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STATUTORY INSTRUMENTS

2023 No. 184

**CAPITAL GAINS TAX
INCOME TAX
INHERITANCE TAX**

**The Post Office Horizon Compensation and Infected
Blood Interim Compensation Payment Schemes
(Tax Exemptions and Relief) Regulations 2023**

<i>Made</i>	- - - -	<i>21st February 2023</i>
<i>Laid before the House of Commons</i>	- - - -	<i>23rd February 2023</i>
<i>Coming into force</i>	- -	<i>16th March 2023</i>

The Treasury make the following Regulations in exercise of the powers conferred by paragraphs 2(5) and (6), 3(5), 4(3)(c) and 5(7) of Schedule 15 to the Finance Act 2020⁽¹⁾.

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Post Office Horizon Compensation and Infected Blood Interim Compensation Payment Schemes (Tax Exemptions and Relief) Regulations 2023 and come into force on 16th March 2023.

(2) These Regulations have effect from—

- (a) 22nd July 2021 in relation to Overturned Historical Conviction compensation payments,
- (b) 1st August 2022 in relation to Group Litigation Order compensation payments, and
- (c) 28th October 2022 in relation to Infected Blood Scheme compensation payments.

Interpretation

2. In these Regulations—

⁽¹⁾ 2020 c. 14.

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“the Common Services Agency for the Scottish Health Service” means the Common Services Agency for the Scottish Health Service established by section 10(1) of the National Health Service (Scotland) Act 1978⁽²⁾;

“Group Litigation Order compensation payment” means a payment of compensation made by the Department for Business, Energy and Industrial Strategy or the Department for Business and Trade to a person who was a party to a claim against Post Office Limited in respect of the Horizon system that was subject to a group litigation order;

“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;

“Infected Blood Scheme compensation payment” means a payment of compensation under the Infected Blood Interim Compensation Payment Scheme⁽³⁾, a scheme administered by the administrators of the UK infected blood support schemes:

- (a) the NHS Business Services Authority in England,
- (b) the Velindre Trust and NHS Wales Shared Services Partnership in Wales,
- (c) the Common Services Agency for the Scottish Health Service in Scotland, and
- (d) the Regional Business Services Organisation in Northern Ireland;

“the NHS Business Services Authority” means the NHS Business Services Authority (Awdurdod Gwasanaethau Busnes y GIG) established under article 2 of the NHS Business Services Authority (Awdurdod Gwasanaethau Busnes y GIG) (Establishment and Constitution) Order 2005⁽⁴⁾;

“NHS Wales Shared Services Partnership” means the organisation established by the committee established by the Velindre Trust under regulation 3 of the Velindre National Health Service Trust Shared Services Committee (Wales) Regulations 2012⁽⁵⁾;

“Overturned Historical Conviction compensation payment” means a payment of compensation made by Post Office Limited to a person for an overturned historical conviction that was quashed because it involved evidence from the Horizon system;

“Post Office Limited” means the private company limited by shares with the company number 02154540 whose registered office is Finsbury Dials, 20 Finsbury Street, London, EC2Y 9AQ;

“Regional Business Services Organisation” means the Regional Business Services Organisation, the corporate body established by section 14(1) of the Health and Social Care (Reform) Act (Northern Ireland) 2009⁽⁶⁾;

“the Velindre Trust” means the Velindre University National Health Service Trust or Ymddiriedolaeth Gwasanaeth Iechyd Gwladol Prifysgol Felindre established by article 2 of the Velindre National Health Service Trust (Establishment) Order 1993⁽⁷⁾.

Exemption from income tax for Overturned Historical Conviction compensation payments, Group Litigation Order compensation payments, and Infected Blood Scheme compensation payments

3. The following compensation payments are qualifying payments for the purposes of paragraph 3 of Schedule 15 to the Finance Act 2020—

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- (2) 1978 c. 29 as amended by paragraph 2 of Schedule 6 to the Health Services Act 1980 (c. 53) and section 63(2)(a) of the Public Bodies (Joint Working) (Scotland) Act 2014 (asp 9).
 - (3) The eligibility requirements for the scheme were published at www.gov.uk/government/publications/infected-blood-compensation-framework-study-terms-of-reference/infected-blood-interim-compensation-payment-scheme on 24th October 2022.
 - (4) S.I. 2005/2414.
 - (5) S.I. 2012/1261 (W. 156)
 - (6) 2009 c. 1.
 - (7) S.I. 1993/2838; amended by S.I. 2018/887.

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- (a) Overturned Historical Conviction compensation payments,
- (b) Group Litigation Order compensation payments, and
- (c) Infected Blood Scheme compensation payments.

Exemption from capital gains tax for Overturned Historical Conviction compensation payments, Group Litigation Order compensation payments, and Infected Blood Scheme compensation payments

4. The following compensation payments are qualifying payments for the purposes of paragraph 4 of Schedule 15 to the Finance Act 2020—

- (a) Overturned Historical Conviction compensation payments,
- (b) Group Litigation Order compensation payments, and
- (c) Infected Blood Scheme compensation payments.

Relief from inheritance tax for Overturned Historical Conviction compensation payments and Infected Blood Scheme compensation payments

5. The following compensation payments are qualifying payments for the purposes of paragraph 5 of Schedule 15 to the Finance Act 2020—

- (a) Overturned Historical Conviction compensation payments, and
- (b) Infected Blood Scheme compensation payments.

21st February 2023

Amanda Solloway
Steve Double
Two of the Lords Commissioners of His
Majesty's Treasury

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EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations provide for exemptions from income tax and capital gains tax in relation to Overturned Historical Conviction compensation payments, Group Litigation Order compensation payments and Infected Blood Scheme compensation payments and a relief from inheritance tax in relation to Overturned Historical Conviction compensation payments and Infected Blood Scheme compensation payments.

Overturned Historical Conviction compensation payments are made by Post Office Limited to people who have had a conviction quashed because it involved evidence from the Horizon system. Group Litigation Order compensation payments are made by the Department for Business, Energy and Industrial Strategy or the Department of Business and Trade to the people who were a party to a claim against Post Office Limited in respect of the Horizon system that was subject to a group litigation order. The Infected Blood Scheme provides an interim compensation payment to people in receipt of support from one of the four UK infected blood support schemes.

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 receipt of a qualifying payment. Paragraph 4 of the Schedule provides for an exemption from capital gains tax, where a disposal arises as a result of a person forfeiting, surrendering or refraining from exercising rights in return for a qualifying payment and on a disposal of the right to receive a qualifying payment (or an interest in such a right). Paragraph 5 of the Schedule provides for a relief from inheritance tax where a qualifying payment is received by a person or the personal representatives of a person and reduces the tax chargeable on the value transferred by the transfer made on the person's death to zero.

These exemptions and reliefs apply with retrospective effect in accordance with Regulation 1(2) under the powers in paragraphs 3(5), 4(3)(c) and 5(7) of Schedule 15 to the Finance Act 2020. These Regulations have effect in relation to Overturned Historical Conviction compensation payments from 22nd July 2021, Group Litigation Order compensation payments from 1st August 2022 and Infected Blood Scheme compensation payments from 28th October 2022.

Regulation 3 specifies that Overturned Historical Conviction compensation payments, Group Litigation Order compensation payments and Infected Blood Scheme compensation payments are qualifying payments for the purposes of paragraph 3 of Schedule 15. This means that there is no liability to income tax arising from the receipt of any of these payments.

Regulation 4 specifies that Overturned Historical Conviction compensation payments, Group Litigation Order compensation payments and Infected Blood Scheme compensation payments are qualifying payments for the purposes of paragraph 4 of Schedule 15. This means that the transfer by recipients of their rights in return for a compensation payment, or their disposal of the right to receive such a payment, does not give rise to gains chargeable to capital gains tax.

Regulation 5 specifies that Overturned Historical Conviction compensation payments and Infected Blood Scheme compensation payments are qualifying payments for the purposes of paragraph 5 of Schedule 15. This means that these compensation payments are relieved from inheritance tax.

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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