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STATUTORY INSTRUMENTS

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**2020 No. 332**

**EXITING THE EUROPEAN UNION  
INCOME TAX  
TONNAGE TAX**

**The Taxes (Amendments) (EU Exit) Regulations 2020**

*Made - - - - 23rd March 2020  
Laid before the House of  
Commons - - - - 24th March 2020  
Coming into force in accordance with regulation 1*

The Treasury make the following Regulations in exercise of the power conferred by section 90(1) (a), (2) and (6) of the Finance Act 2019<sup>(1)</sup>.

Further to section 90(7)(b) of that Act, the Prime Minister has notified the President of the European Council, in accordance with Article 50(3) of the Treaty on European Union<sup>(2)</sup>, of the United Kingdom's request to extend the period in which the Treaties shall still apply to the United Kingdom.

**Citation and commencement**

1. These Regulations may be cited as the Taxes (Amendments) (EU Exit) Regulations 2020 and come into force on IP completion day.

**Amendment to the Finance Act 2000**

2.—(1) Schedule 22 to the Finance Act 2000<sup>(3)</sup> is amended as follows.

(2) In paragraphs 22A, 22B and 22D for “one of the Member States’ registers”, in each place where the expression occurs, substitute “a relevant register”.

(3) In paragraph 22A(5) for “22B(7)” substitute “22B(6A)”.

(4) In paragraph 22B—

(a) after sub-paragraph (6) insert—

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(1) 2019 c. 1.

(2) OJ No. C 326, 26.10.2012, p. 13.

(3) 2000 c. 17. Paragraphs 22A and 22B were inserted by paragraph 8 of Schedule 7 to the Finance Act 2005 (c. 7). Paragraphs 22D and 22E were inserted by paragraph 9 of Schedule 7 to that Act. Paragraph 43A was inserted by paragraph 11 of Schedule 7 to that Act. Paragraph 147 was amended by paragraph 17 of Schedule 7 to that Act to include the entry for “Member States’ registers”.

“(6A) In this Schedule “relevant register” means —

- (a) the register of British ships maintained under section 8 of the Merchant Shipping Act 1995,
- (b) any of the Member States’ registers, or
- (c) the Gibraltar register of ships.”;

(b) in sub-paragraph (7) for “In this Schedule” substitute “In sub-paragraph (6A)”.

(5) In paragraph 22E(1)(a) for “of the Member States’ registers” substitute “relevant register”.

(6) In paragraph 43A(1)(a) for “of the Member States’ registers” substitute “relevant register (see paragraph 22B(6A))”.

(7) In paragraph 49(2)(b) for “member State”, in both places where the expression occurs, substitute “the United Kingdom, Gibraltar or a member State”.

(8) In paragraph 147—

- (a) omit the entry for “Member States’ registers”;
- (b) insert at the appropriate place—

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“relevant register

paragraph 22B(6A)”.

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#### **Amendment to the Income Tax Act 2007**

3.—(1) The Income Tax Act 2007(4) is amended as follows.

(2) In section 56(3)(za) (personal reliefs: residence of claimants) after “is a” insert “national of the United Kingdom or a”.

*David Rutley*

*Iain Stewart*

Two of the Lords Commissioners of Her Majesty’s Treasury

23rd March 2020

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(4) 2007 c. 3. Section 56(3)(za) was inserted by section 70(2) of the Finance Act 2008 (c. 9).

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend Schedule 22 to the Finance Act 2000 (tonnage tax) and section 56(3)(za) of the Income Tax Act 2007 (personal reliefs: residence of claimants) to maintain the effect of these provisions after the withdrawal of the United Kingdom from the European Union.

The amendments to Schedule 22 to the Finance Act 2000 maintain the effect of the tonnage tax regime by ensuring that the legislation continues to apply to the shipping registers currently within the scope of the regime on the withdrawal of the United Kingdom from the European Union. The amendments ensure that the tonnage tax regime will continue to apply to qualifying ships registered in the United Kingdom, Gibraltar and European Union member States after IP completion day. It also maintains the existing effect of paragraph 49 of Schedule 22 to the Finance Act 2000 with regards to the treatment of dividends or other distributions of overseas companies over which more than 50% of the voting power is held by companies resident in the UK, Gibraltar or a member State.

The amendment to section 56(3)(za) of the Income Tax Act 2007 maintains the effect of income tax legislation relating to the personal allowance, blind person's allowance, marriage allowance and married couple's allowance on withdrawal of the United Kingdom from the European Union (and accordingly, on the United Kingdom ceasing to be a member of the European Economic Area).

A Tax Information and Impact Note has not been prepared for this Instrument as it contains no substantive changes to tax policy.