STATUTORY INSTRUMENTS

2025 No. 434

CAPITAL GAINS TAX

CORPORATION TAX

INCOME TAX

INHERITANCE TAX

The Horizon Shortfall Scheme Appeals (Tax Exemptions and Relief) Regulations 2025

Made - - - -	*2nd April 2025*
Laid before the House of Commons	*3rd April 2025*
Coming into force - -	*28th April 2025*

The Treasury make these Regulations in exercise of the powers conferred by paragraphs 2(5), 3(5), 4(3)(c) and 5(7) of Part 1 and 7(1)(e), 7(3), 9(3)(b) and (d) and 10(3)(b) and (4)(b) of Part 2 of Schedule 15 to the Finance Act 2020(**a**).

Citation and commencement

1. These Regulations may be cited as the Horizon Shortfall Scheme Appeals (Tax Exemptions and Relief) Regulations 2025 and come into force on 28th April 2025.

Interpretation

2.—(1) In these Regulations "Horizon Shortfall Scheme Appeals" means the Scheme for an independent appeals process created by the Department for Business and Trade to assess compensation claims made under the Horizon Shortfall Scheme and make payments of compensation.

(2) For the purposes of provision in these Regulations made under Part 1 of Schedule 15 to the Finance Act 2020, "Horizon Shortfall Scheme" has the same meaning as it does in Part 2 of that Schedule(**b**).

(**a**) 2020 c. 14. Schedule 15 was amended by section 12 of the Finance Act 2024 (c. 3).
(**b**) "Horizon Shortfall Scheme" is defined in paragraph 13 of Part 2 of Schedule 15 to the Finance Act 2020.

Exemption from income tax for Horizon Shortfall Scheme Appeals payments

3.—(1) A payment made by the Department for Business and Trade to a person under the Horizon Shortfall Scheme Appeals is a qualifying payment for the purposes of paragraph 3 of Part 1 of Schedule 15 to the Finance Act 2020.

(2) This regulation has effect in relation to payments received on or after 28th April 2025.

Exemption from capital gains tax for Horizon Shortfall Scheme Appeals payments

4.—(1) A payment made by the Department for Business and Trade to a person under the Horizon Shortfall Scheme Appeals is a qualifying payment for the purposes of paragraph 4 of Part 1 of Schedule 15 to the Finance Act 2020.

(2) This regulation has effect in relation to disposals made on or after 28th April 2025.

Relief from inheritance tax for Horizon Shortfall Scheme Appeals payments

5.—(1) A payment made by the Department for Business and Trade to a person under the Horizon Shortfall Scheme Appeals is a qualifying payment for the purposes of paragraph 5 of Part 1 of Schedule 15 to the Finance Act 2020.

(2) This regulation has effect in relation to deaths occurring on or after 28th April 2025.

Exemption from Corporation Tax for Horizon Shortfall Scheme Appeals payments

6.—(1) A payment made by the Department for Business and Trade to a person under the Horizon Shortfall Scheme Appeals is a relevant compensation payment for the purposes of Part 2 of Schedule 15 to the Finance Act 2020.

(2) This regulation has effect in relation to payments received on or after 28th April 2025.

Exemption from income tax and capital gains tax for relevant onward payments for Horizon Shortfall Scheme Appeals payments

7.—(1) Paragraph 10(3)(b) of Part 2 of Schedule 15 to the Finance Act 2020 has effect in relation to payments received on or after 28th April 2025 for payments made under the Horizon Shortfall Scheme Appeals.

(2) Paragraph 10(4)(b) of Part 2 of Schedule 15 to the Finance Act 2020 has effect in relation to disposals made on or after 28th April 2025 for payments made under the Horizon Shortfall Scheme Appeals.

Anna Turley
Vicky Foxcroft
2nd April 2025 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, corporation tax, income tax and a relief from inheritance tax for payments received under Horizon Shortfall Scheme Appeals, an independent appeals process created by the Department for Business and Trade.

Relevant onward payments made by companies will be exempt from income tax and capital gains tax.

Horizon Shortfall Scheme Appeals payments are payments made by the Department for Business and Trade to persons who appeal their compensation claim offers made under the Horizon Shortfall Scheme.

A Tax Information and Impact Note covering this instrument will be published on the website at https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins.

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