



# Finance Act 2024

## 2024 CHAPTER 3

### PART 1

#### INCOME TAX AND CORPORATION TAX

### CHAPTER 1

#### RELIEFS FOR BUSINESSES ETC

#### *Capital allowances for companies*

### 1 Permanent full expensing etc for expenditure on plant or machinery

- (1) In section 7 of F(No.2)A 2023 (temporary full expensing etc for expenditure on plant or machinery), in subsection (3), in the inserted section 45S of CAA 2001, in paragraph (a), omit “but before 1 April 2026”.
- (2) In consequence of the provision made by [subsection \(1\)](#)—
  - (a) the amendments made by subsections (2) to (6) of section 7 of F(No.2)A 2023 are instead to operate as textual amendments of Part 2 of CAA 2001, and
  - (b) accordingly, in subsection (1) of that section, for the words from “has effect” to the end substitute “is amended as follows”, and, in the italic heading inserted by subsection (6) of that section, omit “temporary”.

#### *Research and development*

### 2 New regime for research and development carried out by companies

#### [Schedule 1](#)—

- (a) replaces the existing scheme for R&D expenditure credit,
- (b) amends the existing scheme for R&D relief, and

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(c) makes related provision.

*Films, television programmes, video games etc*

**3 Films, television programmes and video games produced by companies**

[Schedule 2](#) replaces Parts 15 to 15B of CTA 2009 with a new regime for the taxation of companies producing films, television programmes and video games, including relief in the form of payable credits arising from expenditure on production activities.

**4 Theatrical productions made by companies**

[Schedule 3](#) amends the regime for the taxation of companies producing theatrical productions in Part 15C of CTA 2009.

**5 Orchestral concerts produced by companies**

[Schedule 4](#) amends the regime for the taxation of companies producing orchestral concerts in Part 15D of CTA 2009.

**6 Museum and gallery exhibitions produced by companies**

[Schedule 5](#) amends the regime for the taxation of companies producing museum and gallery exhibitions in Part 15E of CTA 2009.

**7 Sections 3 to 6: administration of reliefs**

[Schedule 6](#) amends Schedule 18 to FA 1998 (company tax returns etc) in relation to the reliefs introduced or amended by sections 3 to 6.

*Real Estate Investment Trusts*

**8 Miscellaneous amendments relating to REITs**

[Schedule 7](#) makes miscellaneous amendments to the corporation tax regime for Real Estate Investment Trusts.

*Tonnage tax*

**9 Managers of ships**

[Schedule 8](#) amends Schedule 22 to FA 2000 to make provision to enable companies, and groups of companies, that manage qualifying ships to make a tonnage tax election (so that their profits for the purposes of corporation tax are calculated in accordance with the tonnage tax regime).

**10 Increase in capital allowances limit for ship leasing**

(1) Paragraph 94 of Schedule 22 to FA 2000 (tonnage tax: restrictions on capital allowances) is amended as follows.

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- (2) In sub-paragraph (3), for “£40 million”, in both places it occurs, substitute “£100 million”.
- (3) In sub-paragraph (5), for “£80 million” substitute “£200 million”.
- (4) The amendments made by subsections (2) and (3) have effect in relation to leases entered into on or after 1 April 2024.

#### *Other reliefs*

### **11 Extension of EIS relief and VCT relief to shares issued before 6 April 2035**

- (1) In—
  - (a) section 157(1)(aa) of ITA 2007 (which limits EIS relief to shares issued before 6 April 2025), and
  - (b) section 261(3)(za) of that Act (which limits VCT relief to shares issued before that date),for “2025” substitute “2035”.
- (2) This section comes into force on such day as the Treasury may by regulations appoint.

### **12 Relief for payments of compensation by government etc to companies**

- (1) FA 2020 is amended as follows.
- (2) After paragraph 5 of Schedule 15 (tax relief for scheme payments) insert—

## **“PART 2**

### **CORPORATION TAX AND OTHER RELATED RELIEF**

#### *Introductory*

- 6 This Part of this Schedule provides for the following—
  - (a) an exemption from corporation tax for relevant compensation payments, and
  - (b) an exemption from income tax and capital gains tax for relevant onward payments.

#### *Relevant compensation payments*

- 7 (1) In this Part of this Schedule “relevant compensation payment” means a payment made to a company under—
  - (a) the GLO Compensation Scheme,
  - (b) the Horizon Shortfall Scheme,
  - (c) the Suspension Remuneration Review,
  - (d) the Post Office Process Review, or
  - (e) such other compensation scheme of a description specified in regulations made by the Treasury.

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- (2) The power under sub-paragraph (1)(e) to specify a description of compensation scheme is exercisable only if the scheme provides for the payment of compensation to persons by or on behalf of—
  - (a) the government of the United Kingdom,
  - (b) the government of a part of the United Kingdom,
  - (c) the government of any other country or territory,
  - (d) a local or other public authority in the United Kingdom, or
  - (e) a local or other public authority of a territory outside the United Kingdom.
- (3) The power under sub-paragraph (1)(e) may be exercised so as to provide—
  - (a) for the provisions of this Part of this Schedule to apply to all descriptions of payments made under a compensation scheme or only to such descriptions as may be specified in the regulations;
  - (b) for all provisions of this Part of this Schedule to apply to payments made under a compensation scheme or only for such provisions to apply as are specified in the regulations.
- (4) The power under sub-paragraph (1)(e) must be exercised so as to provide that the reliefs conferred by this Part of this Schedule in respect of the compensation schemes mentioned in sub-paragraph (1)(a) to (d) are also conferred in a corresponding or similar way in respect of other relevant schemes.
- (5) The reference in sub-paragraph (4) to “relevant schemes” is a reference to any compensation schemes established for the purposes of—
  - (a) compensating persons affected by the Horizon system, or
  - (b) compensating persons in respect of other matters identified in High Court judgments given in proceedings relating to the Horizon system.

*Relevant onward payments*

- 8 (1) For the purposes of this Part of this Schedule a payment is a “relevant onward payment” if or to the extent that—
  - (a) the payment is made by a company to which a relevant compensation payment was made,
  - (b) the payment is to an individual and—
    - (i) the individual is or was a director or employee of the company, or
    - (ii) the payment is a distribution by the company to shareholders, and
  - (c) it is reasonable to conclude from the circumstances that the payment is made by the company to the individual for the purpose of passing on all or part of the compensation payment mentioned in paragraph (a) to the individual.
- (2) But where sub-paragraph (3) applies to the relevant compensation payment mentioned in sub-paragraph (1)(a), a payment to an individual is a relevant onward payment for the purposes of this Part of this Schedule

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only so far as it relates to such part of the relevant compensation payment as was made for the purpose of topping up the amount of compensation paid to account for sums lost to tax.

- (3) This sub-paragraph applies to a relevant compensation payment—
- (a) made (at any time) under the Horizon Shortfall Scheme;
  - (b) made before 1 January 2024 under the Suspension Remuneration Review.

*Exemption from corporation tax*

- 9 (1) No liability to corporation tax arises in respect of a relevant compensation payment.
- (2) The following are to be ignored for all other corporation tax purposes—
- (a) the receipt by a company of a relevant compensation payment;
  - (b) the making by a company of a relevant onward payment.
- (3) This paragraph has effect—
- (a) in the case of relevant compensation payments falling within paragraph 7(1)(a), (b), (c) or (d), whenever the payments are received;
  - (b) in the case of relevant compensation payments falling within paragraph 7(1)(e), where the payments are received on or after such date as is specified in the regulations concerned;
  - (c) in the case of relevant onward payments that relate to paragraph 7(1)(a), (b), (c) or (d), whenever the payments are made;
  - (d) in the case of relevant onward payments that relate to paragraph 7(1)(e), where the payments are made on or after such date as is specified in the regulations concerned.
- (4) The date specified in regulations as mentioned in sub-paragraph (3)(b) and (d) may be a date before the regulations are made.

*Exemption from income tax and capital gains tax*

- 10 (1) Paragraph 3(1) and (2) (exemption from income tax) applies to a relevant onward payment as it applies to a qualifying payment.
- (2) Paragraph 4(1) and (2) (exemption from capital gains tax) applies to a relevant onward payment as it applies to a qualifying payment.
- (3) Sub-paragraph (1) has effect—
- (a) in the case of relevant onward payments that relate to paragraph 7(1)(a), (b), (c) or (d), whenever the payments are received;
  - (b) in the case of relevant onward payments that relate to paragraph 7(1)(e), where the payments are received on or after such date as is specified in the regulations concerned.
- (4) Sub-paragraph (2) has effect—

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- (a) in the case of relevant onward payments that relate to paragraph 7(1)(a), (b), (c) or (d), in relation to disposals whenever made;
  - (b) in the case of relevant onward payments that relate to paragraph 7(1)(e), in relation to disposals made on or after such date as is specified in the regulations concerned.
- (5) The date specified in regulations as mentioned in sub-paragraph (3)(b) and (4)(b) may be a date before the regulations are made.

*Power to make further provision*

- 11 (1) The Treasury may by regulations make provision for the purpose of providing relief from corporation tax, income tax or capital gains tax in relation to the receipt of payments made under compensation schemes that is supplementary or incidental to provision contained in this Part of this Schedule.
- (2) Provision under this paragraph may (among other things)—
- (a) make different provision for different compensation schemes;
  - (b) make provision having retrospective effect.

*Regulations: general*

- 12 (1) A power to make regulations under this Part of this Schedule is exercisable by statutory instrument.
- (2) A statutory instrument containing regulations under this Part of this Schedule is subject to annulment in pursuance of a resolution of the House of Commons.

*Interpretation*

- 13 (1) In this Part of this Schedule—
- “GLO Compensation Scheme” means the scheme announced by His Majesty’s Government on 22 March 2022 with the objective of ensuring that persons who were party to a claim against Post Office Limited in respect of the Horizon system that was subject to a group litigation order have access to compensation for losses related to that system;
- “Horizon Shortfall Scheme” means the scheme established on 1 May 2020 by Post Office Limited to compensate persons who were adversely affected by accounting shortfalls related to the Horizon system;
- “the Horizon system” means previous versions of the computer system used by Post Office Limited known as Horizon (and sometimes referred to as Legacy Horizon, 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 Street, London EC2V 7ER;

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“Post Office Process Review” means the review established by Post Office Limited to provide redress to postmasters who were financially impacted by previous processes or policies in relation to balance discrepancies unrelated to the Horizon system;

“Suspension Remuneration Review” means the review established by Post Office Limited to provide redress to postmasters contracted to deliver Post Office services through branches who were suspended before March 2019 and did not receive remuneration during their period of suspension.

- (2) For the purposes of this Part of this Schedule—
- (a) a relevant onward payment “relates” to paragraph 7(1)(a) if the related relevant compensation payment mentioned in paragraph 8(1)(c) falls within paragraph 7(1)(a) (and references to payments relating to paragraph 7(1)(b), (c), (d) or (e) are to be read accordingly);
  - (b) references to a compensation scheme include references to any arrangements for the making of payments of compensation.”

- (3) In consequence of the amendment made by subsection (2)—
- (a) in section 102—
    - (i) omit “and” after paragraph (b), and
    - (ii) after that paragraph insert—
      - “(ba) payments made under or otherwise referable to compensation schemes established in connection with certain matters relating to Post Office Limited, and”;
  - (b) before paragraph 1 of Schedule 15 (and the italic heading before it) insert—

“Part 1

*Income tax and other related relief*”;
  - (c) in each of the following provisions of Schedule 15, before “Schedule” insert “Part of this”—
    - (i) paragraph 1(1);
    - (ii) paragraph 1(2);
    - (iii) paragraph 2(6).”

### **13 Enterprise management incentives: time limits**

- (1) Part 7 of Schedule 5 to ITEPA 2003 (enterprise management incentives: notification of options) is amended as follows.
- (2) In paragraph 44(1) (time within which notice of options must be given to HMRC) for “within 92 days after the date of the grant of the option” substitute “on or before 6 July following the end of the tax year in which the option was granted”.
- (3) In paragraph 46(5) (time for giving of notices of enquiry)—
- (a) for “end of the period of 92 days” substitute “date”;
  - (b) for “period within” substitute “date by”.

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- (4) The amendments made by this section have effect in relation to share options (within the meaning of the EMI code (see paragraph 59 of Schedule 5 to ITEPA 2003)) granted on or after 6 April 2024.