

EXPLANATORY MEMORANDUM TO

THE CORONAVIRUS LIFE ASSURANCE SCHEME (ENGLISH AND WELSH SCHEMES) (EXCLUDED BENEFITS FOR TAX PURPOSES) REGULATIONS 2020

2020 No. 615

1. Introduction

- 1.1 This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs and is laid before the House of Commons by Command of Her Majesty.

2. Purpose of the instrument

- 2.1 This statutory instrument exempts from income tax lump sum payments made from the National Health Service Care Coronavirus Life Assurance (England) Scheme 2020 and the National Health Service and Social Care Coronavirus Life Assurance (Wales) Scheme 2020.

3. Matters of special interest to Parliament

Matters of special interest to the Select Committee on Statutory Instruments

- 3.1 None.

Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)

- 3.2 As the instrument is subject to negative resolution procedure there are no matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business at this stage.

4. Extent and Territorial Application

- 4.1 The territorial extent of this instrument is United Kingdom.
4.2 The territorial application of this instrument is United Kingdom.

5. European Convention on Human Rights

- 5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

6. Legislative Context

- 6.1 Where relevant benefits are provided to individuals under an employer-financed retirement benefit scheme (EFRBS), these are charged to tax as employment income under section 394 of the Income Tax (Earnings and Pensions) Act 2003 (ITEPA 2003). Section 393A of ITEPA 2003 defines an EFRBS as a scheme established for the provision of benefits consisting of, or including, relevant benefits to, or in respect of, employees or former employees of an employer. Section 393B of ITEPA 2003 defines "relevant benefits".
- 6.2 Section 393B(3) of ITEPA 2003 provides that certain benefits, which are provided under an EFRBS, are not relevant benefits because they are excluded benefits. The description of excluded benefits may be prescribed in secondary legislation. These

Regulations extend the description of benefits which are excluded benefits and in respect of which no tax charge consequently arises under section 394 of ITEPA 2003. Section 393B(4A) provides for these Regulations to have retrospective effect.

7. Policy background

What is being done and why?

- 7.1 The health and social care system is at the forefront of the government's response to the COVID-19 pandemic. The government recognises the increased risks that frontline National Health Service (NHS) and social care staff face in carrying out their duties during this unprecedented period.
- 7.2 NHS England and NHS Wales are to pay a lump sum of £60,000 in respect of the deaths of NHS and social care staff (as specified in respective scheme rules), including in respect of a death that occurred before these schemes are established. These payments are made where it can reasonably be concluded that the person's death was caused by COVID-19.
- 7.3 These regulations ensure lump sums paid in respect of employees are not taxable under section 394 of ITEPA 2003 as relevant benefits.

8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union

- 8.1 This instrument does not relate to withdrawal from the European Union.

9. Consolidation

- 9.1 Consolidation of previous legislation is not being done.

10. Consultation Outcome

- 10.1 A consultation has not taken place as these Regulations do not substantially change policy.

11. Guidance

- 11.1 Guidance will be provided on the Employment Income Manual (<https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim15000>) on 10 July 2020.

12. Impact

- 12.1 There is no, or no significant, impact on business, charities or voluntary bodies.
- 12.2 There is no, or no significant, impact on the public sector.
- 12.3 A Tax Information and Impact Note has not been prepared for this instrument as it contains no substantive change to tax policy.

13. Regulating small business

- 13.1 The legislation does not apply to activities that are undertaken by small businesses.

14. Monitoring & review

- 14.1 This legislation will continue to be monitored.

14.2 The regulation does not include a statutory review clause for the purposes of the Small Business, Enterprise and Employment Act 2015 as it does not have a regulatory effect on business.

15. Contact

15.1 Sinthuja Path at the HM Revenue and Customs, Telephone: 03000 512336 or email: sinthuja.path@hmrc.gov.uk can be contacted with any queries regarding the instrument.

15.2 Andrew Edwards, Deputy Director for Pensions, Savings and Charities Policy, at HM Revenue & Customs can confirm that this Explanatory Memorandum meets the required standard.

15.3 John Glen MP, Economic Secretary to the Treasury, can confirm that this Explanatory Memorandum meets the required standard.