



# Finance Act 2022

## 2022 CHAPTER 3

### PART 1

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

##### *Income tax charge, rates etc*

#### **1 Income tax charge for tax year 2022-23**

Income tax is charged for the tax year 2022-23.

#### **2 Main rates of income tax for tax year 2022-23**

For the tax year 2022-23 the main rates of income tax are as follows—

- (a) the basic rate is 20%,
- (b) the higher rate is 40%, and
- (c) the additional rate is 45%.

#### **3 Default and savings rates of income tax for tax year 2022-23**

(1) For the tax year 2022-23 the default rates of income tax are as follows—

- (a) the default basic rate is 20%,
- (b) the default higher rate is 40%, and
- (c) the default additional rate is 45%.

(2) For the tax year 2022-23 the savings rates of income tax are as follows—

- (a) the savings basic rate is 20%,
- (b) the savings higher rate is 40%, and
- (c) the savings additional rate is 45%.

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#### **4 Increase in rates of tax on dividend income**

- (1) In section 8 of ITA 2007 (which provides, among other things, for the dividend ordinary rate, dividend upper rate and dividend additional rate)—
  - (a) in subsection (1) (the dividend ordinary rate), for “7.5%” substitute “8.75%”,
  - (b) in subsection (2) (the dividend upper rate), for “32.5%” substitute “33.75%”, and
  - (c) in subsection (3) (the dividend additional rate), for “38.1%” substitute “39.35%”.
- (2) In section 9(2) of ITA 2007 (the dividend trust rate), for “38.1%” substitute “39.35%”.
- (3) The amendments made by this section have effect for the tax year 2022-23 and subsequent tax years.

#### **5 Freezing starting rate limit for savings for tax year 2022-23**

- (1) For the tax year 2022-23 the amount specified in section 12(3) of ITA 2007 (the starting rate limit for savings) is “£5,000”.
- (2) Accordingly, section 21 of that Act (indexation) does not apply in relation to the starting rate limit for savings for that tax year.

#### *Banking surcharge*

#### **6 Rate of surcharge and surcharge allowance**

- (1) In section 269DA(1) of CTA 2010 (surcharge on banking companies), for “8%” substitute “3%”.
- (2) In each of the following provisions of Part 7A of CTA 2010 (which make provision in relation to the surcharge allowance), for “£25,000,000” substitute “£100,000,000”—
  - (a) section 269DE(3) and (4),
  - (b) section 269DF(2) and (3), and
  - (c) section 269DJ(3).
- (3) The amendments made by this section have effect for accounting periods beginning on or after 1 April 2023.
- (4) The remaining provisions of this section deal with a case where a company has an accounting period (a “straddling period”) beginning before 1 April 2023 and ending on or after that date.
- (5) For the purpose of calculating—
  - (a) the amount of surcharge chargeable on a company for the straddling period, and
  - (b) the sum chargeable on a company at step 5 in section 371BC(1) of TIOPA 2010 (and see, in particular, section 371BI of that Act) for the straddling period,

so much of the straddling period as falls before 1 April 2023, and so much of it as falls on or after that date, are to be treated as separate accounting periods.

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- (6) If it is necessary to apportion an amount for the straddling period to the two separate accounting periods, see section 1172 of CTA 2010 (which applies as a result of section 269DL of CTA 2010).

### *Trading and property income*

## **7 Abolition of basis periods**

Schedule 1 makes provision for and in connection with the abolition of basis periods under Chapter 15 of Part 2 of ITTOIA 2005.

## **8 Profits of property businesses: late accounting date rules**

- (1) Chapter 3 of Part 3 of ITTOIA 2005 (profits of property businesses: basic rules) is amended as follows.
- (2) In section 275 (apportionment etc of profits to tax year)—
- (a) in subsection (1), for “This section applies” substitute “This section and sections [275A](#) to [275C](#) apply”;
  - (b) at the end insert—
    - “(5) Sections [275A](#) and [275B](#) contain rules for the purpose of avoiding the need to apportion profits or losses under this section (and section [275C](#) makes provision for the person carrying on the business to elect for those rules not to apply).”
- (3) After section 275 insert—

### **“275A Rule if person starts to carry on business after 31 March**

- (1) This section applies if, in a tax year (“the relevant tax year”), the person carrying on the business—
- (a) starts to carry it on after 31 March, and
  - (b) does not permanently cease to carry it on.
- (2) For the purposes of this Part—
- (a) the profits or losses of the business of the relevant tax year are treated as nil, and
  - (b) the actual profits or losses of the business of the relevant tax year are treated as arising in the following tax year.

### **275B Rule if there is a late accounting date**

- (1) This section applies if, in a tax year (“the relevant tax year”), the person carrying on the business—
- (a) does not start to carry it on or starts to carry it on before 1 April,
  - (b) does not permanently cease to carry it on, and
  - (c) has an accounting date that is 31 March or 1, 2, 3 or 4 April.
- (2) For the purposes of this Part—

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- (a) the profits or losses of the business of the period beginning with the day after the accounting date and ending with 5 April in the relevant tax year are treated as nil, and
  - (b) the actual profits or losses of the business of that period are treated as arising in the following tax year.
- (3) In this section, “accounting date” in relation to a tax year means—
- (a) the date in the tax year to which accounts are drawn up, or
  - (b) if there are two or more such dates, the latest of them.

### **275C Election to disapply late accounting date rules**

- (1) The person carrying on the business may make an election under this section.
- (2) If an election under this section has effect for a tax year, neither of sections 275A and 275B apply in relation to the business for that tax year.
- (3) An election under this section—
  - (a) must be made on or before the first anniversary of the normal self-assessment filing date for the first tax year for which it is to have effect, and
  - (b) has effect for that tax year and the four tax years following that tax year (subject to subsection (4)).
- (4) If the person permanently ceases to carry on the business before the end of the last of the tax years mentioned in subsection (3)(b), the election has effect for each tax year up to and including the tax year immediately before the tax year in which the person permanently ceases to carry on the business.”
- (4) The amendments made by this section have effect for the tax year 2023-24 and subsequent tax years.

### *Pensions*

## **9 Liability of scheme administrator for annual allowance charge**

- (1) Part 4 of FA 2004 (pension schemes etc) is amended as follows.
- (2) In section 237B(5)(a) (liability of scheme administrator for annual allowance charge), for “not later than 31 July in the year following that in which the tax year ends” substitute “in accordance with the time limit in section 237BA”.
- (3) After that section insert—

### **“237BA Time limit for notices under section 237B**

- (1) This section specifies the time limit for an individual to give a notice under section 237B(3) in relation to a pension scheme for a tax year (see section 237B(5)(a)).
- (2) Except where subsection (5) applies, the individual must give the notice not later than 31 July in the year following the year in which the tax year ends.
- (3) Subsection (5) applies where—

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- (a) at a relevant time, the scheme administrator gives the individual information about a change to the pension scheme input amount in relation to the pension scheme for the tax year,
  - (b) the scheme administrator is required to give the individual the information by regulations under section 251, and
  - (c) section 237B applies to the individual, in relation to the pension scheme and the tax year, as a result of that change.
- (4) In subsection (3), “relevant time” means a time falling—
  - (a) on or after 2 May in the year following that in which the tax year in question ends, and
  - (b) before the end of the period of 6 years beginning with the end of the tax year in question.
- (5) Where this subsection applies, the individual must give the notice before whichever is the earlier of the following—
  - (a) the end of the period of 3 months beginning with the day on which the scheme administrator gives the individual the information described in subsection (3)(a), and
  - (b) the end of the period of 6 years beginning with the end of the tax year in question.
- (6) In this section, “pension scheme input amount” has the meaning given in section 237B(2).”
- (4) In section 254 (accounting for tax by scheme administrators)—
  - (a) in subsection (7A), for the words from “the period ending” to the end substitute “the later of—
    - (a) the period ending with 31 December in the year following that in which that tax year ended, and
    - (b) the period following the period in which the scheme administrator receives the notice which gives rise to the liability,subject to subsections (7AA) and (7B).”,
  - (b) after that subsection insert—

“(7AA) The tax described in subsection (7A) is to be taken for the purposes of subsection (2) to be charged in an earlier period if the scheme administrator makes an election to that effect in the return for the earlier period.”, and
  - (c) in subsection (7B)—
    - (i) omit “But”, and
    - (ii) after “(7A)” insert “or (7AA)”.

## 10 Increase of normal minimum pension age

- (1) Part 4 of FA 2004 (pension schemes etc) is amended in accordance with subsections (2) to (6).
- (2) In section 279(1) (other definitions), for the definition of “normal minimum pension age” substitute—

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“normal minimum pension age” means—

- (a) in relation to, and to a member of, a pension scheme that is not a uniformed services pension scheme—
  - (i) before 6 April 2010, 50,
  - (ii) on and after that date but before 6 April 2028, 55, and
  - (iii) on and after 6 April 2028, 57, and
- (b) in relation to, and to a member of, a uniformed services pension scheme—
  - (i) before 6 April 2010, 50, and
  - (ii) on and after that date, 55.”.

(3) In that section, after subsection (3) insert—

“(4) In this section “uniformed services pension scheme” means a pension scheme that—

- (a) is established by or under an enactment or Royal Warrant for the benefit of persons described in subsection (5) (whether or not other persons may be members of such a scheme), or
- (b) is established solely for the receipt of additional voluntary contributions from members of a scheme falling within paragraph (a), subject to any regulations made under subsection (6).

(5) Those persons are persons who are or were—

- (a) members of the naval, military or air forces of the Crown (including members of any reserve force);
- (b) members of a police force other than the Civil Nuclear Constabulary;
- (c) firefighters.

(6) The Treasury may by regulations —

- (a) amend subsection (5) by adding to, varying or omitting descriptions of persons;
- (b) provide for a pension scheme not falling within subsection (4)(a) or (b) that is specified, or is of a specified description, to be treated as a uniformed services pension scheme;
- (c) provide for a pension scheme falling within subsection (4)(a) or (b) that is specified, or is of a specified description, to be treated as not being a uniformed services pension scheme.

“Specified” means specified in the regulations.

(7) Regulations under subsection (6) may make transitional provision and savings.”

(4) In Schedule 36 (pension schemes etc: transitional provisions and savings), in paragraph 21 (member’s protected pension age applies instead of normal minimum pension age)—

- (a) in sub-paragraph (1), for “or 23” substitute “, 23 or 23ZB”;
- (b) in sub-paragraph (2), for “and 23(8)” substitute “, 23(8) and 23ZB(7)”.

(5) In that Schedule, after paragraph 23ZA insert—

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*“Protected pension age: scheme rights existing before 4 November 2021*

23ZB (1) This paragraph applies in relation to a relevant registered pension scheme and a member of the pension scheme if—

- (a) neither paragraph 22 nor 23 applies in relation to them, and
- (b) the entitlement condition or the block transfer condition is met in relation to the scheme and the member.

(2) A registered pension scheme is “relevant” if it is not a uniformed services pension scheme (as defined in section 279(4)).

(3) The entitlement condition is met if—

- (a) immediately before 4 November 2021 the member had an actual or prospective right under the pension scheme to any benefit from an age of less than 57,
- (b) the rules of the pension scheme on 11 February 2021 included provision conferring such a right on some or all of the persons who were then members of the pension scheme, and
- (c) the member either had such a right under the scheme on 11 February 2021 or would have had such a right had the member been a member of the scheme on 11 February 2021.

(4) Where—

- (a) a recognised transfer is made on or after 4 November 2021 in execution of a request made before that date, and
- (b) that transfer would, if executed before that date, have resulted in the member having an actual or prospective right under a pension scheme to any benefit from the age of less than 57 immediately before that date,

the member is, for the purposes of this paragraph, to be treated as having that right under that scheme at that time.

(5) The block transfer condition is met if the member is a member of the pension scheme (the “transferee pension scheme”) as a result of—

- (a) a block transfer to the transferee pension scheme on or after 4 November 2021 from a pension scheme (the “original pension scheme”) where the entitlement condition is met in relation to the original scheme and the member,
- (b) a block transfer to the transferee pension scheme from a pension scheme (the “original pension scheme”) on or before 3 November 2021 where—
  - (i) immediately before the transfer the member had an actual or prospective right under the original pension scheme to any benefit from an age of less than 57,
  - (ii) the rules of the original pension scheme met paragraph (b) of the entitlement condition, and
  - (iii) paragraph (c) of that condition is met in relation to the original pension scheme and the member, or
- (c) a block transfer to the transferee pension scheme from a pension scheme (the “transferor pension scheme”) that was a transferee pension scheme in relation to an original pension scheme or

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another transferor pension scheme by virtue of the previous application of paragraph (a) or (b) or the previous application (on one or more occasions) of this paragraph.

- (6) For the purposes of sub-paragraph (5), a transfer is a “block transfer”, if it involves the transfer, in a single transaction, of all of the sums and assets held for the purposes of, or representing accrued rights under, the arrangements under a pension scheme which relate to the member and at least one other member of the scheme.
  - (7) The member’s protected pension age is the higher of 55 and the age from which the member had an actual or prospective right to any benefit immediately before 4 November 2021 under—
    - (a) in a case where the entitlement condition is met in relation to the member and the scheme, that scheme, or
    - (b) in a case where the block transfer condition is met in relation to the member and the scheme and the entitlement condition is not so met, whichever of that scheme, the original scheme or the transferor scheme that the member was a member of at that time.
  - (8) But this paragraph does not have effect so as to give the member a protected pension age of more than 55 at any time before 6 April 2028.
- 23ZC (1) This paragraph applies in relation to sums or assets of a relevant registered pension scheme and the member of the scheme to which those sums and assets relate if—
- (a) none of paragraphs 22, 23 or 23ZB apply in relation to the scheme and the member, and
  - (b) those sums or assets were subject to a relevant transfer to the scheme.
- (2) Sums or assets relate to a member of a pension scheme if they are held by that scheme for the purposes of, or represent accrued rights under, an arrangement relating to the member under the pension scheme.
  - (3) Sums or assets were subject to a relevant transfer to a relevant registered pension scheme if they were transferred to that scheme from another relevant registered pension scheme (“the transferor scheme”) as a result of a recognised transfer and, immediately before the transfer—
    - (a) they were sums or assets held by the transferor scheme for the purposes of, or representing accrued rights under, an arrangement relating to a member of the transferor scheme, and
    - (b) paragraph 23ZB applied in relation to the transferor scheme and that member or this paragraph applied to those sums or assets and that member as a result of a relevant transfer to the transferor scheme.
  - (4) If this paragraph applies in relation to sums or assets (“transferred sums or assets”) and a member of a relevant registered pension scheme, this Part of this Act (except for section 218(6) and paragraph 19) applies in relation to—
    - (a) the transferred sums or assets while held for the purposes of, or representing accrued rights under, an arrangement under the scheme, and



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- (b) any sums or assets held for the purposes of, or representing accrued rights under, such an arrangement that arise, or (directly or indirectly) derive, from—
  - (i) any of the transferred sums or assets, or
  - (ii) sums or assets which so arise or derive,as if references to normal minimum pension age were to the member's protected pension age under the first relevant registered pension scheme from which there was a relevant transfer of the sums or assets (see paragraph 23ZB(7)).
- (5) In this paragraph “relevant registered pension scheme” means a pension scheme that is not a uniformed services pension scheme (as defined in section 279(4)).

*Lump sums before normal minimum pension age”.*

- (6) In that Schedule—
  - (a) before paragraph 22 insert—

*“Protected pension age: scheme rights existing before 6 April 2006”;*
  - (b) in paragraph 23ZA(2), in the words before paragraph (a), after “This Part” insert “of this Act”.
- (7) In section 308C(9) of ITEPA 2003 (provision of pensions advice: limited exemption), for paragraph (a) substitute—
  - “(a) if any of paragraphs 22, 23, 23ZB or 23ZC of Schedule 36 to FA 2004 apply in relation to the employee, the lowest protected pension age that applies as a result of those paragraphs (in relation to the employee or, as the case may be, to sums or assets that relate to the employee), or”.

## **11 Public service pension schemes: rectification of unlawful discrimination**

- (1) The Treasury may by regulations made by statutory instrument make provision of the kind mentioned in subsection (2) in consequence of, or otherwise in connection with, the discrimination rectification provisions.
- (2) The provision referred to in subsection (1) is provision modifying any relevant tax enactment in its application in relation to a relevant person.
- (3) In subsection (2)—
  - “relevant tax enactment” means—
    - (a) an enactment contained in or made under Part 4 of FA 2004 (pension schemes etc),
    - (b) an enactment contained in or made under Schedule 15 to FA 2020 (tax relief for scheme payments etc), or
    - (c) an enactment contained in the Income Tax Acts, or relating to capital gains tax, that is not within paragraph (a) or (b);
  - “relevant person” means a person—
    - (a) who has any remediable service in an employment or office,

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- (b) who has any rights or obligations under or in relation to a public service pension scheme that are determined by reference to, or are otherwise affected by, another person’s remediable service in an employment or office, or
  - (c) to whom, or by whom, any amounts are paid or payable under the discrimination rectification provisions.
- (4) Regulations under this section may—
- (a) make retrospective provision;
  - (b) make different provision for different cases;
  - (c) make consequential, incidental or supplemental provision.
- (5) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of the House of Commons.
- (6) In this section “the discrimination rectification provisions” means—
- (a) Chapters 1 to 3 of Part 1 of PSPJOA 2022 and any provision made under those Chapters,
  - (b) any provision made under Chapter 4 of that Part of that Act, and
  - (c) any provision contained in scheme regulations that is made—
    - (i) under provision contained in Part 1 of PSPJOA 2022, or
    - (ii) under section 3(2)(c) of PSPA 2013 or section 3(2)(c) of PSPA(NI) 2014 (consequential etc provision in relation to Part 1 of PSPJOA 2022).
- (7) In this section—
- “modifying” includes disapplying or supplementing;
  - “PSPA 2013” means the Public Service Pensions Act 2013;
  - “PSPA(NI) 2014” means the [Public Service Pensions Act \(Northern Ireland\) 2014 \(c. 2 \(N.I.\)\)](#);
  - “PSPJOA 2022” means the Public Service Pensions and Judicial Offices Act 2022;
  - “public service pension scheme” has the same meaning as in Part 4 of FA 2004 (see section 150 of that Act);
  - “remediable service” means remediable service within the meaning of Chapter 1, 2 or 3 of Part 1 of PSPJOA 2022;
  - “scheme regulations” means scheme regulations within the meaning of PSPA 2013 or PSPA(NI) 2014.

### *Capital allowances*

#### **[<sup>F1</sup>12] Extension of temporary increase in annual investment allowance**

- (1) In section 32(1) of FA 2019 (which increases the maximum amount of the annual investment allowance to £1,000,000 until 31 December 2021), for “the period of three years beginning with 1 January 2019” substitute “the period beginning with 1 January 2019 and ending with 31 March 2023”.
- (2) In consequence of the amendment made by subsection (1)—
- (a) in section 32(2) of that Act, for “1 January 2022” substitute “1 April 2023”,

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- (b) in paragraph 2 of Schedule 13 to that Act and the heading before that paragraph, for “1 January 2022” (in each place) substitute “1 April 2023”,
- (c) in paragraph 3(3)(b) of that Schedule, for “the period of three years beginning with 1 January 2019” substitute “the period beginning with 1 January 2019 and ending with 31 March 2023”, and
- (d) in the heading for that Schedule, for “1 January 2022” substitute “1 April 2023”.]

#### Textual Amendments

- F1** S. 12 ceases to have effect in part (11.7.2023 in relation to chargeable periods beginning before 1.4.2023 and ending on or after that date) by virtue of [Finance \(No. 2\) Act 2023 \(c. 30\), s. 8\(2\)\(b\)\(3\)](#) (b)

### 13 Structures and buildings allowances: allowance statements

- (1) In section 270IA(4) of CAA 2001 (definition of “allowance statement”)—
  - (a) in paragraph (b), for “purchase, and” substitute “acquisition,” and
  - (b) after paragraph (c) insert “, and
  - (d) where qualifying expenditure is incurred on the construction or acquisition of the building or structure after the date mentioned in paragraph (c), the date on which the expenditure is incurred.”
- (2) The amendments made by this section have effect in relation to cases in which qualifying expenditure—
  - (a) is incurred on the construction or acquisition of the building or structure on or after the day on which this Act is passed, or
  - (b) in reliance on section 270BB(3) of CAA 2001, is treated as being so incurred on or after that day for the purposes of Part 2A of that Act.

#### *Reliefs for investments*

### 14 Qualifying asset holding companies

- (1) Schedule 2 makes provision in order to facilitate the use of certain companies that carry on an investment business by investment funds and other entities to hold investments for the purposes of those funds and entities.
- (2) Those companies are referred to in that Schedule as “qualifying asset holding companies” or “QAHCs”.

### 15 Real Estate Investment Trusts

Schedule 3 makes changes to Part 12 of CTA 2010 in relation to—

- (a) the conditions for companies in relation to UK REITs in section 528 and 528A of that Act;
- (b) the requirement to prepare financial statements under section 532 of that Act;
- (c) the balance of business test in section 531 of that Act;
- (d) the meaning of “holder of excessive rights” in section 553 of that Act.

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### *Creative reliefs*

#### **16 Film tax relief: films produced to be television programmes**

- (1) Part 15 of CTA 2009 (film production) is amended as follows.
- (2) In section 1195 (availability and overview of film tax relief)—
  - (a) in subsection (2)—
    - (i) omit paragraph (a), and
    - (ii) after that paragraph insert—
 

“(aa) section 1196A (intended release or broadcast),” and
  - (b) in subsection (3A)—
    - (i) omit “or” at the end of paragraph (a), and
    - (ii) at the end insert “, or
    - (c) relief is available to the company under Chapter 3 of Part 15A (television tax relief) in respect of the expenditure.”
- (3) Omit section 1196 (intended theatrical release).
- (4) After that section insert—

#### **“1196A Intended release or broadcast**

- (1) The film must—
  - (a) be intended for theatrical release, or
  - (b) be a television programme intended for broadcast to the general public that meets conditions A to D in section 1216AB (meaning of “relevant programme”).
- (2) For this purpose—
  - (a) “theatrical release” means exhibition to the paying public at the commercial cinema,
  - (b) a film is not regarded as intended for theatrical release unless it is intended that a significant proportion of the earnings from the film should be obtained by such exhibition, and
  - (c) “television programme” has the same meaning as in Part 15A (see section 1216AA).
- (3) Whether the condition in subsection (1) is met is determined for each accounting period of the company during which film-making activities are carried on in relation to the film, in accordance with the following rules.
- (4) If the condition in subsection (1) is met at the end of an accounting period, it is treated as having been met throughout that period (subject to subsection (5)(b)).
- (5) If the condition in subsection (1) is not met at the end of an accounting period—
  - (a) it is treated as having been not met throughout that period, and
  - (b) it cannot be met in any subsequent accounting period.

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This does not affect any entitlement of the company to relief in an earlier accounting period for which the condition in subsection (1) was met.”

- (5) The amendments made by this section have effect in relation to accounting periods ending on or after 1 April 2022, subject to subsection (6).
- (6) The amendments made by this section do not have effect in relation to a film in relation to which film-making activities are carried on before 1 April 2022 if—
  - (a) the principal photography of the film is completed before that date, or
  - (b) film tax relief is not available in connection with the film for an accounting period ending before that date by virtue of section 1196(5) of CTA 2009 (films not intended for theatrical release at the end of an accounting period).

## 17 Temporary increase in theatre tax credit

- (1) This section applies where—
  - (a) a company’s activities in relation to a theatrical production are treated for corporation tax purposes as a trade separate from any other activities of the company by virtue of section 1217H of CTA 2009 (claim for additional deduction), and
  - (b) the production phase for the theatrical production begins on or after 27 October 2021.
- (2) In relation to the separate theatrical trade and an accounting period beginning on or after 27 October 2021 and ending on or before 31 March [F22025], section 1217K(4) of CTA 2009 (amount of theatre tax credit) has effect as if—
  - (a) in paragraph (a), for “25%” there were substituted “50%”, and
  - (b) in paragraph (b), for “20%” there were substituted “45%”.
- (3) In relation to the separate theatrical trade and an accounting period beginning on or after 1 April [F32025] and ending on or before 31 March [F32026], section 1217K(4) of CTA 2009 (amount of theatre tax credit) has effect as if—
  - (a) in paragraph (a), for “25%” there were substituted “35%”, and
  - (b) in paragraph (b), for “20%” there were substituted “30%”.
- (4) For the purposes of Part 15C of CTA 2009 (theatrical productions), where the company has an accounting period which begins before, but ends on or after, 27 October 2021, 1 April [F42025] or 1 April [F42026] (a “straddling period”)—
  - (a) so much of the straddling period as falls before the date in question, and so much of that period as falls on or after that date, are to be treated as separate accounting periods, and
  - (b) any amounts brought into account for the purposes of calculating for corporation tax purposes the profits of a trade for a straddling period are to be apportioned to the two separate accounting periods on a just and reasonable basis.

### Textual Amendments

- F2** Word in s. 17(2) substituted (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\), s. 14\(1\)\(a\)](#)
- F3** Words in s. 17(3) substituted (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\), s. 14\(2\)\(a\)](#)
- F4** Words in s. 17(4) substituted (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\), s. 14\(3\)\(a\)](#)

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## 18 Theatrical productions tax relief

- (1) Part 15C of CTA 2009 (theatrical productions tax relief) is amended as follows.
- (2) In section 1217FA (meaning of “theatrical production”)—
- (a) in subsection (2)—
    - (i) in the words before paragraph (a), for “other” substitute “relevant”,
    - (ii) after paragraph (b) (but before the “and” at the end) insert—
 

“(ba) each performance is intended to be given to an audience of not less than five individuals,”
  - (b) in subsection (3), omit “also”, and
  - (c) after subsection (3) insert—
 

“(3A) “Relevant dramatic piece” means a dramatic piece (other than a play, opera or musical) that tells a story or a number of related or unrelated stories.”
- (3) In section 1217FB(1) (productions not regarded as theatrical), before paragraph (a) insert—
- “(za) it is produced for training purposes,”.
- (4) In section 1217GA (the commercial purpose condition), after subsection (2) insert—
- “(2A) A performance to members of the general public is not regarded as being to paying members unless—
- (a) it is separately ticketed, and
  - (b) it is intended that a significant proportion of the earnings from the performance should be obtained by such ticketing.
- (2B) For the purposes of subsection (2A), the fact that a ticket covers things reasonably incidental to the performance (such as, for example, a programme or food to be consumed during the course of the performance) does not prevent the performance from being separately ticketed, provided that the price paid can reasonably be apportioned between the performance and those other things.
- (2C) A performance is only regarded as provided for educational purposes if it is provided mainly for the purpose of educating the audience.”
- (5) In section 1217GC (meaning of “core expenditure”), at the end insert—
- “(3) For the purposes of subsection (2)(a), expenditure by an educational body on teaching or training participants in a production is expenditure on a matter not directly involved in producing the production, except to the extent that the teaching or training takes place as part of a rehearsal for the production.
- (4) For the purposes of subsection (2)(b), a performance to the general public is not regarded as being to paying members unless it satisfies section 1217GA(2A).
- (5) In this section, “educational body” includes a body mentioned in section 71.”
- (6) The amendments made by this section have effect in relation to a theatrical production only where the production phase begins on or after 1 April 2022.

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## 19 Temporary increase in orchestra tax credit

- (1) This section applies where—
  - (a) a company’s activities in relation to a concert, or a series of concerts, are treated for corporation tax purposes as a trade separate from any other activities of the company by virtue of section 1217Q of CTA 2009 (separate orchestral trade), and
  - (b) the production process for the concert, or series of concerts, starts on or after 27 October 2021.
- (2) In relation to the separate orchestral trade and an accounting period beginning on or after 27 October 2021 and ending on or before 31 March [F52025], section 1217RG(4) of CTA 2009 (amount of orchestra tax credit) has effect as if for “25%” there were substituted “50%”.
- (3) In relation to the separate orchestral trade and an accounting period beginning on or after 1 April [F62025] and ending on or before 31 March [F62026], section 1217RG(4) of CTA 2009 (amount of orchestra tax credit) has effect as if for “25%” there were substituted “35%”.
- (4) For the purposes of Part 15D of CTA 2009 (orchestra tax relief), where the company has an accounting period which begins before, but ends on or after, 27 October 2021, 1 April [F72025] or 1 April [F72026] (a “straddling period”)—
  - (a) so much of the straddling period as falls before the date in question, and so much of that period as falls on or after that date, are to be treated as separate accounting periods, and
  - (b) any amounts brought into account for the purposes of calculating for corporation tax purposes the profits of a trade for a straddling period are to be apportioned to the two separate accounting periods on a just and reasonable basis.

### Textual Amendments

- F5** Word in s. 19(2) substituted (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\), s. 14\(1\)\(b\)](#)
- F6** Words in s. 19(3) substituted (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\), s. 14\(2\)\(b\)](#)
- F7** Words in s. 19(4) substituted (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\), s. 14\(3\)\(b\)](#)

## 20 Orchestra tax relief

- (1) Part 15D of CTA 2009 (orchestra tax relief) is amended as follows.
- (2) In section 1217PA(2) (meaning of “orchestral concert”), before paragraph (a) insert—

“(za) it is produced for training purposes,”.
- (3) In section 1217RA (companies qualifying for orchestra tax relief), after subsection (6) insert—

“(6A) A concert performed before the public is not regarded as being performed before the paying public unless—

  - (a) it is separately ticketed, and
  - (b) it is intended that a significant proportion of the earnings from the concert should be obtained by such ticketing.

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- (6B) For the purposes of subsection (6A), the fact that a ticket covers things reasonably incidental to the concert (such as, for example, a programme or food to be consumed during the course of the performance) does not prevent the concert from being separately ticketed, provided that the price paid can reasonably be apportioned between the concert and those other things.
- (6C) A concert is only regarded as performed for educational purposes if it is performed entirely or mainly for the purpose of educating the audience.”
- (4) In section 1217RC (meaning of “core expenditure”), at the end insert—
- “(4) For the purposes of subsection (3)(a), expenditure by an educational body on teaching or training participants in a concert or concerts is expenditure on a matter not directly involved with putting on the concert or concerts, except to the extent that the teaching or training takes place as part of a rehearsal for the concert or concerts.
- (5) In this section, “educational body” includes a body mentioned in section 71.”
- (5) The amendments made by this section have effect in relation to a concert or series of concerts only where the production process starts on or after 1 April 2022.

## 21 Temporary increase in museums and galleries exhibition tax credit

- (1) This section applies where—
- (a) a company’s activities in relation to the production of an exhibition are treated for corporation tax purposes as a trade separate from any other activities of the company by virtue of section 1218ZB of CTA 2009 (separate exhibition trade), and
  - (b) the production stage for the exhibition begins on or after 27 October 2021.
- (2) In relation to the separate exhibition trade and an accounting period beginning on or after 27 October 2021 and ending on or before 31 March [F82025], section 1218ZCH(4) of CTA 2009 (amount of museums and galleries exhibition tax credit) has effect as if—
- (a) in paragraph (a), for “25%” there were substituted “50%”, and
  - (b) in paragraph (b), for “20%” there were substituted “45%”.
- (3) In relation to the separate exhibition trade and an accounting period beginning on or after 1 April [F92025] and ending on or before 31 March [F92026], section 1218ZCH(4) of CTA 2009 (amount of museums and galleries exhibition tax credit) has effect as if—
- (a) in paragraph (a), for “25%” there were substituted “35%”, and
  - (b) in paragraph (b), for “20%” there were substituted “30%”.
- (4) For the purposes of Part 15E of CTA 2009 (museums and galleries exhibition tax relief), where the company has an accounting period which begins before, but ends on or after, 27 October 2021, 1 April [F102025] or 1 April [F102026] (a “straddling period”) —
- (a) so much of the straddling period as falls before the date in question, and so much of that period as falls on or after that date, are to be treated as separate accounting periods, and
  - (b) any amounts brought into account for the purposes of calculating for corporation tax purposes the profits of a trade for a straddling period are to be



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apportioned to the two separate accounting periods on a just and reasonable basis.

#### Textual Amendments

- F8** Word in s. 21(2) substituted (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\), s. 14\(1\)\(c\)](#)  
**F9** Words in s. 21(3) substituted (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\), s. 14\(2\)\(c\)](#)  
**F10** Words in s. 21(4) substituted (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\), s. 14\(3\)\(c\)](#)

## 22 Museums and galleries exhibition tax relief

- (1) Part 15E of CTA 2009 (museums and galleries exhibition tax relief) is amended as follows.
- (2) In section 1218ZAA (meaning of “exhibition”)—
- (a) at the end of subsection (1) insert “(but see subsections (2) to (3A))”,
  - (b) in subsection (2), omit “But”, and
  - (c) after subsection (3) insert—
- “(3A) A display of an object or work is not an exhibition to the extent that the public display of the object or work is subordinate to the use of the object or work (or of anything of which it forms part) for another purpose.”
- (3) In section 1218ZAC(3)(b) (primary production company: responsibility for production of the exhibition at a venue), for “(at least) the first” substitute “one or more”.
- (4) In section 1218ZCA (companies qualifying for museums and galleries exhibition tax relief), after subsection (6) insert—
- “(6A) For the purposes of subsection (3), the fact that a person is responsible for an exhibition at a venue does not, by itself, mean that the person maintains a museum or gallery.”
- (5) In section 1218ZCG(1)(c) of CTA 2009 (date before which qualifying expenditure must be incurred), for “2022” substitute “2024”.
- (6) The amendments made by subsections (2) to (4) have effect in relation to an exhibition only where the production stage begins on or after 1 April 2022.

*Capital gains tax: disposals of UK land etc*

## 23 Returns for disposals of UK land etc

- (1) Schedule 2 to FA 2019 (returns for disposals of UK land etc) is amended as follows.
- (2) In paragraph 3(1)(b) (obligation to deliver a return on or before the 30th day following completion), for “30th” substitute “60th”.
- (3) In paragraph 7 (calculation of capital gains tax notionally chargeable), after subparagraph (3) insert—

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“(3A) In the case of a disposal to which this Schedule applies as a result of paragraph 1(1)(b) where a proportion of the chargeable gain accruing on the disposal is not a residential property gain, ignore that proportion for the purposes of this paragraph.”

- (4) The amendments made by this section have effect in relation to disposals which have a completion date on or after 27 October 2021.

### *International matters*

## **24 Cross-border group relief**

- (1) CTA 2010 is amended as follows.
- (2) In section 107 (restriction on losses etc surrenderable by non-UK resident)—
- (a) omit subsections (1A), (6A), (6B), (10) and (11);
  - (b) in subsection (2) omit “In any other case,”;
  - (c) in subsection (7) omit “or (6B)”.
- (3) In Part 5 (group relief), omit Chapter 3 (surrenders made by non-UK resident company resident or trading in the EEA).
- (4) In section 188BI (restriction on surrender of losses made when non-UK resident)—
- (a) omit subsections (2), (8), (9), (13) and (14);
  - (b) in subsection (3) omit “In any other case,”;
  - (c) in subsection (10) omit “or (9)”.
- (5) In Schedule 4—
- (a) Part 1 makes amendments consequential on this section, and
  - (b) Part 2 makes provision as to commencement.

## **25 Tonnage tax**

- (1) Schedule 22 to FA 2000 (tonnage tax) is amended as follows.
- (2) In paragraph 10 (when election may be made)—
- (a) in sub-paragraph (2), at the end insert “, subject to sub-paragraph (3A)”;
  - (b) in sub-paragraph (3), at the end insert “, subject to sub-paragraph (3A)”, and
  - (c) after sub-paragraph (3) insert—
- “(3A) An election under sub-paragraph (2) or (3) may be made after the end of the period specified in that sub-paragraph with the consent of an officer of Revenue and Customs.
- (3B) An officer of Revenue and Customs may not give consent for the purposes of sub-paragraph (3A) unless satisfied that—
- (a) there was a reasonable excuse for the failure to make the election before the end of the period specified in sub-paragraph (2) or (3) (as appropriate), and
  - (b) after the end of that period, the consent was requested without delay or there is a reasonable excuse for any further delay.”

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- (3) In paragraph 13 (period for which election is in force)—
- (a) in sub-paragraph (1), for “ten years” substitute “the relevant number of years”,
  - (b) in that sub-paragraph, omit the final sentence, and
  - (c) after that sub-paragraph insert—

“(1A) “The relevant number of years” means—

- (a) in relation to a tonnage tax election made before 1 April 2022, ten years;
- (b) in relation to a tonnage tax election made on or after 1 April 2022, eight years.

(1B) Sub-paragraph (1) is subject to the following exceptions.”

- (4) In paragraph 15 (renewal election), for sub-paragraph (1) substitute—

“(1) A further tonnage tax election (a “renewal election”) may be made in respect of a single company or group if—

- (a) at the time it is made, a tonnage tax election is in force in respect of the company or group, or
- (b) it is a bridging renewal election (see paragraph 15ZA).”

- (5) After paragraph 15 insert—

*“Bridging renewal election*

15ZA (1) A renewal election in respect of a single company or a group is a bridging renewal election if—

- (a) the last tonnage tax election in force in respect of the company or group (“the previous election”) expired (rather than ceasing to be in force for another reason),
- (b) in the period beginning with the expiry of the previous election and ending with the time from which the renewal election would have effect, nothing has happened which, if a tonnage tax election had been force in respect of the company or group, would have caused it to cease to be in force, and
- (c) the renewal election is made with the consent of an officer of Revenue and Customs.

(2) An officer of Revenue and Customs may not give consent for the purposes of this paragraph unless satisfied that—

- (a) the consent was requested without delay after the company or (as appropriate) a company in the group first became aware that the previous election had expired, and
- (b) the conduct of the company or group in connection with tonnage tax has not at any time involved conduct the main purpose (or one of the main purposes) of which was the avoidance of tax.

(3) Where a bridging renewal election is made, the previous election is to be treated as having remained in force until the time when the bridging renewal election takes effect.”

- (6) In paragraph 19(3) (qualifying ships), omit paragraph (c).

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- (7) Omit paragraphs 22A to 22F (flagging) (and the italic headings before each of those paragraphs).
- (8) In paragraph 43A(1)(a) (requirement to prove compliance with safety etc standards), for “any relevant register (see paragraph 22B(6A))” substitute “the United Kingdom”.
- (9) In paragraph 49(2)(b) (relevant shipping income: distributions of overseas shipping companies), omit “, Gibraltar or a member State” in both places.
- (10) In paragraph 147 (index of defined expressions)—
  - (a) at the appropriate place insert—
 

“bridging renewal election	paragraph 15ZA”;
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  - (b) omit the entry for “relevant register”.
- (11) The amendments made by this section come into force on 1 April 2022.
- (12) The amendment made by subsection (9) has effect for accounting periods beginning on or after 1 April 2022.

## 26 Amendments of section 259GB of TIOPA 2010

- (1) Section 259GB of TIOPA 2010 (hybrid payee deduction/non-inclusion mismatches and their extent) is amended as follows.
- (2) In subsection (4A)—
  - (a) in the words before paragraph (a), after “partnership” insert “or a relevant transparent entity”;
  - (b) in paragraph (a), after “partnership” insert “, or a member of the entity,”;
  - (c) in paragraph (b)—
    - (i) in sub-paragraph (i), after “partnership” insert “or entity”;
    - (ii) in sub-paragraph (ii), after “partner”, in each place it occurs, insert “or member”.
- (3) After that subsection insert—
 

“(4AA) Subsection (4AB) applies in relation to a payment or quasi-payment if—

  - (a) one or more of the payees is a partnership or a relevant transparent entity,
  - (b) there is a territory under the law of which an amount of ordinary income would arise, or would potentially arise, to a hybrid entity as a result of the circumstances giving rise to the relevant deduction if the entity were a person resident in that territory for the purposes of a tax charged under the law of that territory, and
  - (c) that hybrid entity is not (ignoring subsection (4AB)(b)) a payee.

(4AB) Where this subsection applies—

  - (a) if any such hybrid entity is not either a partnership or a relevant transparent entity, subsection (4A) does not apply, or
  - (b) otherwise, every such hybrid entity is to be treated as a payee for the purposes of determining, for the purposes of subsection (1)(b), if an excess arises by reason of one or more payees being hybrid entities.”

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- (4) In subsection (4B), for “subsection (4A)” substitute “subsections (4A) to (4AB) and (4C)”.
- (5) After that subsection insert—
- “**(4C)** An entity is a “relevant transparent entity” if—
- (a) the entity is not a partnership,
  - (b) the entity is legally constituted in a territory outside the United Kingdom,
  - (c) all of the entity’s income or profits for the purposes of a tax charged under the law of that territory are treated (or would be if there were any) for the purposes of that tax as the income or profits of its members, and
  - (d) any such tax that is, or that would be, charged on such a member that is resident for tax purposes in that territory is not charged at a nil rate.
- (4D)** For the purposes of subsection (4C), a person is a “member” of an entity if the person is entitled to a proportion of the profits of the entity as a result of—
- (a) where the entity has share capital, holding shares forming part of that capital, or
  - (b) where the entity does not have share capital, an entitlement similar to that which would be enjoyed if the entity had share capital and the person held shares forming part of that capital.”
- (6) Section 259GB of TIOPA 2010 has effect, and is to be deemed always to have had effect, with the amendments made by this section.
- (7) But that section has effect —
- (a) in relation to payments made before the day on which this Act is passed, or
  - (b) in relation to quasi-payments in relation to which the payment period had begun before that date,
- with the modifications set out in subsection (8).
- (8) Those modifications are that subsections (4AA) and (4AB) of TIOPA 2010 (as inserted by subsection (3)) have effect as if—
- (a) any reference in those subsections to a hybrid entity did not include a partnership (within the meaning given by section 259NE(4) of TIOPA 2010),
  - (b) in paragraph (a) of subsection (4AA), “a partnership or” were omitted, and
  - (c) in paragraph (a) of subsection (4AB)—
    - (i) “either a partnership or” were omitted, and
    - (ii) after “apply” there were inserted “in relation to any payee that is a relevant transparent entity”.
- (9) A taxpayer may, in consequence of the amendments made by this section, make reasonable adjustments to claims, returns and elections made before the day on which this Act is passed.
- (10) Any such adjustments must be made on or before 31 December 2022 but, subject to that, the time limits otherwise applicable to amending or withdrawing the claim, return or election in question do not prevent an adjustment being made under subsection (9).

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## 27 Application of section 124 of TIOPA 2010 in relation to diverted profits tax

- (1) In Part 3 of FA 2015 (diverted profits tax) before section 115 (but after the heading “Final provisions”) insert—

### **“114A Application of section 124 of TIOPA 2010 in relation to diverted profits tax**

A solution or mutual agreement mentioned in subsection (1)(b) of section 124 of TIOPA 2010 (giving effect to solutions to cases and mutual agreements resolving cases) may include provision related to diverted profits tax (and, accordingly, the duty in subsection (2) of that section includes a duty to make any such adjustment as is appropriate in relation to diverted profits tax).”

- (2) In section 124 of TIOPA 2010 (giving effect to solutions to cases and mutual agreements resolving cases), after subsection (4) insert—

“(5) See section 114A of FA 2015 for provision applying this section in relation to diverted profits tax.”

- (3) The amendments made by this section apply in relation to solutions arrived at, or mutual agreements made, by the Commissioners on or after 27 October 2021.

## 28 Diverted profits tax: closure notices etc

- (1) Part 3 of FA 2015 (diverted profits tax) is amended as follows.

- (2) In section 101A (amendment of CT return during review period: section 80 or 81 case)

- (a) in subsection (2) (amendment during first 12 months of review period)—
- (i) omit “the first 12 months of”, and
  - (ii) after “review period” insert “except the last 30 days of that period”;
- (b) after subsection (2) insert—

“(3) Paragraph 31(3) of Schedule 18 to FA 1998 (amendment not to take effect during enquiry) does not apply in relation to an amendment made under subsection (2).”

- (3) In section 101B (amendment of CT return during review period: section 86 case)—

- (a) in subsection (2) (amendment during first 12 months of review period)—
- (i) omit “the first 12 months of”, and
  - (ii) after “review period” insert “except the last 30 days of that period”;
- (b) after subsection (2) insert—

“(3) Paragraph 31(3) of Schedule 18 to FA 1998 (amendment not to take effect during enquiry) does not apply in relation to an amendment made under subsection (2).”

- (4) After section 101B insert—

### **“101C Closure notices: rules during review period**

- (1) This section applies where—
- (a) a charging notice is issued to a company for an accounting period, and

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- (b) the review period for that charging notice has not ended.
- (2) In relation to a relevant enquiry—
- (a) a final closure notice may not be given under paragraph 32 of Schedule 18 to FA 1998, and
  - (b) a partial closure notice may not be given under that paragraph in relation to any matter which is, or could be, relevant to the charging notice mentioned in subsection (1)(a).
- (3) Accordingly, a relevant tribunal direction has no effect until the review period has ended.
- (4) In subsection (2), “relevant enquiry” means—
- (a) an enquiry into the company tax return for the accounting period mentioned in subsection (1)(a);
  - (b) where the charging notice mentioned in subsection (1)(a) is issued to a company (“the foreign company”) for an accounting period by reason of section 86 applying in relation to it for that accounting period, an enquiry into any company tax return for the avoided PE (within the meaning of section 86) that may be amended by virtue of section 101B(2) so as to reduce the taxable diverted profits arising to the foreign company in that accounting period.
- (5) In subsection (3) “relevant tribunal direction” means a direction given—
- (a) under paragraph 33 of Schedule 18 to FA 1998,
  - (b) in relation to a closure notice that may not be given by virtue of subsection (2), and
  - (c) during the review period mentioned in subsection (1)(b).”
- (5) This section is treated as having come into force on 27 October 2021; and the new section 101C of FA 2015 inserted by subsection (4) has effect in relation to any relevant tribunal direction which is given on or after that date unless the application for the direction was made before 27 September 2021.

#### *Changes in accounting standards etc*

### **29 Insurance contracts: change in accounting standards**

Schedule 5 makes provision in connection with International Financial Reporting Standard 17 (insurance contracts) issued by the International Accounting Standards Board.

### **30 Deductions allowance in connection with onerous or impaired leases**

- (1) Part 7ZA of CTA 2010 (restrictions on obtaining certain deductions) is amended in accordance with subsections (2) to (15).
- (2) Section 269ZX (increase of deductions allowance where provision for onerous lease reversed) is amended in accordance with subsections (3) to (6).
- (3) In the heading, for “where provision for onerous lease reversed” substitute “in connection with onerous or impaired leases”.

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- (4) In subsection (1)(a), for “relevant reversal credit (see section 269ZY)” substitute “relevant credit”.
- (5) After subsection (1) insert—
- “(1A) In this section “relevant credit” means a relevant reversal credit, a relevant remeasurement credit or a relevant variable lease payment (see sections 269ZY and 269ZYZA).”
- (6) In subsection (3)(a), for “relevant reversal credit” substitute “relevant credit (or, if there is more than one, the sum of the relevant credits)”.
- (7) Section 269ZY (meaning of “relevant reversal credit”) is amended in accordance with subsections (8) to (13).
- (8) In subsection (1), for “a relevant onerous lease provision” substitute “—
- (a) a relevant onerous lease provision (see subsection (2)), or
- (b) a relevant right-of-use asset impairment loss (see subsection (2A)).”
- (9) In subsection (2)(b), for “accountancy” substitute “accounting”.
- (10) After subsection (2) insert—
- “(2A) A loss in the accounts of a company (“C”) is a “relevant right-of-use asset impairment loss” if—
- (a) the loss relates to an asset (a “right-of-use asset”) recognised in the accounts to reflect C’s right to use land as the tenant under a lease (where “L” is the landlord),
- (b) the loss is required to be recognised, for accounting purposes, because the right-of-use asset is impaired, and
- (c) the lease was entered into at arm’s length.”
- (11) In subsection (3)—
- (a) after “provision” insert “or a relevant right-of-use asset impairment loss”, and
- (b) in paragraph (a), for “accountancy” substitute “accounting”.
- (12) In subsection (5), after “provision” insert “or a relevant right-of-use asset impairment loss”.
- (13) After subsection (9) insert—
- “(9A) For the purposes of subsection (2A)(b), where a company’s accounts previously included provision for an onerous lease, any right-of-use asset included in the accounts in respect of that lease is to be treated as impaired, unless there has been a material change of circumstances.”
- (14) After section 269ZY insert—

**“269ZYZA Other relevant credits**

- (1) For the purposes of section 269ZX a “relevant remeasurement credit” is a credit, or other income, brought into account in respect of a relevant remeasurement excess.
- (2) There is a “relevant remeasurement excess” where—



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- (a) a company (“C”) is the tenant under a lease of land (and “L” is the landlord),
  - (b) C’s accounts include a relevant right-of-use asset impairment loss in connection with the lease,
  - (c) under an arrangement (“C’s arrangement”) made at arm’s length, C’s obligations under the lease are varied or cancelled,
  - (d) as a result of C’s arrangement, C is required, for accounting purposes, to remeasure the lease liability in relation to the lease,
  - (e) the remeasurement results in the lease liability being reduced by an amount which exceeds the amount of the right-of-use asset recognised in relation to the lease (taking account of any right-of-use asset impairment loss), and
  - (f) the relevant requirements are met (see subsection (5)).
- (3) For the purposes of section 269ZX a variable lease payment is “relevant” if it is a credit, or other income, brought into account in circumstances described in subsection (4).
- (4) Those circumstances are where—
- (a) a company (“C”) is the tenant under a lease of land (and “L” is the landlord),
  - (b) C’s accounts include a relevant right-of-use asset impairment loss in connection with the lease,
  - (c) under an arrangement (“C’s arrangement”) made at arm’s length, there is a change in the payments that would have been payable by C under the lease on or before 30 June 2022,
  - (d) the change would not have been made if it were not for coronavirus,
  - (e) for accounting purposes, C opts to record the change by means of variable lease payments (rather than by remeasuring its lease liability in relation to the lease), and
  - (f) the relevant requirements are met (see subsection (5)).
- (5) For the purposes of subsections (2) and (4), the relevant requirements are met if—
- (a) the requirements in section 269ZY(3)(b) and (c), or
  - (b) the requirements in section 269ZY(3)(c) and (5)(a), (b), (d) and (e), are met in relation to C, L and C’s arrangement (as defined in subsection (2) or (4), as appropriate).
- (6) In determining whether a company is required to account as described in subsection (2)(d), ignore any option the company has to account as described in subsection (4)(e).
- (7) The Treasury may by regulations substitute for the date for the time being specified in subsection (4)(c) such later date as they consider appropriate.
- (8) In this section—
- “coronavirus” means severe acute respiratory syndrome coronavirus 2;
  - “lease liability”, in relation to a company and a lease, means a liability recognised in the company’s accounts to reflect the company’s obligations as tenant under the lease;

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2022, PART 1. (See end of Document for details)*

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“right-of-use asset”, in relation to a company and a lease, means an asset recognised in the company’s accounts to reflect the company’s right to use land as the tenant under the lease;

“relevant right-of-use impairment loss” has the meaning given in section 269ZY(2A).”

- (15) In section 269ZZ(1)(b) (company tax return to specify amount of deductions allowance), for “where provision for onerous lease reversed” substitute “in connection with onerous or impaired leases”.
- (16) In section 371SKA(3) of TIOPA 2010 (restrictions on certain deductions by controlled foreign companies: deductions allowances), for “where provision for onerous lease reversed” substitute “in connection with onerous or impaired leases”.
- (17) The amendments made by this section have effect in relation to accounting periods beginning on or after 1 January 2019.
- (18) An amendment of a company tax return falling within subsection (19) may be made at any time before 1 January 2023.
- (19) An amendment of a company tax return falls within this subsection to the extent that—
  - (a) the amendment is made in consequence of the amendments of CTA 2010 made by this section, and
  - (b) the time limits otherwise applicable would require the amendment to be made (or to have been made) by a date falling before 1 January 2023.

#### *Expanded dormant assets*

### **31 Provision in connection with the Dormant Assets Act 2022**

Schedule 6 makes provision about the treatment of dormant assets in consequence of, or otherwise in connection with, the Dormant Assets Act 2022.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2022, PART 1.