
*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 2020, SCHEDULE 2. (See end of Document for details)*

SCHEDULES

SCHEDULE 2

Sections 15 and 16

THE LOAN CHARGE: CONSEQUENTIAL AMENDMENTS

PART 1

AMENDMENTS TO F(NO.2)A 2017 IN CONSEQUENCE OF SECTION 15

- 1 Schedule 11 to F(NO.2)A 2017 (employment income provided through third parties:
loans etc outstanding on 5 April 2019) is amended as follows.
- 2 In paragraph 1 (application of Part 7A of ITEPA 2003: relevant step) in sub-
paragraph (2) for the words from “before” to the end substitute “ before the end
of 5 April 2019. ”
- 3 For the italic heading before paragraph 2 substitute “Meaning of “ loan ” and “quasi
loan” ”.
- 4 In paragraph 2 (meaning of “loan”, “quasi-loan” and “approved repayment date”)
omit sub-paragraph (6).
- 5 (1) Paragraph 4 (when an amount of a loan is outstanding: certain repayments to be
disregarded) is amended as follows.
 - (2) In sub-paragraph (1)(b)(ii) for “the relevant date” substitute “ 5 April 2019 ”.
 - (3) In sub-paragraph (2) for “the relevant date” substitute “ 5 April 2019 ”.
 - (4) Omit sub-paragraph (4).
- 6 In paragraph 5 (meaning of “outstanding”: loans where A or B acquires a right
to payment of the loan) in sub-paragraph (1)(b) for “6 April 1999” substitute “ 9
December 2010 ”.
- 7 In paragraph 13 (meaning of “outstanding”: quasi-loans where A or B acquires a
right to the payment or transfer of assets) in sub-paragraph (1)(b) for “6 April 1999”
substitute “ 9 December 2010 ”.
- 8 Omit paragraph 19 (meaning of “approved fixed term loan”) and the italic heading
before that paragraph.
- 9 For the heading of Part 2 substitute “ Accelerated payments ”.
- 10 Omit paragraphs 20 to 22 and the italic headings before each of those paragraphs.
- 11 Omit the italic heading before paragraph 23.
- 12 (1) Paragraph 23 (accelerated payments) is amended as follows.
 - (2) In sub-paragraph (1)—
 - (a) in paragraph (d) for “the relevant date” substitute “ 5 April 2019 ”, and
 - (b) in paragraph (e) for “the relevant date” substitute “ 5 April 2019 ”.

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- (3) Omit sub-paragraph (4).
- 13 (1) Paragraph 35A (when the duty to provide loan charge information arises) is amended as follows.
- (2) Omit sub-paragraph (3).
- (3) In sub-paragraph (4) in the words before paragraph (a) for “third” substitute “second”.
- (4) In sub-paragraph (5)—
- (a) in the words before paragraph (a) for “fourth” substitute “third”,
 - (b) in paragraph (a) for the words from the beginning to “conditions” substitute “neither the first nor the second condition”, and
 - (c) in paragraph (b)—
 - (i) for “and (2)(b)” substitute “and (2)”, and
 - (ii) omit the words from “(and if paragraph” to “omitted”.
- (5) In sub-paragraph (6) in the words before paragraph (a) for “fourth” substitute “third”.
- (6) In sub-paragraph (7) omit paragraph (b).
- 14 In paragraph 35B (duty of appropriate third party to provide information to A) in sub-paragraph (1) omit “Q”.
- 15 (1) Paragraph 35D (meaning of “loan charge information”) is amended as follows.
- (2) In sub-paragraph (1)—
- (a) in paragraph (e) omit “, or the loan mentioned in paragraph 35A(3)(a),”,
 - (b) in paragraph (j) omit “, Q”, and
 - (c) in paragraph (k) omit “, or in a case within paragraph 35A(3)(a),”.
- (3) In sub-paragraph (2) omit paragraph (a).
- 16 (1) Paragraph 36 (duty to provide loan charge information to B) is amended as follows.
- (2) In sub-paragraph (1)(b) for “6 April 1999” substitute “9 December 2010”.
- (3) In sub-paragraph (2) for the words from “the period” to the end substitute “15 April 2019”.
- (4) Omit sub-paragraph (4).
- 17 Schedule 12 to F(No.2)A 2017 (trading income provided through third parties: loans etc outstanding on 5 April 2019) is amended as follows.
- 18 For the italic heading before paragraph 2 substitute “Meaning of “loan” and “quasi loan””.
- 19 In paragraph 2 (meaning of “loan”, “quasi-loan” and “approved repayment date”) omit sub-paragraph (6).
- 20 Omit paragraphs 15 to 18 and the italic heading before each of those paragraphs.
- 21 (1) Paragraph 19 (accelerated payments: application of paragraph 20) is amended as follows.
- (2) In sub-paragraph (1)—

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- (a) in paragraph (e) for “the relevant date” substitute “ 5 April 2019 ”, and
 - (b) in paragraph (f) for “the relevant date” substitute “ 5 April 2019 ”.
- (3) Omit sub-paragraph (3).
- 22 In paragraph 23 (meaning of “loan charge information”) in sub-paragraph (2) omit paragraph (a).

PART 2

AMENDMENTS IN CONSEQUENCE OF SECTION 16

ITEPA 2003

- 23 ITEPA 2003 is amended as follows.
- 24 (1) Section 554A (application of Chapter 2 of Part 7A: the main case) is amended as follows.
- (2) In subsection (2) after “paragraph 1” insert “ or 1A ”.
 - (3) For subsection (4) substitute—
 - “(4) Chapter 2 does not apply by reason of—
 - (a) a relevant step taken on or after A's death if—
 - (i) the relevant step is within section 554B, or
 - (ii) the relevant step is within section 554C by virtue of subsection (1)(ab) of that section,
 - (b) a relevant step within paragraph 1 of Schedule 11 to F(No.2)A 2017 which is treated as being taken on or after A's death, or
 - (c) a relevant step within paragraph 1A of Schedule 11 to F(No.2)A 2017 in a case where the initial step (within the meaning given by sub-paragraph (1)(a) of that paragraph) is treated as being taken on or after A's death.”
- 25 In section 554Z (interpretation: general) in subsection (10)(d) after “paragraph 1” insert “ or 1A ”.

F(No.2)A 2017

- 26 Schedule 11 to F(No.2)A 2017 (employment income provided through third parties: loans etc outstanding on 5 April 2019) is amended as follows.
- 27 In paragraph 2 (meaning of “loan”, “quasi-loan” and “approved repayment date”)—
- (a) in sub-paragraph (2), in the words before paragraph (a), for “paragraph 1” substitute “ paragraphs 1 and 1A ”,
 - (b) in sub-paragraph (4) for “paragraph 1” substitute “ paragraphs 1 and 1A ”, and
 - (c) in sub-paragraph (5) for “paragraph 1” substitute “ paragraphs 1 and 1A ”.
- 28 In paragraph 3(1) (meaning of “outstanding”: loans) for “paragraph 1” substitute “ paragraphs 1 and 1A ”.

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- 29 In paragraph 4 (when an amount of a loan is outstanding: certain repayments to be disregarded) in sub-paragraph (6) for “the relevant step treated as taken by paragraph 1” substitute “ a relevant step treated as taken by paragraph 1 or 1A ”.
- 30 In paragraph 5 (meaning of “outstanding”: loans where A or B acquires a right to payment of the loan) in sub-paragraph (2)(b) for “paragraph 1(4)” substitute “ paragraphs 1(4) and 1A(5) ”.
- 31 In paragraph 7 (meaning of “outstanding”: loans in currencies other than sterling) in sub-paragraph (3) after “relevant step” insert “ within paragraph 1 ”.
- 32 In paragraph 10 (meaning of “outstanding”: loans made in a depreciating currency) in sub-paragraph (1)(b) after “relevant step” insert “ within paragraph 1 ”.
- 33 In paragraph 11(1) (meaning of “outstanding”: quasi-loans) for “paragraph 1” substitute “ paragraphs 1 and 1A ”.
- 34 In paragraph 12 (certain payments or transfers to be disregarded for the purposes of paragraph 11) in sub-paragraph (5) for “the relevant step treated as taken by paragraph 1” substitute “ a relevant step treated as taken by paragraph 1 or 1A ”.
- 35 In paragraph 13 (meaning of “outstanding”: quasi-loans where A or B acquires a right to the payment or transfer of assets) in sub-paragraph (2)(b) for “paragraph 1(4)” substitute “ paragraphs 1(4) and 1A(5) ”.
- 36 In paragraph 15 (meaning of “outstanding”: quasi-loans in currencies other than sterling) in sub-paragraph (3) after “relevant step” insert “ within paragraph 1 ”.
- 37 In paragraph 18 (meaning of “outstanding”: quasi-loans made in a depreciating currency) in sub-paragraph (1)(b) after “relevant step” insert “ within paragraph 1 ”.
- 38 After paragraph 35 insert—

“Exclusion for relevant step within paragraph 1A where initial step excluded

35ZA Chapter 2 of Part 7A of ITEPA 2003 does not apply by reason of a relevant step within paragraph 1A if that Chapter does not apply by reason of the initial step (within the meaning given by sub-paragraph (1)(a) of paragraph 1A).”

Social Security (Contributions) Regulations 2001

- 39 (1) The Social Security (Contributions) Regulations 2001 (S.I. 2001/1004) are amended as follows.
- (2) In regulation 22B (amounts to be treated as earnings: Part 7A of ITEPA 2003) in paragraph (3A)(a) after “paragraph 1” insert “ or 1A ”.
- (3) In regulation 22C (amounts to be treated as earnings paid to or for the benefit of the earner: Schedule 11 to F(No.2)A 2017) in paragraph (1)—
- (a) after “paragraph 1” insert “ or 1A ”, and
 - (b) after “paragraph 1(2)” insert “ or 1A(3) or (4) ”.

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