transfer mentioned in sub-paragraph (1) is deemed to have been given for the deemed supply, and
 - (d) an acquisition of the goods by the customer in pursuance of the deemed supply is deemed to take place in the destination State.
- (3) For the meaning of a “relevant event”, see paragraph 7.

Relevant event occurs within 12 months of arrival

- 4 (1) The rules in sub-paragraph (2) apply (subject to paragraph 6) if—
- (a) during the period of 12 months beginning with the day the goods arrive in the destination State a relevant event occurs, and
 - (b) during the period beginning with the day the goods arrive in the destination State and ending immediately before the time that relevant event occurs the supplier does not transfer the whole property in the goods to the customer.
- (2) The rules are that—
- (a) a supply of the goods in the origin State is deemed to be made by the supplier,
 - (b) the deemed supply is deemed to involve the removal of the goods from the origin State at the time the relevant event occurs, and

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- (c) an acquisition of the goods by the supplier in pursuance of the deemed supply is deemed to take place in the destination State.

(3) For the meaning of a “relevant event”, see paragraph 7.

Goods not transferred and no relevant event occurs within 12 months of arrival

- 5 (1) The rules in sub-paragraph (2) apply (subject to paragraph 6) if during the period of 12 months beginning with the day the goods arrive in the destination State the supplier does not transfer the whole property in the goods to the customer and no relevant event occurs.
- (2) The rules are that—
- (a) a supply of the goods in the origin State is deemed to be made by the supplier,
 - (b) the deemed supply is deemed to involve the removal of the goods from the origin State at the beginning of the day following the expiry of the period of 12 months mentioned in sub-paragraph (1), and
 - (c) an acquisition of the goods by the supplier in pursuance of the deemed supply is deemed to take place in the destination State.

(3) For the meaning of a “relevant event”, see paragraph 7.

Exception to paragraphs 4 and 5: goods returned to origin State

- 6 The rules in paragraphs 4(2) and 5(2) do not apply if during the period of 12 months beginning with the day the goods arrive in the destination State—
- (a) the goods are returned to the origin State by or under the direction of the supplier, and
 - (b) the supplier records the return of the goods in the register provided for in Article 243(3) of Council Directive [2006/112/EC](#).

Meaning of “relevant event”

- 7 (1) For the purposes of this Schedule each of the following events is a relevant event—
- (a) the supplier forms an intention not to supply the goods to the customer (but see sub-paragraph (2)),
 - (b) the supplier forms an intention to supply the goods to the customer otherwise than in the destination State,
 - (c) the supplier establishes a business establishment or other fixed establishment in the destination State,
 - (d) the customer ceases to be identified for the purposes of VAT in accordance with the law of the destination State,
 - (e) the goods are removed from the destination State by or under the directions of the supplier otherwise than for the purpose of being returned to the origin State, or
 - (f) the goods are destroyed, lost or stolen.
- (2) But the event mentioned in paragraph (a) of sub-paragraph (1) is not a relevant event for the purposes of this Schedule if—

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- (a) at the time that the event occurs the supplier forms an intention to supply the goods to another person (“the substitute customer”),
 - (b) at that time the substitute customer is identified for the purposes of VAT in accordance with the law of the destination State,
 - (c) the supplier includes the number assigned to the substitute customer for the purposes of VAT by the destination State in the recapitulative statement provided for in Article 262(2) of Council Directive [2006/112/EC](#), and
 - (d) as soon as reasonably practicable after forming the intention to supply the goods to the substitute customer the supplier records that intention in the register provided for in Article 243(3) of Council Directive [2006/112/EC](#).
- (3) In a case where sub-paragraph (2) applies, references in this Schedule to the customer are to be then read as references to the substitute customer.
- (4) In a case where the goods are destroyed, lost or stolen but it is not possible to determine the date on which that occurred, the goods are to be treated for the purposes of this Schedule as having been destroyed, lost or stolen on the date on which they were found to be destroyed or missing.

Record keeping by the supplier

- 8 In a case where the origin State is the United Kingdom, any record made by the supplier in pursuance of paragraph 1(1)(g), 6(b) or 7(2)(d) must be preserved for such period not exceeding 6 years as the Commissioners may specify in writing.

Record keeping by the customer

- 9 (1) In a case where the destination State is the United Kingdom, the customer must as soon as is reasonably practicable make a record of the information relating to the goods that is specified in Article 54A(2) of Council Implementing Regulation (EU) No. 282/2011 of 15 March 2011 laying down implementing measures for Directive [2006/112/EC](#) on the common system of value added tax.
- (2) A record made under this paragraph must—
- (a) be made in a register kept by the customer for the purposes of this paragraph, and
 - (b) be preserved for such period not exceeding 6 years as the Commissioners may specify in writing.”
- (6) In Schedule 6 (valuation of supplies: special cases) in paragraph 6(1) in paragraph (c) after “that Schedule” insert “; or
- (d) paragraph 4(2)(a) or 5(2)(a) of Schedule 4B”.
- (7) The Value Added Tax Regulations 1995 (S.I. 1995/2518) are amended as follows.
- (8) In regulation 21 (interpretation of Part 4)—
- (a) the existing text becomes paragraph (1), and
 - (b) after that paragraph insert—
- “(2) For the purposes of this Part—

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- (a) goods are removed from the United Kingdom under call-off stock arrangements if they are removed from the United Kingdom in circumstances where the conditions in paragraphs (a) to (g) of paragraph 1(1) of Schedule 4B to the Act are met,
- (b) references to “the customer” or “the destination State”, in relation to goods removed from the United Kingdom under call-off stock arrangements, are to be construed in accordance with paragraph 1 of Schedule 4B to the Act, and
- (c) “call-off stock goods”, in relation to a taxable person, means goods that have been removed from the United Kingdom under call-off stock arrangements by or under the directions of the taxable person.”

(9) After regulation 22 insert—

“22ZA

(1) A taxable person must submit a statement to the Commissioners if any of the following events occurs—

- (a) goods are removed from the United Kingdom under call-off stock arrangements by or under the directions of the taxable person;
- (b) call-off stock goods are returned to the United Kingdom by or under the directions of the taxable person at any time during the period of 12 months beginning with their arrival in the destination State;
- (c) the taxable person forms an intention to supply call-off stock goods to a person (“the substitute”) other than the customer in circumstances where—
 - (i) the taxable person forms that intention during the period of 12 months beginning with the arrival of the goods in the destination State, and
 - (ii) the substitute is identified for VAT purposes in accordance with the law of the destination State.

(2) The statement must—

- (a) be made in the form specified in a notice published by the Commissioners,
- (b) contain, in respect of each event mentioned in paragraph (1) which has occurred within the period in respect of which the statement is made, such information as may from time to time be specified in a notice published by the Commissioners, and
- (c) contain a declaration that the information provided in the statement is true and complete.

(3) Paragraphs (3), (4) and (6) of regulation 22 have effect for the purpose of determining the period in respect of which the statement must be made, but as if—

- (a) in paragraph (3)(a) of regulation 22, for “paragraphs (4) to (6)” there were substituted “ paragraphs (4) and (6) ”,
- (b) in paragraph (3)(a) of regulation 22, for “the EU supply of goods is made” there were substituted “ the event occurs ”,

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- (c) in paragraph (4)(a) of regulation 22, for “the supply is made” there were substituted “ the event occurs ”, and
 - (d) in paragraph (6) of regulation 22, the reference to paragraph (1) of that regulation were a reference to paragraph (1) of this regulation.
- (4) In determining the period in respect of which the statement must be made, the time at which an event mentioned in paragraph (1)(a) of this regulation is to be taken to occur is the time the goods concerned are removed from the United Kingdom (rather than the time the condition mentioned in paragraph (g) of paragraph 1(1) to Schedule 4B to the Act is met in respect of the removal).”
- (10) In regulation 22B (EC sales statements: supplementary)—
- (a) in paragraph (1) for the words from “statements”, in the first place it occurs, to “and” substitute “ more than one statement is to be submitted under regulations 22 to ”,
 - (b) in paragraph (2) after “22” insert “ , 22ZA ”, and
 - (c) in paragraph (3), in the words before paragraph (a), after “22” insert “ , 22ZA ”.
- (11) Regulation 22ZA of the Value Added Tax Regulations 1995 (as inserted by subsection (9)) is to be treated for the purposes of sections 65 and 66 of VATA 1994 as having been made under paragraph 2(3) of Schedule 11 to that Act.

Alcohol liquor duties

81 Post-duty point dilution of wine or made-wine

- (1) After section 55 of ALDA 1979 insert—

“55ZA Post-duty point dilution of wine or made-wine

- (1) This section applies if—
- (a) wine or made-wine is imported into the United Kingdom or produced in the United Kingdom for sale,
 - (b) excise duty is chargeable on the wine or made-wine as a result of section 54 or 55,
 - (c) after the excise duty point in relation to that charge, a person mixes or otherwise adds, at any place in the United Kingdom, water or any other substance to the wine or made-wine in a case where what results (“the new product”) is intended for sale, and
 - (d) if the addition had taken place immediately before that duty point, the amount of the excise duty would have been greater than the amount actually payable.
- (2) The addition attracts a penalty under section 9 of the Finance Act 1994 (civil penalties), and the new product is liable to forfeiture.
- (3) This section has effect, despite section 8 of the Isle of Man Act 1979, as if a removal of wine or made-wine to the United Kingdom from the Isle of Man constituted its importation into the United Kingdom (and references to the charge to excise duty as a result of section 54 or 55 and to the excise duty point are to be read accordingly).”

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- (2) The amendment made by this section has effect in relation to any addition of water or any other substance on or after 1 April 2020.

Tobacco products duty

82 Rates of tobacco products duty

- (1) In Schedule 1 to TPDA 1979 (table of rates of tobacco products duty), for the Table substitute—

“1 Cigarettes	An amount equal to the higher of— (a) 16.5% of the retail price plus £237.34 per thousand cigarettes, or (b) £305.23 per thousand cigarettes.
2 Cigars	£296.04 per kilogram
3 Hand-rolling tobacco	£253.33 per kilogram
4 Other smoking tobacco and chewing tobacco	£130.16 per kilogram
5 Tobacco for heating	£243.95 per kilogram”

- (2) The amendment made by this section is treated as having come into force at 6pm on 11 March 2020.

Vehicle taxes

83 Rates for light passenger or light goods vehicles, motorcycles etc

- (1) Schedule 1 to VERA 1994 (annual rates of vehicle excise duty) is amended as follows.
- (2) In paragraph 1 (general rate)—
- in sub-paragraph (2) (vehicle not covered elsewhere in Schedule with engine cylinder capacity exceeding 1,549cc), for “£265” substitute “ £270 ”, and
 - in sub-paragraph (2A) (vehicle not covered elsewhere in Schedule with engine cylinder capacity not exceeding 1,549cc), for “£160” substitute “ £165 ”.
- (3) In paragraph 1B (graduated rates for light passenger vehicles registered before 1 April 2017), for the Table substitute—

<i>“CO₂ emissions figure</i>		<i>Rate</i>	
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Reduced rate</i>	<i>Standard rate</i>
<i>g/km</i>	<i>g/km</i>	<i>£</i>	<i>£</i>
100	110	10	20
110	120	20	30
120	130	115	125
130	140	140	150

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140	150	155	165
150	165	195	205
165	175	230	240
175	185	255	265
185	200	295	305
200	225	320	330
225	255	555	565
255		570	580”.

(4) In the sentence immediately following the Table in that paragraph, for paragraphs (a) and (b) substitute—

- “(a) in column (3), in the last two rows, “320” were substituted for “555” and “ 570 ”, and
- (b) in column (4), in the last two rows, “330” were substituted for “565” and “ 580 ”.”

(5) In paragraph 1GC (graduated rates for first licence for light passenger vehicles registered on or after 1 April 2017), for Table 1 (vehicles other than higher rate diesel vehicles) substitute—

<i>“CO₂ emissions figure</i>		<i>Rate</i>	
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Reduced rate</i>	<i>Standard rate</i>
<i>g/km</i>	<i>g/km</i>	<i>£</i>	<i>£</i>
0	50	0	10
50	75	15	25
75	90	100	110
90	100	125	135
100	110	145	155
110	130	165	175
130	150	205	215
150	170	530	540
170	190	860	870
190	225	1295	1305
225	255	1840	1850
255		2165	2175”.

(6) In that paragraph, for Table 2 (higher rate diesel vehicles) substitute—

<i>“CO₂ emissions figure</i>	<i>Rate</i>
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(1) Exceeding g/km	(2) Not exceeding g/km	(3) Rate £
0	50	25
50	75	110
75	90	135
90	100	155
100	110	175
110	130	215
130	150	540
150	170	870
170	190	1305
190	225	1850
225	255	2175
255		2175”.

(7) In paragraph 1GD(1) (rates for any other licence for light passenger vehicles registered on or after 1 April 2017)—

- (a) in paragraph (a) (reduced rate), for “£135” substitute “ £140 ”, and
- (b) in paragraph (b) (standard rate), for “£145” substitute “ £150 ”.

(8) In paragraph 1GE(2) (rates for light passenger vehicles registered on or after 1 April 2017 with a price exceeding £40,000)—

- (a) in paragraph (a), for “£440” substitute “ £465 ”, and
- (b) in paragraph (b), for “£450” substitute “ £475 ”.

(9) In paragraph 1J(a) (rates for light goods vehicles that are not pre-2007 or post-2008 lower emission vans), for “£260” substitute “ £265 ”.

(10) In paragraph 2(1) (rates for motorcycles)—

- (a) in paragraph (b) (motorcycles with engine cylinder capacity exceeding 150cc but not exceeding 400cc), for “£43” substitute “ £44 ”,
- (b) in paragraph (c) (motorcycles with engine cylinder capacity exceeding 400cc but not exceeding 600cc), for “£66” substitute “ £67 ”, and
- (c) in paragraph (d) (other cases), for “£91” substitute “ £93 ”.

(11) The amendments made by this section have effect in relation to licences taken out on or after 1 April 2020.

84 Applicable CO₂ emissions figure determined using WLTP values

(1) In Schedule 1 to VERA 1994 (annual rates of duty) in paragraph 1GA(5) (meaning of “the applicable CO₂ emissions figure”)—

- (a) omit “and” at the end of paragraph (a),
- (b) in paragraph (b)—

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- (i) after “figure” insert “ of a vehicle first registered before 1 April 2020 ”,
 - (ii) for “light-duty” substitute “ light ”, and
 - (iii) after “EU certificate of conformity” insert “ or UK approval certificate ”, and
 - (c) at the end of paragraph (b) insert “, and
 - (c) for the purpose of determining the applicable CO₂ emissions figure of a vehicle first registered on or after 1 April 2020, ignore any values specified in an EU certificate of conformity or UK approval certificate that are not WLTP (worldwide harmonised light vehicle test procedures) values”.
- (2) The amendments made by this section have effect in relation to licences taken out on or after 1 April 2020.

85 Electric vehicles: extension of exemption

- (1) VERA 1994 is amended as follows.
- (2) In paragraph 25 of Schedule 2 (exempt vehicles: light passenger vehicles with low CO₂ emissions) omit sub-paragraphs (5) and (6) (no exemption if vehicle price exceeds £40,000 etc).
- (3) As a consequence, Part 1AA of Schedule 1 (annual rates of duty: light passenger vehicles registered on or after 1 April 2017) is amended as follows.
- (4) In paragraph 1GB (exemption from paying duty on first vehicle licence for certain vehicles)—
- (a) in sub-paragraph (1) omit “(2) or”, and
 - (b) omit sub-paragraph (2).
- (5) In paragraph 1GD (rates of duty payable on any other vehicle licence for vehicle), in sub-paragraph (2) omit “or (4)”.
- (6) In paragraph 1GE (higher rates of duty: vehicles with a price exceeding £40,000)—
- (a) omit sub-paragraphs (3) and (4), and
 - (b) in sub-paragraph (5) for “sub-paragraphs (2) and (4) do” substitute “ Sub-paragraph (2) does ”.
- (7) In paragraph 1GF (calculating the price of a vehicle), in sub-paragraph (1) omit “and (3)(a)”.
- (8) The amendments made by this section come into force on 1 April 2020 but do not apply in relation to licences in force immediately before that date.

86 Motor caravans

- (1) In VERA 1994, in Part 1AA of Schedule 1 (annual rates of duty: light passenger vehicles registered on or after 1 April 2017), paragraph 1GA is amended as follows.
- (2) After sub-paragraph (1) insert—

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“(1A) But this Part of this Schedule does not apply to a motor caravan which is first registered, under this Act or under the law of a country or territory outside the United Kingdom, on or after 12 March 2020.”

(3) After sub-paragraph (2) insert—

“(2A) For the purposes of sub-paragraph (1A) a vehicle is a “motor caravan” if the certificate mentioned in sub-paragraph (1)(b) identifies the vehicle as a motor caravan within the meaning of Annex II to Directive [2007/46/EC](#).”

87 Exemption in respect of medical courier vehicles

(1) Schedule 2 to VERA 1994 (exempt vehicles) is amended as follows.

(2) In the heading before paragraph 6, after “Ambulances” insert “, medical courier vehicles”.

(3) After paragraph 6 insert—

“6A (1) A vehicle is an exempt vehicle if—

- (a) it is used primarily for the transportation of medical items,
- (b) it is readily identifiable as a vehicle used for the transportation of medical items by being marked “Blood” on both sides, and
- (c) it is registered under this Act in the name of a charity whose main purpose is to provide services for the transportation of medical items.

(2) In this paragraph—

“charity” means a charity as defined by paragraph 1 of Schedule 6 to the Finance Act 2010;

“medical items” means items intended for use for medical purposes, including in particular—

- (a) blood;
 - (b) medicines and other medical supplies;
 - (c) items relating to people who are undergoing medical treatment;
- “item” includes any substance.”

(4) The amendments made by this section come into force on 1 April 2020.

88 HGV road user levy [^{F1}: exempt period]

(1) [^{F2}Subject to section 88A,] section 5(2) of the HGV Road User Levy Act 2013 (HGV road user levy charged for all periods for which a UK heavy goods vehicle is charged to vehicle excise duty) does not apply where the period for which a UK heavy goods vehicle is charged to vehicle excise duty is a period that begins in the exempt period.

(2) Section 6(2) of the 2013 Act (HGV road user levy charged in respect of non-UK heavy goods vehicle for each day on which the vehicle is used or kept on a road to which the Act applies) does not apply in respect of any day in the exempt period.

(3) [^{F3}For the purposes of this section and [section 88A](#),] the exempt period is the period of [^{F4}36] months beginning with 1 August 2020.

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- (4) Section 7 of the 2013 Act (rebate of levy) has effect as if, after subsection (2A), there were inserted—

“(2B) A rebate entitlement also arises where HGV road user levy has been paid in respect of a non-UK heavy goods vehicle in accordance with section 6(2) in respect of any part of the exempt period within the meaning of section 88(3) of the Finance Act 2020.”

Textual Amendments

- F1** Words in s. 88 heading inserted (11.7.2023) by Finance (No. 2) Act 2023 (c. 30), s. 326(1)(a)
F2 Words in s. 88(1) inserted (11.7.2023) by Finance (No. 2) Act 2023 (c. 30), s. 326(1)(b)
F3 Words in s. 88(3) inserted (11.7.2023) by Finance (No. 2) Act 2023 (c. 30), s. 326(1)(c)
F4 Word in s. 88(3) substituted (24.2.2022) by Finance Act 2022 (c. 3), s. 80(1)

[^{F5}88A HGV road user levy: transitional provision for end of exempt period

- (1) This section applies where—
- a UK heavy goods vehicle (the “charged vehicle”) is charged to vehicle excise duty in respect of more than one period (a “charged period”) beginning within the last 12 months of the exempt period, and
 - the combined length of the charged periods is more than 12 months.
- (2) Section 5(2) of the 2013 Act applies in relation to the charged vehicle in respect of each complete month in the period (the “transitional liability period”)—
- beginning with the day after the last exempt day in relation to the charged vehicle, and
 - ending with the end of the charged period during which that last exempt day occurs.
- (3) The last exempt day, in relation to a charged vehicle, is the last day of the period of 12 months beginning with the day on which the first charged period beginning within the last 12 months of the exempt period began.
- (4) **Subsection (5)** applies where, in relation to the charged vehicle—
- a notification has been made under section 7(2)(c) of the 2013 Act (an “off-road notification”) in respect of a period beginning within the last 12 months of the exempt period, and
 - vehicle excise duty is charged in respect of a period beginning—
 - after the day on which the off-road notification is made, and
 - within the last 12 months of the exempt period.
- (5) In calculating the period of 12 months mentioned in **subsection (3)** ignore the number of whole months in the period beginning with the day on which the off-road notification is made and ending with the first day of the period described in **subsection (4)(b)**.
- (6) The Secretary of State, and any person who may exercise powers on behalf of the Secretary of State under section 9 of the 2013 Act (collection of levy), may (in addition to having the powers, duties and liabilities mentioned in that section) give a notice (a “payment notice”) to a person liable for HGV road user levy in respect of a transitional liability period.

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- (7) A payment notice must state—
- (a) the amount of HGV road user levy for which the person is liable in respect of the transitional liability period,
 - (b) how the amount is to be paid, and
 - (c) that payment must be made within the period of 28 days beginning with the day on which the notice is given.
- (8) The amount in [subsection \(7\)\(a\)](#) is given by—
- $$L \times M12$$
- where—
- L is the yearly rate of HGV road user levy applicable in relation to the vehicle on the first day of the transitional liability period, and
- M is the number of whole months during the transitional liability period.
- (9) In relation to the transitional liability period—
- (a) a person commits an offence under section 11 of the 2013 Act (offence of using or keeping heavy goods vehicle if levy not paid) only if the person—
 - (i) has been given a payment notice, and
 - (ii) has failed to make payment in accordance with that notice, and
 - (b) section 7(5A) of the Vehicle Excise and Registration Act 1994 has effect as if the reference to HGV road user levy having been paid were a reference to it having been paid in accordance with a payment notice.
- (10) In this section “UK heavy goods vehicle” has the same meaning as in the HGV Road User Levy Act 2013 (see section 2 of that Act).]

Textual Amendments

F5 [S. 88A](#) inserted (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), [s. 326\(2\)](#)

Hydrocarbon oil duties

89 Rebated fuel: private pleasure craft

Schedule 11 makes provision about the use of rebated fuel in private pleasure craft.

Air passenger duty

90 Rates of air passenger duty from 1 April 2021

- (1) In section 30(4A) of FA 1994 (air passenger duty: long haul rates)—
- (a) in paragraph (a), for “£80” substitute “ £82 ”, and
 - (b) in paragraph (b), for “£176” substitute “ £180 ”.
- (2) The amendments made by this section have effect in relation to the carriage of passengers beginning on or after 1 April 2021.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2020, PART 3. (See end of Document for details)

Gaming duty

91 Amounts of gross gaming yield charged to gaming duty

(1) In section 11(2) of FA 1997 (rates of gaming duty), for the table substitute—

“TABLE

Part of gross gaming yield	Rate
The first £2,471,000	15%
The next £1,703,500	20%
The next £2,983,000	30%
The next £6,296,500	40%
The remainder	50%”.

(2) The amendment made by this section has effect in relation to accounting periods beginning on or after 1 April 2020.

Environmental taxes

92 Rates of climate change levy until 1 April 2021

(1) Paragraph 42 of Schedule 6 to FA 2000 (climate change levy: amount payable by way of levy) is amended as follows.

(2) In sub-paragraph (1), for the table substitute—

“Taxable commodity supplied	Rate at which levy payable if supply is not a reduced-rate supply
Electricity	£0.00811 per kilowatt hour
Gas supplied by a gas utility or any gas supplied in a gaseous state that is of a kind supplied by a gas utility	£0.00406 per kilowatt hour
Any petroleum gas, or other gaseous hydrocarbon, supplied in a liquid state	£0.02175 per kilogram
Any other taxable commodity	£0.03174 per kilogram”.

(3) In sub-paragraph (1)—

- (a) in paragraph (ba) (reduced-rate supplies of electricity), for “7” substitute “ 8 ”,
- (b) after that paragraph insert—
 - “(bb) if the supply is a reduced-rate of supply of any petroleum gas, or other gaseous hydrocarbon, supplied in a liquid state, 23 per cent of the amount that would be payable if the supply were a supply to which paragraph (a) applies;”, and
- (c) in paragraph (c) (other reduced-rate supplies), for “22” substitute “ 19 ”.

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- (4) In consequence of the amendment made by subsection (3), in the Notes to paragraph 2 of Schedule 1 to the Climate Change Levy (General) Regulations 2001, for the definition of “r” substitute—

“r= 0.92 in the case of electricity; 0.77 in the case of any petroleum gas, or other gaseous hydrocarbon, supplied in a liquid state; and 0.81 in any other case.”

- (5) The amendments made by this section have effect in relation to supplies treated as taking place on or after 1 April 2020.

93 Rates of climate change levy from 1 April 2021

- (1) Paragraph 42 of Schedule 6 to FA 2000 (climate change levy: amount payable by way of levy) is amended as follows.

- (2) In sub-paragraph (1), for the table substitute—

“TABLE

<i>Taxable commodity supplied</i>	<i>Rate at which levy payable if supply is not a reduced-rate supply</i>
Electricity	£0.00775 per kilowatt hour
Gas supplied by a gas utility or any gas supplied in a gaseous state that is of a kind supplied by a gas utility	£0.00465 per kilowatt hour
Any petroleum gas, or other gaseous hydrocarbon, supplied in a liquid state	£0.02175 per kilogram
Any other taxable commodity	£0.03640 per kilogram”.

- (3) In sub-paragraph (1)(c), as amended by section 92(3)(c), for “19” substitute “ 17 ”.
- (4) In consequence of the amendment made by subsection (3), in the definition of “r” in the Notes to paragraph 2 of Schedule 1 to the Climate Change Levy (General) Regulations 2001, as amended by section 92(4), for “0.81” substitute “ 0.83 ”.
- (5) The amendments made by this section have effect in relation to supplies treated as taking place on or after 1 April 2021.

94 Rates of landfill tax

- (1) Section 42 of FA 1996 (amount of landfill tax) is amended as follows.
- (2) In subsection (1)(a) (standard rate), for “£91.35” substitute “ £94.15 ”.
- (3) In subsection (2) (reduced rate for certain disposals), in the words after paragraph (b) —
- for “£91.35” substitute “ £94.15 ”, and
 - for “£2.90” substitute “ £3 ”.
- (4) The amendments made by this section have effect in relation to disposals made (or treated as made) on or after 1 April 2020.

F⁶95 Carbon emissions tax

.....

Textual Amendments

F6 S. 95 omitted (10.6.2021) by virtue of [Finance Act 2021 \(c. 26\), s. 112\(2\)](#)

96 Charge for allocating allowances under emissions reduction trading scheme

- (1) The Treasury may impose charges by providing in regulations for emissions allowances to be allocated in return for payment.
- (2) Regulations under subsection (1) may in particular include provision—
 - (a) for persons other than persons to whom a trading scheme applies to be allocated emissions allowances in return for payment;
 - (b) as to the imposition of fees and the making and forfeiting of deposits;
 - (c) as to the person by whom allocations in return for payment are to be conducted;
 - (d) for allocations in return for payment to be overseen by an independent person appointed by the Treasury;
 - (e) for the imposition of penalties for failure to comply with the terms of the regulations or of a scheme under subsection (3);
 - (f) for the imposition of interest in respect of any charges, fees or penalties due under the regulations;
 - (g) for and in connection with the recovery of any charges, fees, penalties or interest due under the regulations;
 - (h) conferring rights of appeal against decisions made in allocations in return for payment, the forfeiting of deposits and the imposition of penalties (including specifying the person, court or tribunal to hear and determine appeals).
- (3) The Treasury may make schemes about the conduct and terms of allocations of emissions allowances in return for payment (the schemes having effect subject to any regulations under this section).
- (4) Schemes under subsection (3) may in particular include provision about—
 - (a) who may participate in allocations in return for payment,
 - (b) the allowances to be allocated in return for payment, and
 - (c) where and when allocations in return for payment are to take place.
- (5) Regulations under this section are to be made by statutory instrument.
- (6) A statutory instrument containing the first regulations under this section may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, the House of Commons.
- (7) Any other statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of the House of Commons (unless a draft of the instrument has been laid before, and approved by a resolution of, that House).
- (8) In this section—

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“emissions allowance” means an allowance under paragraph 5 of Schedule 2 to the Climate Change Act 2008 relating to a trading scheme;

“trading scheme” means a trading scheme dealt with under Part 1 of that Schedule (schemes limiting activities relating to emissions of greenhouse gas).

Import duty

97 International trade disputes

In section 15(1)(b) of TCTA 2018 (import duty: international disputes etc), for “is authorised under international law” substitute “ considers that (having regard to the matters set out in section 28 and any other relevant matters) it is appropriate ”.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2020, PART 3.