

Finance (No. 2) Act 2024

CHAPTER 12

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Finance (No. 2) Act 2024

2024 CHAPTER 12

An Act to make provision in connection with finance. [24th May 2024]

Most Gracious Sovereign

WE, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and to grant unto Your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Income tax charge, rates etc

1 Income tax charge for tax year 2024-25

Income tax is charged for the tax year 2024-25.

2 Main rates of income tax for tax year 2024-25

For the tax year 2024-25 the main rates of income tax are as follows—

(a) the basic rate is 20%,

(b) the higher rate is 40%, and

(c) the additional rate is 45%.

3 Default and savings rates of income tax for tax year 2024-25

(1) For the tax year 2024-25 the default rates of income tax are as follows—

(a) the default basic rate is 20%,

(b) the default higher rate is 40%, and
(c) the default additional rate is 45%.

(2) For the tax year 2024-25 the savings rates of income tax are as follows—
(a) the savings basic rate is 20%,
(b) the savings higher rate is 40%, and
(c) the savings additional rate is 45%.

4 Freezing starting rate limit for savings for tax year 2024-25

(1) For the tax year 2024-25 the amount specified in section 12(3) of ITA 2007 (the starting rate limit for savings) is "£5,000".

(2) Accordingly, section 21 of that Act (indexation) does not apply in relation to the starting rate limit for savings for that tax year.

High income child benefit charge

5 Increase in thresholds to £60,000 and £80,000

(1) In—
(a) section 681B(1)(a) of ITEPA 2003 (liability to high income child benefit charge if person's adjusted net income exceeds £50,000), and
(b) section 681C(2)(b) of that Act (amount of the charge), in the definition of "L" ,
for "£50,000" substitute £60,000".

(2) In section 681C(2)(b) of that Act, in the definition of "X" (which, in combination with the other parts of the formula, secures that there is a taper in the charge up to adjusted net incomes of £60,000), for "£100" substitute "£200".

(3) The amendments made by this section have effect for the tax year 2024-25 and subsequent tax years.

(4) If—
(a) a person ("P") who is entitled to child benefit in respect of one or more children makes a claim, on or after 6 April 2024 but before 8 July 2024, for the payment of the benefit, and
(b) in consequence of the backdating of the entitlement, P is entitled to an amount in respect of child benefit for one or more weeks in the tax year 2023-24,
the entitlement to those amounts is to be treated for the purposes of Chapter 8 of Part 10 of ITEPA 2003 as an entitlement to those amounts for weeks in the tax year 2024-25.

(5) But subsection (4) does not apply if—
(a) ignoring the deeming in that subsection, there would be no liability (whether of P or anyone else) to a high income child benefit charge for the tax year 2023-24 in respect of those amounts, or
(b) P makes an election for that subsection not to apply.

(6) P may make an election under subsection (5)(b) only if P reasonably considers that, in the absence of the election, P's liability to a high income child benefit charge for the tax year 2024-25 in respect of those amounts would exceed P's liability to that charge for the tax year 2023-24 in respect of those amounts.

(7) Section 681H(3) of ITEPA 2003 applies for the purposes of subsection (4) as it applies for the purposes of Chapter 8 of Part 10 of that Act.

Measures relating to property

6 Reduction in higher CGT rate for residential property gains to 24%

(1) In section 1H of TCGA 1992 (the main rates of CGT)—

(a) after subsection (1) insert—

"(1A) Residential property gains (see Schedule 1B) accruing in a tax year to an individual are charged to capital gains tax at a rate of 18% or 24%.",

(b) in subsection (2), omit paragraph (a) together with the "or" at the end of the paragraph,

(c) after subsection (4) insert—

"(4A) Residential property gains accruing in a tax year to the personal representatives of a deceased individual are charged to capital gains tax at a rate 24%.",

(d) in subsection (5), omit paragraph (a) together with the "or" at the end of the paragraph, and

(e) in subsection (7), for "28%" substitute "24%".

(2) In section 1I of that Act (income taxed at higher rates or gains exceeding unused basic rate band)—

(a) in subsection (1)—

(i) before paragraph (a) insert—

"(za) at the rate of 24% (if they are residential property gains),", and

(ii) in that paragraph, omit "residential property gains or",

(b) in subsection (2), in the words after paragraph (b)—

(i) after "is charged at the rate of" insert "24% (so far as comprising residential property gains), at the rate of", and

(ii) omit "residential property gains or",

(c) in subsection (5)—

(i) before paragraph (a) insert—

"(za) at the rate of 24% (if they are residential property gains),", and

(ii) in that paragraph, omit "residential property gains or", and

(d) in subsection (9)—

(i) before paragraph (a) insert—

"(za) at the rate of 24% (if they are residential property gains),", and

(ii) in that paragraph, omit "residential property gains or".

(3) The amendments made by this section have effect in relation to disposals made on or after 6 April 2024.

7 Abolition of multiple dwellings relief for SDLT

(1) Section 58D of, and Schedule 6B to, FA 2003 (relief for transfers involving multiple dwellings) are repealed.

(2) In consequence of the repeal of those provisions—

(a) in Part 4 of FA 2003—

(i) in section 87(3) (interest on unpaid tax: meaning of "relevant date"), omit paragraph (aza),

(ii) in Schedule 4A (higher rates for certain transactions), in paragraph 2(6), omit paragraph (d) and, in paragraph 7, for sub-paragraph (6) substitute—

"(6) In sub-paragraph (5)—

"contract" includes any agreement;

"relevant deeming provision" means any of sections 44 to 45A, paragraph 5(1) or (2) of Schedule 2A or paragraph 12A or 19(3) of Schedule 17A.",

(iii) in Schedule 5 (amount of tax chargeable: rent), in paragraph 9, in sub-paragraph (4), omit "or 6B" and, in sub-paragraph (5), omit "or Schedule 6B",

(iv) in Schedule 10 (returns, enquiries, assessments and appeals), in paragraph 12(2A)(a), for ", 81A" substitute "or 81A" and omit "or paragraph 6 of Schedule 6B (adjustment for change of circumstances)", and

(v) in Schedule 15 (partnerships), in paragraphs 11(2C) and 19(2C), in the substituted paragraph, omit "or 6B",

(b) in Schedule 36 to FA 2008 (information and inspection powers), in paragraph 21A(7), omit paragraph (b) and the "or" before it, and

(c) in FA 2011, omit section 83 and Schedule 22 (transfers involving multiple dwellings).

(3) The amendments made by this section have effect in relation to land transactions the effective date of which falls on or after 1 June 2024.

(4) But those amendments do not have effect in relation to a land transaction if—

(a) the transaction is effected in pursuance of a contract entered into and substantially performed before 1 June 2024, or

(b) the transaction is effected in pursuance of a contract entered into on or before 6 March 2024 and is not excluded.

(5) For this purpose a land transaction is excluded if—

(a) there is any variation of the contract, or assignment of rights under the contract, after 6 March 2024,

(b) the transaction is effected in consequence of the exercise after that date of any option, right of pre-emption or similar right, or

(c) after that date, there is an assignment, subsale or other transaction relating to the whole or part of the subject-matter of the contract as a result of which a person other than the purchaser under the contract becomes entitled to call for a conveyance.

(6) If—

(a) pre-commencement land transactions are linked to post-commencement land transactions, and

(b) all of the transactions would (but for this section) be relevant transactions for the purposes of Schedule 6B to FA 2003,

a claim under that Schedule is available only in relation to the pre-commencement land transactions.

(7) If a claim under that Schedule is made in relation to those transactions, none of the post-commencement land transactions are to be regarded any longer as linked to any of the pre-commencement land transactions for the purposes of Schedule 6B to FA 2003 and all other purposes of Part 4 of that Act.

(8) For this purpose—

"pre-commencement land transactions" means land transactions the effective date of which falls before 1 June 2024 or which meet the condition in subsection (4)(a) or (b), and

"post-commencement land transactions" means all other land transactions.

(9) The amendments made by this section also do not have effect in relation to land transactions the effective date of which falls on or after 1 June 2024 if they fall within a description of land transactions specified in regulations made by the Treasury (irrespective of the date on which the regulations are made).

(10) The regulations may make provision of a kind mentioned in section 114(6)(a) to (c) of FA 2003 but may not be made on or after 1 February 2025.

8 First-time buyers' relief from SDLT: acquisition of new lease on bare trust

(1) Schedule 6ZA to FA 2003 (relief for first-time buyers) is amended as follows.

(2) In Part 1 (eligibility for relief), after paragraph 3 insert—

"Eligibility for relief: acquisition of new lease on bare trust

3A In determining who is the purchaser for the purposes of paragraphs 1(4) and 2(2), paragraph 3 of Schedule 16 is to have effect as if sub-paragraphs (2) and (3) (trustee of bare trust granted a lease treated as purchaser of the whole of the interest acquired) were omitted."

(3) In paragraph 6 (definition of "first-time buyer"), at the end insert—

"(3) In determining any question for the purposes of sub-paragraph (1), paragraph 3 of Schedule 16 is to have effect as if sub-paragraphs (2) and (3) (trustee of bare trust granted a lease treated as purchaser of the whole of the interest acquired) were omitted."

(4) The amendment made by subsection (2) has effect for the purposes of claims for relief under paragraph 1 of Schedule 6ZA to FA 2003 made in relation to any land transaction the effective date of which falls on or after 6 March 2024.

(5) The amendment made by subsection (3) also has effect for the purposes of claims for relief under that paragraph made in relation to any land transaction the effective date of which falls on or after that date unless—

(a) the transaction is effected in pursuance of a contract entered into on or before that date, and

(b) the transaction is not excluded.

(6) For this purpose a land transaction is excluded if—

(a) there is any variation of the contract, or assignment of rights under the contract, after 6 March 2024,

(b) the transaction is effected in consequence of the exercise after that date of any option, right of pre-emption or similar right, or

(c) after that date, there is an assignment, subsale or other transaction relating to the whole or part of the subject-matter of the contract as a result of which a person other than the purchaser under the contract becomes entitled to call for a conveyance.

9 Exemption from SDLT: registered providers of social housing etc

(1) Section 71 of FA 2003 (certain acquisitions by registered social landlord) is amended as follows.

(2) In the heading, for "registered social landlord" substitute "registered providers of social housing etc".

(3) In subsection (1), for paragraph (a) substitute—

"(a) the purchaser is a non-profit registered provider of social housing controlled by its tenants,".

(4) In subsection (1A)—

(a) for paragraph (b) substitute—

"(b) a housing association registered in the register maintained under Article 14 of the Housing (Northern Ireland) Order 1992 (S.I. 1992/1725 (N.I. 15)), or

(c) an English local authority that is a registered provider of social housing.", and

(b) omit the "or" after paragraph (a).

(5) In subsection (2) for "relevant housing provider", in each place it occurs, substitute "non-profit registered provider of social housing".

(6) In subsection (3)—

(a) omit paragraphs (b) and (e) to (g), and

(b) for paragraph (h) substitute—

"(h) the Department for Communities in Northern Ireland, or".

(7) In subsection (4) omit paragraphs (b) and (d) (but not the "or" after paragraph (d)).

(8) In subsection (5)—

(a) after "means" insert "—

(a) any amount that is receipts of the disposal of social housing, provided the purchaser is entitled to use the amount for the purpose of the provision of social housing, or

(b)", and

(b) in paragraph (b) (which is a result of the previous amendment) omit the words from "within" to the end.

(9) After subsection (5) insert—

"(6) In subsection (5) "social housing" has the meaning it has in Part 2 of the Housing and Regeneration Act 2008 (see, in particular, section 68 of that Act).

(7) In this section "English local authority" means—

(a) a principal council within the meaning of the Local Government Act 1972, or

(b) the Common Council of the City of London."

(10) In section 121 of FA 2003 (minor definitions), omit the definition of "registered social landlord".

(11) In section 122 of FA 2003 (index of defined expressions), omit the entry for "registered social landlord".

(12) The amendments made by this section have effect in relation to land transactions the effective date of which falls on or after 6 March 2024.

(13) In consequence of those amendments, in section 150 of FA 2013 (annual tax on enveloped dwellings: relief for providers of social housing etc)—

(a) in subsection (2)(a)—

(i) for "relevant" substitute "qualifying", and

(ii) omit the words from "(that" to "landlord)",

(b) in subsection (3), for "relevant", in each place it occurs, substitute "qualifying", and

(c) for paragraphs (a) to (c) in subsection (4) substitute—

"(a) subsection (2) of section 71 of FA 2003 applies in relation to a reference to a qualifying housing provider controlled by its tenants as it applies to a reference in

that section to a non-profit registered provider of social housing controlled by its tenants;

(b) "qualifying body" means—

(i) anything described as a qualifying body in subsection (3) of that section,

(ii) the Scottish Ministers,

(iii) a council constituted under section 2 of the Local Government etc. (Scotland) Act 1994, or

(iv) Scottish Homes;

(c) "public subsidy" means—

(i) anything that is a public subsidy for the purposes of section 71 of FA 2003, and for the purposes of this section the reference in subsection (5)(a) of that section to "the purchaser" is to be treated as a reference to P or the qualifying housing provider (as the case may be);

(ii) any grant or other financial assistance under section 18 of the Housing Act 1996 (c. 52) (social housing grants);

(iii) any grant or other financial assistance under section 2 of the Housing (Scotland) Act 1988 (c. 43) (general functions of the Scottish Ministers);

(d) "qualifying housing provider" means—

(i) a relevant housing provider (within the meaning of section 71 of FA 2003),

(ii) a body registered as a social landlord in a register maintained under section 1(1) of the Housing Act 1996 (Welsh registered social landlords), or

(iii) a body registered under section 20(1) of the Housing (Scotland) Act 2010 (asp 17) (Scottish registered social landlords)."

(14) Subsection (13) is to be treated as having come into force on 6 March 2024.

10 Purchases by public bodies not to be subject to special 15% rate of SDLT

(1) In paragraph 3 of Schedule 4A to FA 2003 (application of the higher rate of 15% to transactions where purchaser is a company etc)—

(a) in sub-paragraph (3)(a) and (b), after "company" insert "but is not a public body", and

(b) in sub-paragraph (4), at the end insert "and, for the purposes of that sub-paragraph, whether a person is a public body is to be determined in accordance with section 66".

(2) The amendments made by this section have effect in relation to land transactions the effective date of which falls on or after 6 March 2024.

11 Treatment of non-UK agricultural property and woodlands for IHT purposes

(1) IHTA 1984 is amended in accordance with subsections (2) to (5).

(2) In section 16(1) (grant of tenancies of agricultural property), omit ", the Channel Islands or the Isle of Man".

(3) In section 115 (agricultural property relief: preliminary)—

(a) in subsection (3), omit the words from "(or" to the end;

(b) for subsection (5), substitute—

"(5) This Chapter applies to agricultural property only if it is in the United Kingdom."

(4) In section 116 (agricultural property relief: the relief), omit subsection (8).

(5) In section 125 (woodlands relief)—

(a) in paragraph (a) of subsection (1), after "land" insert "in the United Kingdom";

(b) omit subsection (1A).

(6) In consequence of the amendments made by subsections (2) to (5), in FA 2009 omit section 122.

(7) The amendments made by this section have effect—

(a) in relation to transfers of value made on or after 6 April 2024, and

(b) in relation to occasions on or after 6 April 2024 on which tax falls to be charged under Chapter 3 of Part 3 of IHTA 1984.

Corporation tax charge and rates etc

12 Charge and main rate for financial year 2025

(1) Corporation tax is charged for the financial year 2025.

(2) The main rate of corporation tax for that year is 25%.

13 Standard small profits rate and fraction for financial year 2025

For the purposes of Part 3A of CTA 2010, for the financial year 2025—

(a) the standard small profits rate is 19%, and

(b) the standard marginal relief fraction is 3/200ths.

Creative reliefs

14 Additional relief for low-budget films with specified UK connection

(1) Chapter 4 of Part 14A of CTA 2009 (application of expenditure credit etc to films and television programmes) is amended as follows.

(2) After section 1179DJ insert—

"1179DJA Films: certification as low-budget film

(1) Where a certificate is granted in relation to a film under Schedule 1 to the Films Act 1985, if—

(a) the application for the certificate specifies that it is an application for a low-budget certificate, and

(b) the Secretary of State is satisfied that the budget condition and the creative connection condition are met,

the certificate must (in addition to certifying that the film is or will be a British film) certify the film as a low-budget film.

(2) The budget condition is a condition, to be set out in regulations, requiring specified expenditure incurred, or currently or previously anticipated to be incurred, in relation to the film not to exceed a specified amount.

(3) The creative connection condition is—

(a) in the case of an interim certificate, that the film, if completed in accordance with the proposals set out in the application, will satisfy subsection (4);

(b) in the case of a final certificate, that the film satisfies subsection (4).

(4) A film satisfies this subsection if—

(a) the director or scriptwriter of the film, or any other person working on the film in a specified role, is a British citizen or is ordinarily resident in the United Kingdom, or

(b) the film is a qualifying co-production.

(5) Regulations may—

(a) provide for the budget condition to be different in relation to interim certification and final certification;

(b) modify the test in subsection (4)(a) in relation to films that have more than one director or scriptwriter or person working in a role specified under that provision;

(c) prescribe the particulars and evidence necessary for satisfying the Secretary of State that the budget condition or the creative connection condition is met.

(6) The reference in paragraph 9(1) of Schedule 1 to the Films Act 1985 (right to apply to court) to a decision under paragraph 3 of that Schedule includes a decision under subsection (1).

(7) A low-budget certificate may not be granted in relation to a film if another certificate under Schedule 1 to the Films Act 1985 or a certificate under section 1179DM has effect in relation to the film; and vice versa.

(8) A low-budget certificate may be surrendered by the production company; and a surrendered certificate ceases to have effect in respect of all accounting periods.

(9) A film is a "certified low-budget film" in relation to an accounting period if a low-budget certificate has effect in relation to it at the end of the period.

(10) In this section—

"low-budget certificate" means a certificate granted in accordance with subsection (1);

"regulations" means regulations made by the Secretary of State with the approval of the Treasury;

"specified" means specified in regulations."

(3) In section 1179DN (disclosure of information for certification purposes), in subsection (1)(b), for "1179DK" substitute "1179DJA".

(4) In section 1179DR (qualifying expenditure)—

(a) the existing text becomes subsection (1);

(b) after that subsection insert—

"(2) But for the purposes of step 1 in section 1179CA(1) as it applies in relation to a certified low-budget film (see section 1179DJA(9))—

(a) no more than £15 million can count towards the total of the production company's relevant global expenditure, and

(b) UK expenditure counts towards that total before other expenditure."

(5) In section 1179DV (rate of credit)—

(a) in subsection (2)(a), after "animation" insert "or a certified low-budget film";

(b) in subsection (3)(a), after "animation" insert "but is not a certified low-budget film";

(c) after subsection (5) insert—

"(5A) In the case of a qualifying film that is a certified low-budget film (see section 1179DJA(9)), the relevant percentage is 53%.";

(d) in subsection (6), for "or (5)" substitute ", (5) or (5A)".

15 Section 14: commencement and transition

(1) The amendments made by section 14 have effect only in relation to films whose principal photography begins on or after 1 April 2024.

(2) A claim for audiovisual expenditure credit may not be made in reliance on those amendments before 1 April 2025.

(3) The amendments made by section 14(5) have effect only in relation to expenditure incurred on or after 1 April 2024.

(4) An application for a low-budget certificate may not be made before the appointed day.

(5) The appointed day is a day before 1 April 2025 to be appointed by the Secretary of State by regulations made by statutory instrument with the approval of the Treasury.

(6) Section 1179DJA(7) of CTA 2009 does not prevent the grant of a low-budget certificate if—

(a) the existing certificate was granted further to an application made before the day appointed for the purposes of subsection (4), and

(b) the low-budget certificate is granted further to an application made within the period of 6 months beginning with that day.

(7) If a low-budget certificate is granted in reliance on subsection (6), the existing certificate ceases to have effect, but not (despite section 1179DJ(8) of CTA 2009) in respect of any completed accounting period.

(8) If a low-budget certificate is granted to a company—

(a) after an accounting period of the company ends on or after 1 April 2024, and

(b) further to an application made within the period of 6 months beginning with the day appointed for the purposes of subsection (4),

the company may, for the purposes of its company tax return for the accounting period, treat the certificate as having had effect at the end of that period.

(9) In this section, "a low-budget certificate" means a certificate granted in accordance with section 1179DJA(1) of CTA 2009.

16 Increase in theatre tax credit

(1) In section 1217K(4) of CTA 2009 (amount of theatre tax credit)—

(a) in paragraph (a), for "25%" substitute "45%", and

(b) in paragraph (b), for "20%" substitute "40%".

(2) In section 17 of FA 2022 (which provided for a temporary increase in the amount of theatre tax credit)—

(a) omit subsection (3), and

(b) in subsection (4), for ", 1 April 2025 or 1 April 2026" substitute "or 1 April 2025".

(3) The amendments made by this section have effect in relation to accounting periods beginning on or after 1 April 2025 (but see section 17(4) of FA 2022 for accounting periods which straddle that date).

17 Increase in orchestra tax credit

(1) In section 1217RG(4) of CTA 2009 (amount of orchestra tax credit), for "25%" substitute "45%".

(2) In section 19 of FA 2022 (which provided for a temporary increase in the amount of orchestra tax credit)—

(a) omit subsection (3), and

(b) in subsection (4), for ", 1 April 2025 or 1 April 2026" substitute "or 1 April 2025".

(3) The amendments made by this section have effect in relation to accounting periods beginning on or after 1 April 2025 (but see section 19(4) of FA 2022 for accounting periods which straddle that date).

18 Increase in museums and galleries exhibition tax credit and removal of sunset

(1) In section 1218ZCG(1) of CTA 2009—

(a) omit paragraph (c) (date before which qualifying expenditure must be incurred), and

(b) accordingly, omit the "and" before that paragraph, and, at the end of paragraph (a), insert "and".

(2) In section 1218ZCH(4) of that Act (amount of museums and galleries exhibition tax credit)—

(a) in paragraph (a), for "25%" substitute "45%", and

(b) in paragraph (b), for "20%" substitute "40%".

(3) In section 21 of FA 2022 (which provided for a temporary increase in the amount of museums and galleries exhibition tax credit)—

(a) omit subsection (3), and

(b) in subsection (4), for ", 1 April 2025 or 1 April 2026" substitute "or 1 April 2025".

(4) The amendments made by subsections (2) and (3) have effect in relation to accounting periods beginning on or after 1 April 2025 (but see section 21(4) of FA 2022 for accounting periods which straddle that date).

Energy (oil and gas) profits levy

19 Energy security investment mechanism

In the Energy (Oil and Gas) Profits Levy Act 2022, after section 17 insert—

"17A Circumstances in which the levy ends early: energy security investment mechanism

(1) This section applies if—

(a) the average price of oil over a reference period, and

(b) the average price of gas over the same period,

are at or below the average of those prices over the period of 20 years ending with 31 December 2022 (as adjusted in accordance with section 17B).

(2) The Treasury must make regulations amending—

(a) section 1(3)(b),

(b) section 7(2), and
(c) section 16,

so as to substitute the final day of that reference period for references to what would otherwise be the final day of the levy.

(3) This section needs to be read with section 17B.

17B Section 17A: supplementary provision

(1) This section applies for the purposes of section 17A.

(2) Every period of 6 months ending with the final day of each of the levy months is a reference period; and for this purpose a "levy month" means March 2024 and every later month up to and including the month immediately before the month in which the final day of the levy falls.

(3) The average price of oil, and the average price of gas, over a reference period is to be calculated in accordance with provision made by regulations made by the Treasury (whether by reference to a published index of prices or otherwise).

(4) In the case of the reference period ending with 31 March 2024, the average prices of oil and gas over the period of 20 years ending with 31 December 2022 ("the threshold prices") are—
(a) in the case of oil, $71.40 per barrel, and
(b) in the case of gas, £0.54 per therm.

(5) In the case of reference periods ending in the financial year 2024 (namely, the financial year beginning with April 2024), the threshold prices are—
(a) in the case of oil, $74.21 per barrel, and
(b) in the case of gas, £0.57 per therm.

(6) In the case of reference periods ending in any other relevant financial year—
(a) the threshold prices are taken to be the prices determined in accordance with subsection (7), and
(b) any change required by that subsection is to made by reference to the threshold prices applicable in the case of reference periods ending in the preceding relevant financial year.

(7) If the consumer prices index for the December before the start of a relevant financial year has changed from that index for the previous December—
(a) the threshold prices in the case of reference periods ending in the relevant financial year are taken to have changed by the same percentage as the percentage change in that index, and
(b) those prices are to be rounded up to the nearest whole cent or penny.

(8) Before the start of each relevant financial year, His Majesty's Revenue and Customs must publish the threshold prices in the case of reference periods ending in that financial year in such manner as they consider appropriate.

(9) In this section—

"consumer prices index" means the all items consumer prices index published by the Statistics Board,

"final day of the levy" means the last day of what would otherwise be the latest qualifying accounting period, and

"relevant financial year" means any financial year after the financial year 2024 other than one beginning after the final day of the levy."

Measures relating to financial services

20 Collective investment schemes: co-ownership schemes

(1) The Treasury may by regulations make provision applying any provision about tax that applies in connection with authorised co-ownership schemes so that the provision applies (with or without modifications) in connection with any co-ownership scheme which—

(a) is not an authorised co-ownership scheme,

(b) is an AIF, as defined by regulation 3 of the Alternative Investment Fund Managers Regulations 2013 (S.I. 2013/1773),

(c) meets the conditions set out in section 261E(2) and (3) of the Financial Services and Markets Act 2000 (participation limited to professional or large investors), and

(d) meets such other conditions as are set out in regulations under this section,

and such a scheme is referred to as a "Reserved Investor Fund (Contractual Scheme)" (or a "RIF").

(2) Regulations under subsection (1)(d) may—

(a) set conditions about a scheme's connection with the United Kingdom, its diversity of ownership, the kinds of property it holds and the tax status of its participants;

(b) set such other conditions that the Treasury consider appropriate for the purposes of a scheme becoming, or remaining, a RIF;

(c) make provision about the tax consequences that follow a co-ownership scheme meeting or ceasing to meet one or more of the conditions for being a RIF.

(3) Regulations made by virtue of subsection (2)(a) or (b) may include provision—

(a) imposing procedural requirements in respect of a co-ownership scheme becoming, or ceasing to be, a RIF;

(b) treating a co-ownership scheme as meeting a condition for a specified period for the purposes of the scheme becoming a RIF, or remaining a RIF for that period;

(c) allowing a RIF to remedy a breach of a condition for the purposes of remaining a RIF;

(d) about the accounts that must be kept in relation to a RIF (and such provision may be made by reference to a document as amended from time to time);

(e) requiring information and notices to be submitted to His Majesty's Revenue and Customs ("HMRC");

(f) imposing penalties for failure to comply with requirements.

(4) Regulations under this section may—

(a) confer a discretion on HMRC to do anything under, or for the purposes of, the regulations;

(b) include consequential, incidental, supplementary, transitional, transitory or saving provision;

(c) amend, or otherwise modify, any enactment (whenever passed or made).

(5) A power to make regulations under this section is exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

(6) In this section—

"authorised co-ownership scheme" means a co-ownership scheme authorised for the purposes of the Financial Services and Markets Act 2000 by an authorisation order in force under section 261D(1) of that Act;

"co-ownership scheme" has the meaning given by section 235A(2) of that Act.

21 Economic crime (anti-money laundering) levy

(1) In section 54(2)(c) of FA 2022 (amount of charge in case of persons whose UK revenue is very large), for "£250,000" substitute "£500,000".

(2) The amendment made by this section has effect for the financial year beginning with April 2024 and subsequent financial years.

Other measures

22 Transfers of assets abroad

(1) Chapter 2 of Part 13 of ITA 2007 (transfer of assets abroad) is amended as follows.

(2) After section 720 (charge to tax on income treated as arising under section 721) insert—

"720A Transfers by closely-held companies

(1) The charge under section 720 also applies for the purpose of preventing the avoiding of a liability to taxation by means of a relevant transfer

carried out by a closely-held company in which an individual has a qualifying interest.

(2) But the charge only applies in those circumstances if—

(a) the individual is involved in the company, and

(b) the avoidance condition is met.

(3) An individual has a qualifying interest in a closely-held company if the individual, or a nominee of the individual, is a participator in—

(a) the closely-held company, or

(b) the first closely-held company in a chain of two or more closely-held companies where each company in the chain is a participator in the next company in the chain, of which one such company is the closely-held company that carried out the relevant transfer.

(4) For the purposes of this section, an individual with a qualifying interest in a company is to be treated as being involved in the company unless the individual satisfies an officer of Revenue and Customs that neither the individual nor (in a case where the individual is not the relevant participator) the relevant participator has any direct or indirect involvement in the decision making of the company.

(5) The avoidance condition is met if—

(a) the relevant participator did not object to the making of the relevant transfer, and

(b) it is reasonable to draw the conclusion, from all the circumstances of the case, that the relevant participator was aware, or ought reasonably to have been aware—

(i) of the transfer, and

(ii) that one of the direct or indirect consequences of the transfer is the avoidance of a liability to taxation.

(6) For the purposes of subsections (4) and (5) the "relevant participator" means—

(a) in a case where the individual's qualifying interest arises as a result of a nominee of the individual being a participator in a company, the nominee, or

(b) otherwise, the individual.

(7) Any arrangements to secure that a person has no direct or indirect involvement in the decision making of a company are to be disregarded if the main purpose, or one of the main purposes, of the arrangements is to secure that the condition in subsection (2)(a) is not met.

(8) Any arrangements that would result in the avoidance condition not being met are to be disregarded if the main purpose, or one of the main purposes, of the arrangements is to secure that the avoidance condition is not met.

(9) In this section—

"arrangements" include any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);

"taxation" has the meaning it has in section 737."

(3) After section 727 (charge to tax on income treated as arising under section 728) insert—

"727A Transfers by closely-held companies

(1) The charge under section 727 also applies for the purpose of preventing the avoiding of a liability to taxation by means of a relevant transfer carried out by a closely-held company in which an individual has a qualifying interest.

(2) But the charge only applies in those circumstances if—

(a) the individual is involved in the company, and

(b) the avoidance condition is met.

(3) An individual has a qualifying interest in a closely-held company if the individual, or a nominee of the individual, is a participator in—

(a) the closely-held company, or

(b) the first closely-held company in a chain of two or more closely-held companies where each company in the chain is a participator in the next company in the chain, of which one such company is the closely-held company that carried out the relevant transfer.

(4) For the purposes of this section, an individual with a qualifying interest in a company is to be treated as being involved in the company unless the individual satisfies an officer of Revenue and Customs that neither the individual nor (in a case where the individual is not the relevant participator) the relevant participator has any direct or indirect involvement in the decision making of the company.

(5) The avoidance condition is met if—

(a) the relevant participator did not object to the making of the relevant transfer, and

(b) it is reasonable to draw the conclusion, from all the circumstances of the case, that the relevant participator was aware, or ought reasonably to have been aware—

(i) of the transfer, and

(ii) that one of the direct or indirect consequences of the transfer is the avoidance of a liability to taxation.

(6) For the purposes of subsections (4) and (5) the "relevant participator" means—

(a) in a case where the individual's qualifying interest arises as a result of a nominee of the individual being a participator in a company, the nominee, or

(b) otherwise, the individual.

(7) Any arrangements to secure that a person has no direct or indirect involvement in the decision making of a company are to be disregarded if the main purpose, or one of the main purposes, of the arrangements is to secure that the condition in subsection (2)(a) is not met.

(8) Any arrangements that would result in the avoidance condition not being met are to be disregarded if the main purpose, or one of the main purposes, of the arrangements is to secure that the avoidance condition is not met.

(9) In this section—

"arrangements" include any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);

"taxation" has the meaning it has in section 737."

(4) In section 721(1), after "720(1)" insert "or 720A(1)".

(5) In section 728, after "727(1)" insert "or 727A(1)".

(6) After section 719 (meaning of "associated operation") insert—

"719A Other definitions

In this Chapter—

"closely-held company" means—

(a) a close company for the purposes of the Corporation Tax Acts (see Part 10 of CTA 2010), or

(b) a company that would be a close company if section 442(a) of CTA 2010 were ignored (non-UK resident company not to be treated as close);

"nominee", in relation to an individual, means a person—

(a) who possesses any rights or powers on behalf of the individual, or

(b) who may be required to exercise any rights or powers on the individual's direction or behalf;

"participator" is to be construed in accordance with section 454 of CTA 2010."

(7) In section 749 (restrictions on particulars to be provided by relevant lawyers)—

(a) in subsections (2) and (4), for "a body corporate to which subsection (6) applies" substitute "a closely-held company whose business does not consist wholly or mainly of the carrying on of a trade or trades", and

(b) omit subsection (6).

(8) In section 750 (restrictions on particulars to be provided by banks), in subsection (3), for "a body corporate to which section 749(6) applies" substitute "a closely-held company whose business does not consist wholly or mainly of the carrying on of a trade or trades".

(9) In section 751 (the tribunal's jurisdiction on appeals), before paragraph (a) insert—

"(za) section 720A(4) or 727A(4) (whether individual treated as involved in closely-held companies),".

(10) The amendments made by this section have effect in relation to income arising on or after 6 April 2024.

23 Minor VAT amendments

(1) In section 35 of VATA 1994 (refund of VAT to persons constructing certain buildings)—

(a) in subsections (1) and (1C), before "the Commissioners shall" insert "subject to subsections (2) to (2C),", and

(b) after subsection (2) insert—

"(2A) Where a person has made a claim for a refund of VAT under this section, before determining the claim the Commissioners may by notice require the person to produce further documents, by way of evidence or otherwise, that the Commissioners reasonably require in connection with the claim.

(2B) A notice under subsection (2A) must specify the time within which, and the form and manner in which, the documents must be produced.

(2C) Where the person does not produce the documents required by a notice under subsection (2A), the Commissioners may refuse to refund the amount of VAT (or any part of it) in respect of which the claim was made."

(2) The amendments made by subsection (1) have effect in relation to claims under section 35 of that Act made on or after the day on which this Act is passed.

(3) In section 50 of VATA 1994 (terminal markets)—

(a) in subsections (1) and (2)(b), for "ordinarily engaged" substitute "involved", and

(b) in subsection (3), for the words from the first "with respect to" to the end substitute—

"for different purposes, including different provision in relation to—

(a) different terminal markets;

(b) different persons;

(c) different commodities, goods or services."

(4) In Part 2 of Schedule 54A to FA 2009 (further provision as to late payment interest and repayment interest)—

(a) in paragraph 5 (interpretation), omit the definition of "VAT credit",

(b) in paragraph 7 (conditions for recovery of certain amounts of repayment interest), in sub-paragraph (1), for "on a VAT credit"

substitute "in respect of an amount that is, or relates to, value added tax", and

(c) in paragraph 8 (common period rules for value added tax)—

(i) in sub-paragraph (2), for paragraphs (a) and (b) substitute—

"(a) an amount ("the overdue payment") that is, or relates to, value added tax—

(i) is due and payable by the person, and

(ii) carries late payment interest, and

(b) an amount ("the relevant amount") that is, or relates to, value added tax—

(i) is payable to the person, and

(ii) carries repayment interest.",

(ii) in sub-paragraph (3), in the words before paragraph (a), for "During" substitute "In respect of",

(iii) in paragraphs (a) and (b) of that sub-paragraph, for "VAT credit", in each place it occurs, substitute "relevant amount", and

(iv) after sub-paragraph (3) insert—

"(4) An amount of repayment interest that—

(a) has been paid to a person, but

(b) as a result of sub-paragraph (3)(b), ought not to have been paid,

may be recovered from the person as if it were late payment interest."

(5) Part 2 of Schedule 54A to FA 2009 has effect, and is to be deemed always to have had effect, with the amendments made by subsection (4).

24 Collective money purchase arrangements

(1) Part 4 of FA 2004 (pension schemes) is amended as follows.

(2) In section 169(1F) (recognised transfers), for "of a CMP-derived drawdown pension" substitute "of—

(a) sums or assets that—

(i) were transferred in accordance with section 36 of the Pension Schemes Act 2021 and regulations made under that section (collective money purchase scheme pursuing continuity option 1: discharge of liabilities and winding up (Great Britain)),

(ii) were transferred in accordance with section 87 of the Pension Schemes Act 2021 and regulations made under that section (collective money purchase scheme pursuing continuity option 1: discharge of liabilities and winding up (Northern Ireland)), or

(iii) are derived from sums or assets within sub-paragraph (i) or (ii);

(b) any pension or other benefits provided from sums or assets within paragraph (a)."

(3) In section 169(1G), for "held for the purposes of a CMP-derived drawdown pension" substitute "within paragraph (a) of that subsection".

(4) In section 279 (other definitions) omit subsection (1F).

(5) In section 280 (abbreviations and general index), in subsection (2) omit the entry for "CMP-derived drawdown pension".

(6) In Schedule 29 (authorised lump sums - supplementary), in paragraph 1 (pension commencement lump sums)—

(a) in sub-paragraph (1)(c), at the end insert ", and";

(b) omit sub-paragraph (1)(f) and the "and" before it;

(c) omit sub-paragraph (4A).

(7) In Schedule 29, in paragraph 3C (pension commencement excess lump sum), in sub-paragraph (4) omit paragraph (b) and the "or" before it.

Final

25 Interpretation

In this Act the following abbreviations are references to the following Acts—

CTA 2009	Corporation Tax Act 2009
CTA 2010	Corporation Tax Act 2010
FA followed by a year	Finance Act of that year
IHTA 1984	Inheritance Tax Act 1984
ITA 2007	Income Tax Act 2007
ITEPA 2003	Income Tax (Earnings and Pensions) Act 2003
TCGA 1992	Taxation of Chargeable Gains Act 1992
VATA 1994	Value Added Tax Act 1994

26 Short title

This Act may be cited as the Finance (No. 2) Act 2024.

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