

1 Tax relief for compensation scheme payments

- (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 In this Part of this Schedule “relevant compensation payment” means a payment made to a company under—
- (a) the GLO Compensation Scheme, or
 - (b) the Horizon Shortfall Scheme.

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 the relevant compensation payment mentioned in sub-paragraph (1)(a) was made under the Horizon Shortfall Scheme, the payment is to be treated as falling within sub-paragraph (1) only so far as—
- (a) it forms part of a larger payment made under that scheme (whether or not that part is paid at the same time), and
 - (b) that part of the payment is made for the purpose of compensating an individual for any increased liability to income tax arising in connection with the making of the relevant compensation payment.

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 in the case of relevant compensation payments and relevant onward payments whenever the payments concerned 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 whenever the relevant onward payments concerned are received.
- (4) Sub-paragraph (2) has effect whenever the disposals concerned are made.

Interpretation

- 11 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 by Post Office Limited which—
- (a) was previously known as the Historical Shortfall Scheme, and
 - (b) provides for access to compensation to persons affected by the Horizon system shortfalls;
- “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.”

- (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 the GLO Compensation Scheme and the Horizon Shortfall Scheme, 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 “this Part of”—
 - (i) paragraph 1(1);
 - (ii) paragraph 1(2);
 - (iii) paragraph 2(6).”