

2022 No. 529

INCOME TAX

**The Income Tax (Exemption of Social Security Benefits)
Regulations 2022**

Made - - - - *10th May 2022*
Laid before House of Commons *11th May 2022*
Coming into force - - *1st June 2022*

The Treasury, in exercise of the powers conferred by section 13(1) and 13(2)(b), (c) and (d) of the Finance Act 2020(a), make the following Regulations.

Citation, commencement and interpretation

1. —(1) These Regulations may be cited as the Income Tax (Exemption of Social Security Benefits) Regulations 2022 and come into force on 1st June 2022.

(2) In these Regulations, “ITEPA” means the Income Tax (Earnings and Pensions) Act 2003(b).

Amendments to the Income Tax (Earnings and Pensions) Act 2003

2. In section 677(1) of ITEPA(c), in Part 1 of Table B (UK social security benefits wholly exempt from tax: Table B: benefits payable under primary legislation etc) at the appropriate place insert—

“Adult Disability Payment	SS(S)A 2018	Sections 24 and 31”.
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3. The amendment made by regulation 2 has effect for the tax year 2021-22 and subsequent tax years.

Modifications to the Income Tax (Earnings and Pensions) Act 2003

4. ITEPA is modified as follows.

5. Section 677 has effect as if—

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- (a) 2020 c. 14 (“FA 2020”). The Parliamentary procedure for section 13 of FA 2020 is found at section 1014 of the Income Tax Act 2007 (c. 3), which applies to all powers under the “Income Tax Acts”, as defined by Schedule 1 to the Interpretation Act 1978 (c. 30).
- (b) 2003 c. 1.
- (c) Section 677 was amended by: paragraph 9 of Schedule 17 and Part 2 of Schedule 42 to the Finance Act 2004 (c. 12), paragraph 24 of Schedule 3 to the Welfare Reform Act 2007 (c. 5), section 46 of the Finance Act 2008 (c. 9), section 138 of the Health and Social Care Act 2008 (c. 14), paragraph 49 of Schedule 9 to the Welfare Reform Act 2012 (c. 5), section 13 of the Finance Act 2013 (c. 29), paragraph 48 of Schedule 16 to the Pensions Act 2014 (c. 19), paragraph 47 of Schedule 16 to the Pensions Act (Northern Ireland) 2015 (c. 5), section 16 of the Finance Act 2015 (c. 11), section 12 of the Finance Act 2019 (c. 1), and section 12 of FA 2020. It was also amended by regulation 3 of S.I. 2014/606, regulation 15 of S.I. 2017/338 and regulation 2 of S.I. 2021/1341.

- (a) in subsection (1), in Part 1 of Table B—
 (i) at the appropriate place there were inserted—

“Payments made under the scheme known as the Council Tax Rebate Discretionary Fund(a)	LGA 2003	Section 31
Payments made pursuant to any scheme or grant in Scotland, Wales or Northern Ireland corresponding to the Council Tax Rebate Discretionary Fund”		

- (ii) at the appropriate place there were inserted—

“Payments under the scheme known as the Household Support Fund Grant(b)	LGA 2003	Section 31
Payments made pursuant to any scheme or grant in Scotland, Wales or Northern Ireland corresponding to the Household Support Fund Grant”		

- (b) after subsection (3), there were inserted—

“(4) In this section—

- (a) “the Council Tax Rebate Discretionary Fund” means the grant that was the subject of guidance published by the Department for Levelling up, Housing and Communities on 23 February 2022 (and as updated from time to time).
 (b) “the Household Support Fund Grant” means any grant paid under the Household Support Fund Grant Determination No 31/5787 and subsequent determinations made under section 31 of LGA 2003 to provide support of a similar nature.

(5) References in this section to payments made pursuant to any scheme or grant in Scotland, Wales or Northern Ireland corresponding to any scheme or grant defined in subparagraphs (a) and (b) of section 4 are references only to payments made pursuant to such a scheme or grant for the tax year 2021-22 and subsequent tax years.”.

6. In Schedule 1 to ITEPA, the Table in Part 1(abbreviations of Acts and instruments), has effect as if at the appropriate place there were inserted—

- (a) The Council Tax Rebate Discretionary Fund was paid to billing local authorities in England in March 2022 to be spent by 30 November 2022. Details of the scheme have been published at <https://www.gov.uk/government/publications/the-council-tax-rebate-2022-23-billing-authority-guidance/support-for-energy-bills-the-council-tax-rebate-2022-23-billing-authority-guidance>. Paper copies of all relevant documentation relating to each scheme/grant are available for inspection at: Her Majesty’s Revenue and Customs, 100 Parliament Street, London, SW1A 2BQ.
 (b) The Household Support Fund Grant was paid by the Secretary of State for Work and Pensions, following Determination 31/5787, in respect of the period between 6 October 2021 and 31 March 2022 and will be extended, under a separate determination, for six months to the end of September 2022. It is anticipated that there will be further extensions to the scheme. Details of the schemes, as of the date of laying, have been published at <https://www.gov.uk/government/publications/household-support-fund-guidance-for-local-councils/household-support-fund-grant-determination-2021-no-315787> and <https://www.gov.uk/government/news/household-support-fund-doubled-to-help-most-vulnerable-tackle-cost-of-living>. Paper copies of all relevant documentation relating to each scheme/grant are available for inspection at: Her Majesty’s Revenue and Customs, 100 Parliament Street, London, SW1A 2BQ.

7. The modifications made by regulation 5(a)(i) and (so far as relating to regulation 5(a)(i)) regulations 5(b) and 6 have effect for the tax year 2021-22 and subsequent tax years.

8. The modifications made by regulations 5(a)(ii) and (so far as relating to regulation 5(a)(ii)) regulations 5(b) and 6 have effect for the tax year 2020-21 and subsequent tax years.

*Rebecca Harris
Michael Tomlinson*

10th May 2022

Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Regulations amend Chapter 5 of Part 10 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (“ITEPA”), so as to provide that no liability to income tax arises on social security benefits and payments made by local authorities of a description specified in the regulations.

These Regulations are made in exercise of the power in section 13(1) and 13(2)(b), (c) and (d) of the Finance Act 2020 (c. 14) (“FA 2020”). Section 13(2)(b) provides that regulations made under section 13(1) of that Act may be applied retrospectively.

Regulation 2 amends section 677 of ITEPA by inserting a new row into Part 2 of Table B, in order to wholly exempt Scottish Adult Disability Payment (“ADP”) from income tax.

Regulation 3 provides that the amendment made by regulation 2, in respect of ADP, has effect for the 2021-22 tax year and subsequent tax years.

Regulations 4, and 5, which are also made under section 13(1) and (2) of FA 2020, and, in exercise of the specific power in section 13(2)(b) of FA 2020, modify the effect of section 677 of ITEPA, so that the following will be wholly exempt from income tax—

- payments made pursuant to the Council Tax Rebate Discretionary Fund;
- payments made pursuant to any scheme or grant in Scotland, Wales or Northern Ireland corresponding to the Council Tax Rebate Discretionary Fund;
- payments made pursuant to the Household Support Fund Grant and corresponding grants; and
- payments made pursuant to any scheme or grant in Scotland, Wales or Northern Ireland corresponding to the Household Support Fund Grant.

Regulation 6 makes consequential modification to the Table in Part 1 of Schedule 1 to ITEPA, so that the Table has effect as if an abbreviation for the Local Government Act 2003 (c. 26) (“LGA 2003”) were inserted into it.

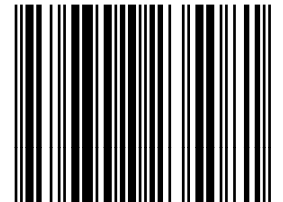
Regulations 7 and 8 set out the tax years the modification made by regulations 4 to 6 have effect for.

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

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<http://www.legislation.gov.uk/id/uksi/2022/529>

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