

2023 No. 772

CAPITAL GAINS TAX

INCOME TAX

**The Post Office Horizon Shortfall Scheme Top-Up Payments
(Tax Exemptions) Regulations 2023**

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| <i>Made</i> - - - - | <i>6th July 2023</i> |
| <i>Laid before the House of Commons</i> | <i>10th July 2023</i> |
| <i>Coming into force</i> - - | <i>1st August 2023</i> |

The Treasury make the following Regulations in exercise of the powers conferred by paragraphs 2(5) and (6), 3(5) and 4(3)(c) of Schedule 15 to the Finance Act 2020^(a).

Citation and commencement

1. These Regulations may be cited as the Post Office Horizon Shortfall Scheme Top-Up Payments (Tax Exemptions) Regulations 2023 and come into force on 1st August 2023.

Interpretation

2. In these Regulations—

“Horizon Shortfall Scheme” means the compensation scheme created on 1st May 2020 by Post Office Limited to compensate people who were adversely affected by accounting shortfalls related to the Horizon system;

“Horizon Shortfall Scheme top-up payment” means a top-up payment made by Post Office Limited to a recipient of a compensation payment from the Horizon Shortfall Scheme for the purpose of topping-up that compensation payment to account for sums lost to tax;

“the Horizon system” means any version of the computer system used by Post Office Limited known as Horizon, Horizon Legacy, Horizon Online or HNG-X;

“Post Office Limited” means the private company limited by shares with the company number 02154540 whose registered office is 100 Wood Steet, London, United Kingdom, EC2V 7ER.

Exemption from capital gains tax and income tax for Horizon Shortfall Scheme top-up payments

3. Horizon Shortfall Scheme top-up payments are qualifying payments for the purposes of paragraphs 3 and 4 of Schedule 15 to the Finance Act 2020.

*Steve Double
Stuart Anderson*

6th July 2023

Two of the Lords Commissioners of His Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations provide for exemptions from capital gains tax and income tax for Horizon Shortfall Scheme top-up payments.

Schedule 15 to the Finance Act 2020 provides for exemptions and relief from tax in respect of qualifying payments. Under paragraph 2(5) of that Schedule the Treasury may by regulations specify compensation payments made by a public authority or by or on behalf of the United Kingdom government to be qualifying payments. Paragraph 3 of the Schedule provides for an exemption from income tax in respect of a receipt of a qualifying payment. Paragraph 4 of the Schedule provides for an exemption from capital gains tax on gains from a disposal arising as a result of a person forfeiting, surrendering or refraining from exercising rights in return for a qualifying payment, on a disposal of the right to receive the whole or any part of a qualifying payment, or on a disposal of any interest in such a right.

Regulation 3 specifies that Horizon Shortfall Scheme top-up payments are qualifying payments for the purposes of paragraphs 3 and 4 of Schedule 15 to the Finance Act 2020. This means that there is no liability to income tax arising from the receipt of these payments and no liability to capital gains tax arising from the transfer of rights in exchange for the payment, or their disposal of the right to receive such a payment.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sector is foreseen.

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£4.90

<http://www.legislation.gov.uk/id/uksi/2023/772>

ISBN 978-0-34-824980-4



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