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STATUTORY INSTRUMENTS

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**2023 No. 113**

**The Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2023**

**PART 3**

**Modifications of Schedule 15 to FA 2020**

**Tax relief for compensation payments**

**44.**—(1) Schedule 15 to FA 2020 (tax relief for scheme payments etc)(1) has effect subject to the following modifications.

(2) Paragraph 2 (qualifying payments) has effect as if—

- (a) in sub-paragraph (1), for “(5)” there were substituted “(5) and (5A)”;
- (b) after sub-paragraph (5) there were inserted—

“(5A) A payment is within this sub-paragraph if it is a compensation payment made under or by virtue of Part 1 of PSPJOA 2022.”.

(3) Paragraph 3 (exemption from income tax) has effect as if after sub-paragraph (5) there were inserted—

“(6) This paragraph has effect in relation to qualifying payments within paragraph 2(5A) whenever received.”.

(4) Paragraph 4 (exemptions from capital gains tax) has effect as if, in sub-paragraph (3)—

- (a) the “and” at the end of paragraph (b) were omitted;
- (b) after paragraph (c) there were inserted—

“, and

(d) in a case where the qualifying payment concerned is within paragraph 2(5A), in relation to disposals whenever made.”.

(5) Paragraph 5 (relief from inheritance tax) has effect as if—

- (a) in sub-paragraph (1), for “sub-paragraph (4)” there were substituted “sub-paragraphs (4) and (4A)”;
- (b) after sub-paragraph (4) there were inserted—

“(4A) This paragraph does not apply in a case where the qualifying payment is within paragraph 2(5A).”.

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(1) 2020 c. 14. “FA 2020” is defined as the Finance Act 2020 (c. 14) in section 103 of the Finance Act 2022.