
*Tonnage tax***1 Tonnage tax on managing ships**

Schedule 1 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).

2 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.
- (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.

SCHEDULE 1

Section 1

TONNAGE TAX

Introduction

- 1 Schedule 22 to FA 2000 (tonnage tax) is amended as follows.

Qualifying companies to include companies managing qualifying ships

- 2 (1) In paragraph 16 (qualifying companies and groups), in sub-paragraph (1)(b), after “operates” insert “or manages”.

- (2) After paragraph 18 insert—

“Meaning of managing a qualifying ship

18A A company is regarded for the purposes of this Schedule as managing a qualifying ship if—

- (a) the ship is a qualifying ship operated by a tonnage tax company (“the operator”),
- (b) the company carries on activities in relation to the ship that would be tonnage tax activities of the operator if the operator carried them on, and
- (c) those activities as carried on by the company represent a significant contribution to the operation of the ship.”

Daily profits of managed ships

- 3 (1) Paragraph 4 (tonnage tax profits: method of calculation) is amended as follows.

- (2) In sub-paragraph (1), after “operated” insert “or managed”.

- (3) In sub-paragraph (2), for Step One substitute—

“Step One

Determine the daily profit for each qualifying ship operated by the company and each qualifying ship managed by the company by reference to the following table and the net tonnage of the ship—

Net tonnage	Daily Profit	
	<i>Operated ship</i>	<i>Managed ship</i>
For each 100 tons up to 1,000 tons	£0.60	£0.12
For each 100 tons between 1,000 and 10,000 tons	£0.45	£0.09
For each 100 tons between 10,000 and 25,000 tons	£0.30	£0.06
For each 100 tons above 25,000 tons	£0.15	£0.03”.

Tonnage tax activities include activities in managing ships

- 4 In paragraph 46 (core qualifying activities) –
- (a) in sub-paragraph (1) –
 - (i) in paragraph (a), after “operating” insert “or managing”, and
 - (ii) in paragraph (b), after “operating” insert “or managing”, and
 - (b) after sub-paragraph (2) insert –
 - “(3) A company’s activities in managing qualifying ships means its participation in the activities mentioned in that paragraph by virtue of which the ship is a qualifying ship.”

Effect of temporarily ceasing to manage or operate qualifying ships

- 5 In paragraph 17 (effect of temporarily ceasing to operate qualifying ships) –
- (a) in sub-paragraph (1) after “operate”, in both places it occurs, insert “or manage”,
 - (b) in sub-paragraph (2), in paragraph (a), after “operating” insert “or managing”,
 - (c) in that sub-paragraph, in the words after paragraph (b) –
 - (i) after “operate” insert “or manage”,
 - (ii) after “operated” insert “or managed”, and
 - (d) in sub-paragraph (4) –
 - (i) in paragraph (a), after “operating” insert “or managing”, and
 - (ii) in paragraph (b), after “operates” insert “or manages”.

Training requirement

- 6 In paragraph 23 (the training requirement), after sub-paragraph (2) insert –
- “(3) The condition mentioned in sub-paragraph (1) does not apply to –
 - (a) a company that does not operate any qualifying ships, or
 - (b) a group that does not have any members that operate one or more qualifying ships.”

Disapplication of 75% limit for ship managers

- 7 (1) In paragraph 37 (75% charter limit) –
- (a) in sub-paragraph (1), in the words before paragraph (a), after “of” insert “a relevant company or group”, and
 - (b) after sub-paragraph (5) insert –
 - “(6) For the purposes of sub-paragraph (1) –
 - (a) a company is “relevant” if it operates one or more qualifying ships, and

- (b) a group is “relevant” if it has one or more members that operate one or more qualifying ships.”
- (2) In paragraph 49 (distributions of oversea shipping companies), in sub-paragraph (2), in paragraph (c), after “that” insert “, where the overseas company operates qualifying ships,”.

Commencement

- 8 The amendments made by this Schedule have effect in relation to tonnage tax elections made on or after 1 April 2024.