
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2020, SCHEDULE 15. (See end of Document for details)

SCHEDULES

SCHEDULE 15

Section 102

TAX RELIEF FOR SCHEME PAYMENTS ETC

Introductory

- 1 (1) This Schedule provides for the following in respect of qualifying payments—
- (a) an exemption from income tax, and
 - (b) an exemption from capital gains tax.
- (2) This Schedule also provides for a relief from inheritance tax in respect of qualifying payments (but see paragraph 5(4), which contains an excepted case).

Qualifying payments

- 2 (1) In this Schedule “qualifying payment” means a payment within any of sub-paragraphs (2) to (5).
- (2) A payment is within this sub-paragraph if it is a payment under the Windrush Compensation Scheme.
- (3) A payment is within this sub-paragraph if—
- (a) it is made otherwise than under the Windrush Compensation Scheme,
 - (b) it is made to, or in respect of, a person who made a claim under that Scheme (which the person was eligible to make),
 - (c) it is made in connection with the same circumstances as gave rise to that person's eligibility to make that claim, and
 - (d) it is made by or on behalf of—
 - (i) the government of the United Kingdom,
 - (ii) the government of a part of the United Kingdom, or
 - (iii) a local or other public authority in the United Kingdom.
- (4) A payment is within this sub-paragraph if it is a payment under the Troubles Permanent Disablement Payment Scheme established by the Victims' Payments Regulations 2020 (S.I. 2020/103) (as that scheme is amended from time to time).
- (5) A payment is within this sub-paragraph if—
- (a) it is a compensation payment of a description specified in regulations made by the Treasury by statutory instrument, and
 - (b) it is a payment made by or on behalf of—
 - (i) the government of the United Kingdom,
 - (ii) the government of a part of the United Kingdom,
 - (iii) the government of any other country or territory,
 - (iv) a local or other public authority in the United Kingdom, or

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- (v) a local or other public authority of a territory outside the United Kingdom.
- (6) Regulations under sub-paragraph (5) may provide that a compensation payment of a description specified in the regulations is a qualifying payment only for the purposes of particular provisions of this Schedule.
- (7) A statutory instrument containing regulations under sub-paragraph (5) is subject to annulment in pursuance of a resolution of the House of Commons.
- (8) In this paragraph “the Windrush Compensation Scheme” means the scheme published by the Home Office on 3 April 2019 which provides compensation for certain categories of persons in recognition of difficulties arising out of an inability to demonstrate lawful immigration status (as that scheme is amended from time to time).

Modifications etc. (not altering text)

- C1** Sch. 15 para. 2 modified (6.4.2023) by [The Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) Regulations 2023 \(S.I. 2023/113\)](#), regs. 1(2), **44(2)** (with reg. 1(3))

Exemption from income tax

- 3 (1) No liability to income tax arises in respect of a qualifying payment.
- (2) A qualifying payment is to be ignored for all other income tax purposes.
- (3) This paragraph has effect in relation to qualifying payments within paragraph 2(2) or (3) that are received on or after 3 April 2019.
- (4) This paragraph has effect in relation to qualifying payments within paragraph 2(4) that are received on or after 29 May 2020.
- (5) This paragraph has effect in relation to qualifying payments within paragraph 2(5) that are received on or after such date as is specified in the regulations concerned (which may be a date before the regulations are made).

Modifications etc. (not altering text)

- C2** Sch. 15 para. 3 modified (6.4.2023) by [The Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) Regulations 2023 \(S.I. 2023/113\)](#), regs. 1(2), **44(3)** (with reg. 1(3))

Exemptions from capital gains tax

- 4 (1) A gain accruing on a disposal is not a chargeable gain if it accrues on—
- (a) a disposal arising as a result of the forfeiture or surrender of rights, or as a result of refraining from exercising rights, in return for a qualifying payment,
- (b) a disposal of the right to receive the whole or any part of a qualifying payment, or
- (c) a disposal of an interest in any such right.

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- (2) In sub-paragraph (1)(c) “interest”, in relation to a right, means an interest as a co-owner of the right (whether it is owned jointly or in common and whether or not the interests of the co-owners are equal).
- (3) This paragraph has effect—
- (a) in a case where the qualifying payment concerned is within paragraph 2(2) or (3), in relation to disposals made on or after 3 April 2019,
 - (b) in a case where the qualifying payment concerned is within paragraph 2(4), in relation to disposals made on or after 29 May 2020, and
 - (c) in a case where the qualifying payment concerned is within paragraph 2(5), in relation to disposals made on or after such date as is specified in the regulations concerned (which may be a date before the regulations are made).

Modifications etc. (not altering text)

- C3** Sch. 15 para. 4 modified (6.4.2023) by [The Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) Regulations 2023 \(S.I. 2023/113\)](#), regs. 1(2), **44(4)** (with reg. 1(3))

Relief from inheritance tax

- 5 (1) This paragraph applies where a qualifying payment is at any time received by a person or the personal representatives of a person (but see sub-paragraph (4)).
- (2) The inheritance tax chargeable on the value transferred by the transfer made on the person's death is to be reduced by an amount equal to—
- (a) the relevant percentage of the amount of the payment, or
 - (b) if lower, the amount of inheritance tax that would, apart from this paragraph, be chargeable on the value transferred.
- (3) The “relevant percentage” means the percentage in the last row of the third column of the Table in Schedule 1 to IHTA 1984.
- (4) This paragraph does not apply in a case where—
- (a) the qualifying payment is within paragraph 2(3),
 - (b) the payment is made after the death of the person mentioned in paragraph (b) of paragraph 2(3), and
 - (c) the payment is made otherwise than to the personal representatives of that person.
- (5) This paragraph has effect, in a case where the qualifying payment is within paragraph 2(2) or (3), in relation to deaths occurring on or after 3 April 2019.
- (6) This paragraph has effect, in a case where the qualifying payment is within paragraph 2(4), in relation to deaths occurring on or after 29 May 2020.
- (7) This paragraph has effect, in a case where the qualifying payment is within paragraph 2(5), in relation to deaths occurring on or after such date as is specified in the regulations concerned (which may be a date before the regulations are made).

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Modifications etc. (not altering text)

- C4** Sch. 15 para. 5 modified (6.4.2023) by [The Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) Regulations 2023 \(S.I. 2023/113\)](#), regs. 1(2), **44(5)** (with reg. 1(3))

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