STATUTORY INSTRUMENTS

2025 No. 12

INCOME TAX

The Lesbian, Gay, Bisexual and Transgender Financial Recognition Scheme (Income Tax Exemption) Regulations 2025

Made - - - -	*7th January 2025*
Laid before the House of Commons	*8th January 2025*
Coming into force - -	*1st February 2025*

The Treasury make these Regulations in exercise of the powers conferred by paragraphs 2(5) and (6) and 3(5) of Schedule 15 to the Finance Act 2020(**a**).

Citation, commencement, effect and interpretation

1.—(1) These Regulations may be cited as the Lesbian, Gay, Bisexual and Transgender Financial Recognition Scheme (Income Tax Exemption) Regulations 2025, come into force on 1st February 2025 and have effect in relation to qualifying payments within regulation 2 received on or after that date.

(2) In these Regulations "the Lesbian, Gay, Bisexual and Transgender Financial Recognition Scheme" means the scheme under which compensation payments are made by the Ministry of Defence to persons who were wrongfully dismissed, discharged or forced to resign because of a ban on lesbian, gay, bisexual and transgender members in the armed forces of the Crown between 1967 and 2000.

Exemption from income tax for payments made under the Lesbian, Gay, Bisexual and Transgender Financial Recognition Scheme

2. A compensation payment made by the Ministry of Defence to a person under the Lesbian, Gay, Bisexual and Transgender Financial Recognition Scheme is a qualifying payment for the purposes of paragraph 3 of Schedule 15 to the Finance Act 2020.

Nicholas Dakin
Jeff Smith
7th January 2025 Two of the Lords Commissioners of His Majesty's Treasury

(**a**) 2020 c. 14. Schedule 15 was amended by section 12(3)(b) and (c) of the Finance Act 2024 (c. 3).

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations provide for an exemption from income tax for Lesbian, Gay, Bisexual and Transgender ("LGBT") Financial Recognition Scheme payments.

Regulation 2 specifies that LGBT Financial Recognition Scheme payments are qualifying payments for the purposes of paragraph 3 of Schedule 15 to the Finance Act 2020. This means there is no liability to income tax arising from payments received under that scheme. LGBT Financial Recognition Scheme payments are made by the Ministry of Defence to people who were dismissed, discharged or forced to resign as result of the ban on LGBT personnel in the Armed Forces between 1967 and 2000.

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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