



HM TREASURY

# Consultation on the abolition of 36 tax reliefs

May 2011





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# Foreword

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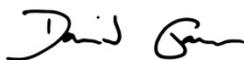
Taxation in Britain is far too complex. A clearer and more straightforward tax system will bring benefits for taxpayers, tax professionals and the Government alike. The establishment of an independent Office of Tax Simplification (OTS) was proposed by Lord Howe's working party in the 2008 report *Making Taxes Simpler*, and the new Government launched the OTS in July 2010. In less than a year the OTS has delivered impressive results, and its reports on tax reliefs and the taxation of small businesses represent significant advances in our understanding of the complexities of the tax system and difficulties faced by companies and individuals attempting to navigate it.

The first element of the Government's simplification strategy is addressing the current stock of tax legislation, and eliminating unnecessary complexities. The second is to manage the flow of changes to tax policy, the introduction of new tax reliefs, and avoid increasing the complexity of the tax code where possible. We have developed a new, transparent framework for tax policy making, which entrenches consultation and advance warning for taxpayers within the process. This consultation covers both elements, by addressing existing anomalies in the tax system and ensuring that those affected by these changes have the chance to comment on the proposals and help us to shape fair and manageable transitional arrangements.

When the OTS started work on reliefs, we knew that the number had grown over the years. But nobody expected the number of tax reliefs the OTS identified, over a thousand individual exemptions. The OTS has done an outstanding job in identifying the priority reliefs for a detailed review. The sheer number of reliefs illustrated that certain taxes relied on a complex system of reliefs to operate fairly and effectively, and that complexity is not necessarily a question of the number of tax reliefs in operation, but whether these are well designed to be simple to administer, avoid distortive impacts and achieve their policy aims.

Most tax reliefs exist to make the tax system fairer and simpler, and tax reliefs can be important tools in ensuring that the Government is able to use the tax system to achieve wider policy objectives. I know that, up to a point, the complexity of the tax system reflects the complexity of our society and economy. I also know that the removal of exemptions will affect people and businesses that have hitherto benefited from them. But all exemptions must be paid for by other taxpayers, and, in the long term, reducing the number of exemptions in the system will lead to a simpler and more stable tax system with lower headline rates.

In Budget 2011 we announced the withdrawal of 43 tax reliefs. This will remove over 100 pages of tax legislation, and is a significant reduction in complexity. This consultation on the removal of 36 tax reliefs represents the final stage in the work initiated by OTS to identify, assess and remove obsolete, unnecessary and distortive tax reliefs. Its purpose is to ensure that transitional arrangements for the removal of reliefs are fair and proportionate. I encourage you to take part.



David Gauke, Exchequer Secretary to the Treasury

May 2011



# 1

## Introduction

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**1.1** In Budget 2011, the Chancellor announced his decision to abolish 43 tax reliefs. This followed the independent Office of Tax Simplification's (OTS) March 2011 report<sup>1</sup> reviewing the number and complexity of tax reliefs in the UK tax system. This report carried out a review into all tax reliefs, allowances and exemptions, for businesses and individuals, across all the taxes administered by HM Revenue & Customs (HMRC), and recommended a number of tax reliefs for abolition. On the basis of these recommendations, as well as ongoing work by HM Treasury and HMRC, the Government identified seven reliefs that had expired and could be abolished immediately and a further 36 that could be abolished after a period of transition.

**1.2** Over the years the number of reliefs in the tax code has increased significantly as successive governments have sought to use the tax system to achieve broader policy aims. The Government asked the OTS to identify those reliefs whose policy rationale is no longer relevant, or which create unnecessary complications. This has contributed significantly to our understanding of complexity in the tax system. The identification of all the tax reliefs on the statute, and the subsequent recommendations for removing a number of them was a substantial first step towards meeting the Government's ambitions for simplifying the tax system.

**1.3** The OTS identified 1,042 tax reliefs, and conducted a detailed assessment of 155 of these. During this assessment, the OTS engaged extensively with external stakeholders, including tax professionals, representative bodies and businesses. The OTS work was supported by an independent consultative committee, which was made up of members drawn from the tax and legal professions, business and other interested parties.

**1.4** While the reliefs chosen for abolition have been carefully considered according to the published OTS methodology and other policy considerations of HM Treasury and HMRC, we recognise that individuals and businesses may currently benefit from these reliefs. We want to manage the process for removing these reliefs in the most effective way, so that those who have claimed the reliefs have sufficient time to plan for the tax changes. This consultation offers those that will be affected by these changes the opportunity to comment on the proposed transitional arrangements for abolishing the reliefs, and ensure that we are aware of all the potential impacts of the abolition, so that we can take action to reduce these where possible.

**1.5** This consultation document sets out the rationale for abolishing the chosen reliefs and a detailed analysis of each relief, including the impacts of its abolition, is included in the Annex.

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<sup>1</sup> Full report 'Review of tax reliefs-final report' 3 March 2011 available at: [http://www.hm-treasury.gov.uk/d/ots\\_review\\_tax\\_reliefs\\_final\\_report.pdf](http://www.hm-treasury.gov.uk/d/ots_review_tax_reliefs_final_report.pdf)



# 2

## Consulting on the abolition of 36 tax reliefs

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**2.1** The Government in March 2011 published a Tax Consultation Framework that outlines its approach to consultation on tax policy and legislation. This committed the Government to using the period between the Budget and the following Finance Bill to consult on proposed policy changes and draft legislation. The Tax Consultation Framework is part of a broader commitment by the Government to ensure that the development, legislation and implementation of tax policy is of the highest standards and takes account of all those it impacts.

**2.2** Based on the work undertaken by the OTS and additional analysis undertaken by HM Treasury and HM Revenue and Customs, 36 of the reliefs announced for abolition in Budget 2011 are still active. As the abolition of these reliefs could have impacts on individuals and businesses, the Government seeks representations from affected parties on how these impacts could be minimised.

**2.3** As the OTS consulted widely with interested parties in developing its recommendations, this consultation is taking place at stage two of the policy making process. The Government has determined the best option for removing tax reliefs in support of a simpler, overall tax system. We are now consulting on the implementation of these changes. For most of the reliefs, legislation effecting the changes will be published in draft with the rest of Finance Bill 2012 later this year.

### The OTS report on tax reliefs

**2.4** The Government has chosen the reliefs for abolition in accordance with the recommendations of the OTS and its own analysis on the tax reliefs identified by the OTS. It has not been possible to accept all of the OTS' recommendations for abolishing or retaining a specific relief. In most cases this is a result of balancing simplification against the Government's wider objectives for the Budget and the tax system. Examples include the Business Premises Renovation Allowance, where abolition would have been inconsistent with the Government's objectives for growth and rebalancing the economy. Similarly, the relief allowing profits averaging for literary and creative artists was judged necessary to maintain stability and certainty for this tax payer group at this uncertain time. In other areas, the Government will instead be looking at how some tax reliefs could be improved. This includes the Community Investment Tax Relief, where the Government will launch a separate consultation on ways to make the scheme more effective in delivering lending to enterprises in disadvantaged areas.

**2.5** The Government also decided to take action on some reliefs where the OTS had recommended a more cautious approach. For example, the Government has decided to abolish two small inheritance tax reliefs which are not integral to the operation of the tax, and has decided that a permanent statutory relief for nationalisation schemes could be abolished.

**2.6** The OTS report also contained recommendations for simplifying some tax reliefs and for reviewing areas of the tax system where the number of reliefs was indicative of inherent complexity within the tax itself. After reviewing the options, the Government has decided only to take action on the abolition of individual reliefs at this time. Again, this is due to the need to

balance simplification alongside other objectives such as predictability in the tax system. The OTS' recommendations will inform any future work on these taxes.

## Reliefs for abolition

**2.7** The 36 reliefs that are the subject of this consultation are all being abolished with the primary aim of making the tax system simpler to understand and easier to comply with. Removing these reliefs is also in line with our other principles for taxation, including ensuring taxes are fair, efficient and support growth, and provide certainty and predictability for taxpayers. Therefore, the OTS and the Government have identified the reliefs for abolition with consideration for broader objectives than simplification.

**2.8** Several of the reliefs identified are historic products of a tax system that has changed substantially since their introduction. These reliefs make a correction that is no longer necessary, or they have a value so small as to be negligible. Others are more recent introductions that have failed to achieve their policy rationale. Finally, there are some reliefs where the Government has made a decision that the rationale for the relief is not in line with our vision for a fair and simple tax system.

**2.9** We therefore seek views on the proposed approach to abolishing the 36 tax reliefs identified in this document. Jessica Smith from the Business and International Tax Group at HM Treasury is leading on this consultation, and consultation responses should be sent to [taxreliefs@hmtreasury.gsi.gov.uk](mailto:taxreliefs@hmtreasury.gsi.gov.uk) by **31 August 2011**.

**Table 2.A: The 36 reliefs that will be abolished in 2012 or after<sup>1</sup>**

Relief	
1.	Payments to mariners to be disregarded for Class 1 NICs
2.	Grants for giving up agricultural land
3.	Pool betting duty payments related to safety improvement at football grounds or for the arts
4.	Mineral royalties
5.	Cycle to work days - provision of meals
6.	Late night taxis
7.	Luncheon vouchers
8.	Pools payment for football ground improvements
9.	Pools payment for support for games
10.	Disregard for certain apprentices and students coming to the UK
11.	Assistance in identifying lost or stolen credit cards
12.	Nationalisation schemes
13.	Tax reserve certificates issued by HM Treasury
14.	Payments for the benefit of family members
15.	Class 1A - Exemption for prescribed general earnings
16.	Class 4 - Allows deduction in next tax year of losses incurred in 89/90 or previous tax year where losses from income other than trade or profession or vocation
17.	Deeply discounted securities - incidental expenses
18.	Life assurance premium relief
19.	Life assurance premiums paid by employers under E-FRBS
20.	Capital allowances - flat conversion allowances
21.	Capital allowances - safety at sports grounds
22.	Certain leases granted by registered social landlords

<sup>1</sup> Note that several of these reliefs (for example the reliefs relating to pools payments and pools betting duty) have been combined into a single template in the annex to this document for ease of reference and to avoid duplication. All of the reliefs in this list are being consulted on, and responses should refer to the reliefs by title as well as by number.

23.	Disadvantaged area relief (Stamp duty)
24.	Exempt Instruments
25.	Partial relief for company acquisitions
26.	Shared ownership transactions
27.	Transfers to registered social landlords
28.	Visiting forces and allied headquarters
29.	Disadvantaged area relief (Stamp duty land tax)
30.	Angostura bitters
31.	Black beer
32.	Land remediation relief
33.	Compensation for mis-sold pensions
34.	Harbour authorities
35.	Harbour reorganisation schemes
36.	Transfers in relation to harbour reorganisation schemes

## Consultation responses sought

**2.10** This consultation seeks views from all affected parties on the proposed transitional arrangements prior to the abolition of the relief. Dates for the relief abolitions to take effect have been chosen to avoid any retrospective effect. This includes information on the impacts of abolition, and suggestions for ensuring these impacts can be minimised where possible.

**2.11** There are certain reliefs where it has not been possible to clearly identify where the impact of its abolition would be felt. Information is often unavailable where there is an exemption to the tax system, and therefore in order to ensure that the Government designs transitional arrangement that take account of the impacts of the current claimants of the relief, we specifically request evidence on the following impact indicators:

- Is the rationale for abolishing the relief sound?
- How many claimants of the relief are there?
- What sector/demographic benefits?
- What is the value of the relief to the claimants?
- If the relief were retained, will the value of the relief change over time?
- Are the proposed transitional arrangements fair and proportionate?

**2.12** This consultation is open to all participants. The Government is particularly interested in responses from those directly affected by the removal of reliefs, and those that can provide clear evidence of the impacts, for example the numbers of individuals of businesses affected and the financial impact of the abolition of a given relief.

**2.13** Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004.

**2.14** If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must

comply and which deals with, amongst other things, obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Treasury.

**2.15** HM Treasury will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

**2.16** The remainder of this consultation document sets out the detailed assessment the Government has undertaken of each relief for abolition.

# A

## Detailed assessment of tax reliefs to be abolished

**Table A.1: Relief 1**

<b>Relief name &amp; legislative reference</b>	<b>Certain payments to mariners to be disregarded for Class 1 NICs : Social Security Contributions Regulations 2001 Reg 123</b>
<b>General description of relief</b>	<p>This is a long standing exemption that provides for a NICs exemption for payments to or in respect of mariners in the following circumstances:</p> <ul style="list-style-type: none"> <li>• Interim payments to mariners by way of an advance;</li> <li>• Payment to some other person of any part of such a mariner's earnings as allocated by him to that person; and</li> <li>• A payment of a special payment whilst sick abroad (as defined by the National Maritime Board).</li> </ul> <p>The interim payment of earnings referred to an advance of earnings typically paid at the end of the voyage (when the liability to NIC would arise), and the original rationale was to deal with circumstances where mariners would be paid in cash whilst at sea on account of wages. Before electronic communications it may not have always been practical to have accounted for NICs on such advances.</p> <p>The reference to payments to some other person is understood to refer to situations where mariners used their own wages to make disbursements to others on a vessel; this practice is understood to have disappeared from the industry.</p> <p>The reference to special payments whilst sick relates to an industry wide employment condition administered by the National Maritime Board. The National Maritime Board, and the payments that it defined, was abolished in 1990 and consequently this relief is no longer relevant.</p>
<b>Rationale for abolishing the relief:</b>	The circumstances in which the exemption would have applied all relate to situations which are now no longer current practice. Therefore the ongoing policy rationale for retaining the relief has expired.
<b>Proposed changes and transitional arrangements:</b>	<p>Abolition of this relief can be effected by NICs regulations.</p> <p>Subject to the consultation process and the Parliamentary timetable, regulations removing the relief could be made in time for the start of the new tax year on 6 April 2012.</p>
<b>Who is likely to be affected?</b>	We do not anticipate significant impacts from the abolition of this relief as it relates to payments that are no longer current practice.
<b>Impact on businesses / employers:</b>	The regulations relate only to mariners, so will involve the water transport industrial classification. As the relevant payments are not thought to be current practice no significant businesses impacts are anticipated.
<b>Impact on individuals:</b>	The relevant payments are not thought to be current practice so no significant impacts on individuals are anticipated.
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities if these payments are not current practice.

<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts, as these payments are not thought to be current practice.
<b>Consultation responses sought:</b>	HMRC holds no information on the number of individuals and employers that use this exemption. The consultation provides an opportunity to seek the views of the British Chamber of Shipping about the abolition of the exemption and any associated administrative costs.

**Table A.2: Relief 2**

<b>Relief name &amp; legislative reference</b>	<b>Grants for giving up agricultural land: Taxation of Chargeable Gains Act 1992, s.249</b>
<b>General description of relief</b>	In 1967 the Government introduced grants (under section 27 of the Agriculture Act 1967) as a way of inducing small farmers to give up what was considered to be un-commercial holdings of land. The relief exempts these grants from liability to Capital Gains Tax.
<b>Rationale for abolishing the relief:</b>	It is understood that no grants have been made under the Agricultural Act 1967 for some considerable time and so the relief appears to be redundant.
<b>Proposed changes and transitional arrangements:</b>	Subject to consultation, Finance Bill 2012 will repeal the relief with effect from 6 April 2013.
<b>Who is likely to be affected?</b>	We do not anticipate any significant impact whilst grants are not being made.
<b>Impact on businesses / employers:</b>	None whilst grants are not being made.
<b>Impact on individuals:</b>	None whilst grants are not being made.
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities
<b>Other impacts:</b>	None foreseen.
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts whilst grants are not being made.
<b>Consultation responses sought:</b>	Representations from interested and affected parties on any unforeseen impact of removing this relief.

**Table A.3: Reliefs 3, 8 and 9**

<p><b>Relief name &amp; legislative reference</b></p>	<p><b>Pools payments for football ground improvements: Finance Act 1990, s.126</b>  <b>Pools payments to support games etc.: Finance Act 1991, s.121</b>  <b>Payments by companies liable to pool betting duty: Corporation Tax Act 2009, s.138</b>  <b>Exemption for payments by persons liable to pool betting duty: Corporation Tax Act 2009, s.978</b></p>
<p><b>General description of relief</b></p>	<p>Following the Hillsborough Stadium disaster pools betting duty was reduced in 1990 on condition that the revenue foregone was paid to the Football Trust ("FT") and, since 2000, the Football Foundation ("FF") for use in improving the safety and comfort of spectators at football grounds in accordance with Lord Justice Taylor's recommendations. In 1991 duty was reduced again on condition that the revenue foregone was paid to the Foundation for Sports and Arts ("FSA"). It was reduced for a third time in 1995, with the difference being paid to the two bodies equally.</p> <p>Provisions in Finance Act 1990 and 1991 ensured that the full benefit of the reductions flowed through to football ground improvements, and sport and the arts by removing certain tax liabilities that would otherwise arise. Those provisions are now as follows:</p> <ul style="list-style-type: none"> <li>• FA 1990, s.126(4) – this overrides the capital allowances contributions legislation now at CAA 2001 s532, which ordinarily would prevent a club claiming capital allowances on the grant funded element of a ground improvement. It ensures that the club can claim capital allowances on the full cost of the works where the grant was funded by the reduction in pool betting duty.</li> <li>• FA 1990, s.126(5) and FA 1991, s.121(4) – these remove any inheritance tax charges on monies received by trustees out of the duty reduction and which are either distributed or held in a trust.</li> <li>• CTA 2009, s.138 – this ensures that a pools promoter can deduct the payment derived from the reduced duty when computing his trading profits.</li> <li>• CTA 2009, s.978 – this ensures that the payment by a pools promoter is not treated as an annual payment and so is not liable to corporation tax.</li> </ul>
<p><b>Rationale for abolishing the relief:</b></p>	<p>It is understood that the agreement to commit payments to the FT, FF and FSA ceased at the end of March 2004. The FT was wound up in 2000; and the funds within the FF were used by 31 May 2006.<sup>1</sup> With regard to the FSA the trustees have decided to deplete the trust reserves by March 2012, when the Foundation will close.<sup>2</sup> At this point the reliefs will become obsolete.</p>
<p><b>Proposed changes and transitional arrangements:</b></p>	<p>The Government intends to repeal the above sections in Finance Bill 2012, with effect from 6 April 2013.</p> <p>There are no proposals to adjust the level of pool betting duty at the same time.</p>
<p><b>Who is likely to be affected?</b></p>	<p>The Government is unaware of any significant impact for repealing the reliefs.</p>
<p><b>Impact on businesses / employers:</b></p>	<p>The changes affect only those businesses liable to pay pools betting duty; and trusts they support. As we think there is very limited use of these trusts any costs to businesses are expected to be negligible.</p>
<p><b>Impact on individuals:</b></p>	<p>None</p>

<sup>1</sup> Football Stadia Improvement Fund Annual Report 2005/6, part 12 <http://www.footballfoundation.org.uk/media-centre/annual-review/>

<sup>2</sup> The Foundation for Sports and the Arts Annual Report 2009: <http://www.thefsa.net/fsa2009report.pdf>

<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.
<b>Consultation responses sought:</b>	Representations from interested or affected parties on the impact of repealing the reliefs are sought.

**Table A.4: Relief 4**

<b>Relief name &amp; legislative reference</b>	<b>Mineral Royalties Relief: Income Tax (Trading and Other Income) Act 2005 s157, 319, 340; Corporation Tax Act 2009 s135, 258, 273; Taxation of Chargeable Gains Act1992 s201-203.</b>
<b>General description of relief and objective</b>	This relief applies to royalties received by landowners (whether individuals or companies) in respect of the extraction of certain minerals from their land. It provides that 50% of the mineral royalty is to be treated as a capital sum and subject to Capital Gains, while the other 50% is subject to income tax or corporation tax (as the case may be). It was introduced in the 1970s, when income tax and corporation tax rates were very high, which risked inhibiting mineral exploitation as land owners were faced with either releasing their minerals for a negligible after tax sum, or of holding on to them. The value of mineral bearing land can diminish over time because the minerals cannot be replaced once worked out. Currently, where the value of land is reduced in this way special provisions apply which recognise the loss on the termination or expiry of the mineral lease and allow a claim for a deemed disposal to crystallise that loss, or permit any loss on an actual, or deemed disposal, of the land to be carried back against chargeable gains on the mineral royalties.
<b>Rationale for abolishing the relief:</b>	As tax rates are now much lower than they were in the 1970s, the rationale for the relief no longer exists.  To the extent that the relief has affected landowner behaviour, much of this impact could be expected to have occurred already, given the length of time the relief has been in existence.  The normal capital gains rules will take into account any reduction in value of land below acquisition cost, on any actual disposal of the land.
<b>Proposed changes and transitional arrangements:</b>	The Government intends to introduce legislation in FB2012 to withdraw relief in relation to royalties received on or after 1 April 2013 for Corporation Tax purposes, or on or after 6 April 2013 for income tax purposes. From those dates the whole mineral royalty will be treated as income liable to income or corporation tax.
<b>Who is likely to be affected?</b>	There will be some increase in taxation of mineral royalty income received by individuals and companies.
<b>Impact on businesses / employers:</b>	Take-up of the relief is not known but there are about 1,300 <sup>3</sup> mineral quarries in the UK employing 20,000 people, with an annual turnover of £3bn. It is estimated that around half of these quarries are leased.  Abolition of the relief is not expected to impact significantly on landowners' willingness to make their land available for future mineral exploitation.
<b>Impact on individuals:</b>	There will be some impact on individuals who own mineral bearing land.
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	It has not been possible to estimate the revenue impact of this removal as the tax return does not require tax payers to indicate whether they are obtaining this relief.
<b>Consultation responses sought:</b>	Representations are invited from interested and affected parties on the timing and impacts of withdrawing the relief.

<sup>3</sup> Figure from British Aggregates website

**Table A.5: Relief 5**

<b>Relief name &amp; legislative reference</b>	<b>Cycle to work days – provision of meals Statutory Instrument 2002/205 Reg 3</b>
<b>General description of relief</b>	Where an employer provides meals to employees on designated “cycle to work days” the meal is not subject to tax and Class 1A NICs. The relief covers the first refreshment or meal provided by an employer to an employee on a cycle to work day and this can be obtained and/or taken on or off the employer’s premises. The relief is not generally available to those who cycle daily but only to employees who participate in designated “cycle to work” days.
<b>Rationale for abolishing the relief:</b>	The OTS has received a number of representations that take up of this relief is very low. The value of the relief is minimal and generally outweighed by the time, effort and cost of providing the benefit – for example, the employer would need to publicise the cycle to work day and arrange for the breakfast either at a work canteen or to be bought from outside.
<b>Proposed changes and transitional arrangements:</b>	In Finance Bill 2012, the Government intends to remove this relief with effect from 6 April 2013.
<b>Who is likely to be affected?</b>	We do not anticipate significant impacts from the removal of this relief.
<b>Impact on businesses / employers:</b>	The number of businesses affected is not known.  The only cost to employers who use this relief would be a small rise in Class 1A National Insurance contributions.  If employers continue to offer this benefit after the tax relief is repealed, there would be a small burden of keeping records of employees who receive the benefit and reporting this information to HMRC. Alternatively, the benefit could be included on a PAYE Settlement Agreement.
<b>Impact on individuals:</b>	The number of individuals affected is not known but we believe very few people use this relief.  The cost to the individual if they continued to benefit from cyclist breakfasts would be small but would depend on the value and frequency of breakfasts provided.
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities.
<b>Other impacts:</b>	None. There is no corresponding amendment needed for NICs legislation as removing the tax relief will have an automatic read-across.
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.
<b>Consultation responses sought:</b>	Representations are invited from interested and affected parties on the timing and impacts of withdrawing the relief.

**Table A.6: Relief 6**

<b>Relief name &amp; legislative reference</b>	<b>Late-night taxis</b> <b>s248 Income Tax (Earnings and Pensions) Act 2003 and Social Security Contributions Regulations 2001, Sched 3 Part 5 Para 5(c) and Part 10, Para 8(d)</b>
<b>General description of relief</b>	<p>Provision of taxis by an employer in order for an employee to travel home after work is not treated as a taxable benefit when certain conditions are met. These conditions include:</p> <ul style="list-style-type: none"> <li>• the employee is required to work later than usual and until at least 9pm;</li> <li>• it occurs irregularly; and</li> <li>• by the time the employee ceases work, either public transport has ceased, or it would not be reasonable to expect the employee to use public transport.</li> </ul> <p>The number of tax-exempt journeys in a tax year is restricted to 60. If this limit is exceeded all trips become liable to tax, not just those over the 60 limit. Where qualifying conditions are met, the exemption also applies if there has been a failure of car sharing agreements.</p>
<b>Rationale for abolishing the relief:</b>	<p>Changing work patterns since 1987, when the relief was introduced, make it difficult to continue justifying this relief. It is possible that the relief is used predominantly by those who work late in large cities such as London and in highly paid employments, such as financial services. The rules do not allow relief for shift workers such as nurses, office cleaners and restaurant staff where late night working is a normal incident of a job. Accordingly, relief is not available for a large proportion of the workforce and may be skewed towards the better paid. The relief does not promote fairness and creates a distortion in the tax system.</p>
<b>Proposed changes and transitional arrangements:</b>	<p>The Government intends to abolish the tax relief in Finance Bill 2012 with effect from 6 April 2013. The matching NICs exemption to s248 ITEPA can be abolished by NICs regulations from the same date.</p>
<b>Who is likely to be affected?</b>	<p>There will be some impact on the businesses providing this benefit and potentially the employees who use it.</p>
<b>Impact on businesses / employers:</b>	<p>HMRC and Treasury have no data on the number of businesses using this relief. Where employers continue to provide this benefit, they will have to pay Class 1 NICs (or Class 1A NICs where the employer contracts directly with the taxi firm if the general exception from Class 1A NICs in relation to anything which is not taxable as general earnings is removed).</p> <p>In some cases, employers will be able to include this benefit on a PAYE Settlement Agreement (PSA) and avoid the need to report the benefit to HMRC for individual employees.</p> <p>Employers using this relief already have to track the taxi journeys of employees to ensure they fall within the conditions for relief. Therefore, abolition of the relief would remove this burden.</p>
<b>Impact on individuals:</b>	<p>HMRC and Treasury have no data on the number of individuals using this relief. Individuals employed by large firms in urban centres are most likely to be affected, especially in London.</p> <p>The cost to the individual will depend on how many taxi journeys they make and whether their employer bears the cost of any tax on their behalf.</p>
<b>Equalities impact:</b>	<p>This is not likely to result in an adverse equalities impact on those who currently benefit from the relief.</p>
<b>Other impacts:</b>	<p>None</p>

<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.
<b>Consultation responses sought:</b>	We would welcome any evidence from affected or interested parties on the impacts of abolishing the relief, particularly the equalities impact. In particular we request comments whether the relief: <ul style="list-style-type: none"><li>• is skewed towards particular sectors or UK regions; or</li><li>• is used proportionately across a wide range of pay bands.</li></ul>

**Table A.7: Relief 7**

<b>Relief name &amp; legislative reference</b>	<b>Luncheon vouchers Income Tax (Earnings and Pensions) Act 2003 s89 and Social Security Contributions Regulations 2001 Sched 3 Part 4 Para 6A</b>
<b>General description of relief</b>	There is a tax and NICs exemption on the first 15p per working day of a meal voucher provided by an employer to an employee. However, any benefit provided above 15p per working day is liable to tax and NICs. The relief was introduced in 1946 when food rationing was in place with the objective of helping individuals afford healthy meals. It was targeted at employees working for companies without workplace canteens.
<b>Rationale for abolishing the relief:</b>	The benefit of the relief has been almost entirely eroded by inflation. The relief is therefore very low in value and no longer achieves a clear objective. It also causes an additional administrative burden to the employer in calculating the taxable benefit to be reported to HMRC because the employer has to account for tax and NICs on any value above 15p.
<b>Proposed changes and transitional arrangements:</b>	The Government intends to abolish this relief in Finance Bill 2012 with effect from 6 April 2013. The matching NICs exemption can be abolished by NICs regulations from the same date.
<b>Who is likely to be affected?</b>	There will be some impact on the businesses providing luncheon vouchers and employees using them, but these are not expected to be significant.
<b>Impact on businesses / employers:</b>	<p>It is not known how many businesses provide luncheon vouchers to their employees or apply this relief. The OTS report cited a figure of 145 small businesses. This appears low but we do not expect that use is very widespread.</p> <p>It is likely that luncheon vouchers are most commonly provided by smaller firms who do not have workplace canteens.</p> <p>The financial cost to employers will be a small rise in Class 1 NICs. The maximum cost of removing the NICs exemption (assuming 7 vouchers per week for 52 weeks) would be £6.55 for each employee and £7.53 for each employer per employee.</p> <p>For those who continue to provide luncheon vouchers it may lead to a small reduction in administrative burdens.</p> <p>There may be a limited impact on luncheon voucher providers but the existing tax relief is only for a small fraction of the value of luncheon vouchers provided and we do not expect it to make the use of luncheon vouchers less attractive for businesses.</p>
<b>Impact on individuals:</b>	Based on the latest published estimates (Family Resources Survey 2005/06) we estimate there are approximately 100,000 employees receiving vouchers. Office workers are most likely to be affected. The impact for a basic rate taxpayer would be an increase in tax and National Insurance of approximately £12 a year. This figure rises to approximately £20 a year for an additional rate taxpayer.
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to increase receipts by less than £3m per annum.
<b>Consultation responses sought:</b>	We would welcome any evidence that abolishing this relief would have a particularly adverse impact on a specific business sector, type of business or group of employees.

**Table A.8: Relief 10**

<b>Relief name &amp; legislative reference</b>	<b>NICs exemption for certain apprentices and students coming to the UK: Social Security Contributions Regulations 2001 Reg 145(3)</b>
<b>General description of relief</b>	<p>Generally, Class 1 NICs are payable by all employees if resident or present in the UK. However, under this regulation an individual who is not ordinarily resident in the UK, and meets one of the following criteria, is not liable for Class 1 NIC for the first 52 weeks:</p> <ul style="list-style-type: none"> <li>• The UK employment occurs during a vacation from a course of full time studies outside the UK, and the temporary employment is of a nature related to the course of studies (the “student exemption”); or</li> <li>• The UK employment is related to an apprenticeship which the individual is serving under a person outside the UK and it began before he was 25 (the “apprentice exemption”).</li> </ul> <p>The policy objectives behind the exemption were twofold. First it allows the UK to benefit from the work provided by these groups and for the individuals to acquire new skills to benefit their home country. Secondly, it ensures that those coming to the UK on this short term basis could not build up entitlement to contributory benefits.</p> <p>The exemptions date from a time when the UK suffered from a shortage of labour and wished to encourage students from the Commonwealth to come to the UK to do vocational work and acquire skills to help build the economies of those countries.</p> <p>The exemption does not apply to individuals from within the EEA or from countries with which the UK has a Reciprocal Agreement or Double Contribution Convention. Income tax is due if the earnings in the UK exceeded the personal allowance.</p>
<b>Rationale for abolishing the relief:</b>	<p>The rationale of supporting those from outside the EU to come to work temporarily in the UK is less relevant now, given immigration rules prioritising EU nationals. We therefore expect that the relief has only limited use.</p> <p>Abolishing the relief will remove complexity for almost all employers affected by it, since they will almost certainly be operating a payroll and reporting to HMRC. These employers will no longer have to apply different procedures to different employees.</p>
<b>Proposed changes and transitional arrangements:</b>	<p>Abolition of this relief can be effected by regulations.</p> <p>Subject to the consultation process, regulations removing the relief could be made in time for the start of the new tax year on 6 April 2012.</p>
<b>Who is likely to be affected?</b>	There will be some impacts on the foreign students and apprentices entitled to this relief and their employers.
<b>Impact on businesses / employers:</b>	<p>It is not known how many individuals could be affected by these regulations, and in turn how many employers could be affected, though given immigration rules it is unlikely to be significant.</p> <p>The consultation gives an opportunity for groups affected by this exemption to provide details of how they are impacted.</p>
<b>Impact on individuals:</b>	Not known
<b>Equalities impact:</b>	Not known at this stage.
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	It has not been possible to estimate the revenue impact due to lack of evidence about the use of the relief.

<b>Consultation responses sought:</b>	HMRC holds no information on the number of individuals and employers that use this exemption. The consultation provides an opportunity to seek the views of employers, the NFU, and other interested parties about the abolition of the exemption and any associated administrative costs.
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**Table A.9: Relief 11**

<b>Relief name &amp; legislative reference</b>	<b>NICs exemption for payments as a reward for assistance with lost or stolen credit cards: Social Security Contributions Regulations 2001 Sch 2 Para 15 Part 10</b>
<b>General description of relief</b>	<p>Third parties such as credit card companies, banks and building societies sometimes pay cash rewards to employees of retailers when those employees detect lost or stolen credit cards.</p> <p>Since 26 July 2001 these payments have been excluded from Class 1 NICs liability by virtue of paragraph 15 of Part 10 of Schedule 3 SSCR 2001.</p> <p>The exemption applies only to third party reward payments and not to any payments that an employer may make to his own employees.</p> <p>The exemption was introduced due to the relative size of the payments which do not justify the administrative burden of making employers account for the Class 1 NICs that would otherwise be due</p>
<b>Rationale for abolishing the relief:</b>	The policy rationale is not valid, as income tax is deducted under special PAYE procedures by the provider of the benefit (and so there is virtually no administrative saving) and in addition that the value is negligible.
<b>Proposed changes and transitional arrangements:</b>	<p>Abolition of this relief can be effected by NICs regulations.</p> <p>Subject to the consultation process, regulations removing the relief could be made in time for the start of the new tax year on 6 April 2012.</p>
<b>Who is likely to be affected?</b>	There will be some impact on the individuals who receive these rewards, their employers and the third parties that pay the rewards. Once the relief is removed, third parties will need to provide to employers details of the rewards being made. Employers will then need to add the value of any reward payment to any other earnings being paid to the employee in the relevant pay period and deduct Class 1 NICs from the aggregate amount.
<b>Impact on businesses / employers:</b>	<p>Sectors affected will mainly be the retail trade, banks and consumer credit organisations.</p> <p>Removing the exemption for reward payments means they will now need to be incorporated into the PAYE processes for employers. HMRC would welcome views and evidence on any associated costs with this change.</p>
<b>Impact on individuals:</b>	HMRC does not hold records on the number or value of these rewards, but removing the exemption will mean that they are chargeable to employee NICs. We would welcome further data on the size and scale of these rewards.
<b>Equalities impact:</b>	Not known at this stage.
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	It has not been possible to estimate the revenue impact due to lack of evidence about the use of the relief. HMRC does not hold records of the number or value of these reward payments. Initial estimates based on credit card fraud estimates in the public domain suggest the exchequer impact will be negligible, but we would welcome further data and information on the number and scale of these reward payments.
<b>Consultation responses sought:</b>	We would welcome evidence on the scale and size of rewards and on how abolishing this relief would impact on the specific business sectors.

**Table A.10: Relief 12**

<b>Relief name &amp; legislative reference</b>	<b>Stamp Duty: Nationalisation Schemes Finance Act 1946 s 52</b>
<b>General description of relief</b>	Transfers of stock and marketable securities to the Crown or a Crown appointed body in connection with a nationalisation scheme are exempt from stamp duty.
<b>Rationale for abolishing the relief:</b>	The Government does not believe it to be necessary to have general provisions standing on the statute book. The Government anticipates that the future need for this relief will be low.
<b>Proposed changes and transitional arrangements:</b>	The exemption will be repealed in Finance Bill 2012, effective from the 6 April 2013.
<b>Who is likely to be affected?</b>	This is a very specific exemption that only applies in particular circumstances, which are directed by government. As a result, we anticipate that the general impact will be nil.
<b>Impact on businesses / employers:</b>	No impact
<b>Impact on individuals:</b>	No impact
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.
<b>Consultation responses sought:</b>	Consultation respondents should inform the Government of any impacts that might result from the abolition of this relief or issues concerning the proposed amendment date.

**Table A.11: Relief 13**

<b>Relief name &amp; legislative reference</b>	<b>Tax Reserve Certificates Corporation Tax Act 2009 s.1283</b>
<b>General description of relief</b>	Tax Reserve Certificates (TRCs) were introduced in 1941 as a mechanism for making payments of tax on account. Interest on TRCs is paid when the certificates are used to settle a tax liability. TRCs have not been issued since the mid-1970s, when they were replaced by Certificates of Tax Deposit. However, TRCs are still used from time to time to settle tax liabilities. The use of TRCs was last reviewed by Tax Law Rewrite for CTA09.
<b>Rationale for abolishing the relief:</b>	As TRCs have not been issued for some time, future need for the relief is expected to be low.  This measure will not prevent holders of TRC from redeeming them. This measure will only affect corporate entities that hold TRC that, on redemption, receive the interest earned up to January 1975.
<b>Proposed changes and transitional arrangements:</b>	In Finance Bill 2012, the Government intends to abolish this relief, with effect from 6 April 2013.
<b>Who is likely to be affected?</b>	We do not anticipate any significant impacts. Businesses that pay corporation tax will become liable to pay corporation tax on interest, earned up to 1975, that is payable when Certificates are redeemed.
<b>Impact on businesses / employers:</b>	Negligible. Only corporate entities will be affected by this measure, to the extent that interest paid on redemption of a TRC will be taxable.
<b>Impact on individuals:</b>	None.
<b>Equalities impact:</b>	This measure will ensure equity for all businesses and individuals so that interest paid on redemption of a TRC will be taxable.
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.
<b>Consultation responses sought:</b>	Consultation respondents should inform the Government of any known or potential future use of this relief.

**Table A.12: Relief 14**

<b>Relief name &amp; legislative reference</b>	<b>Payments for the benefit of family members</b> <b>Income and Corporation Taxes Act 1988 s273; Income Tax (Earnings and Pensions) Act 2003 s609; Income Tax Act 2007 s459</b> <b>[consequential: ITA07 s460, 26(1)(a), 27(5), 423(5)(d), 811(6)(d)]</b>
<b>General description of relief</b>	Individuals may claim income tax relief of up to a maximum of £20 per year where they are required to make provision for their surviving spouse or children by their employer or under an Act of Parliament. But no relief is due under this legislation where income tax relief is given for these purposes under the pensions code.
<b>Rationale for abolishing the relief:</b>	The maximum tax relief available is trivial. Furthermore the policy objectives of this relief have now been superseded by the pensions code, which provides much more generous relief for similar benefits.
<b>Proposed changes and transitional arrangements:</b>	The relief is to be abolished through Finance Bill 2012 with effect from April 2013. The delay will allow time for relief to be removed from PAYE codes and to make arrangements to apply pensions relief instead.
<b>Who is likely to be affected?</b>	Minimal impacts are anticipated as: <ul style="list-style-type: none"> <li>• the value of the relief is so low,</li> <li>• the relief affects few individuals,</li> <li>• withdrawing the relief will not require adjustments to the provisions made by the person claiming the relief, and</li> <li>• because the pensions code already offers greater relief for similar benefits.</li> </ul>
<b>Impact on businesses / employers:</b>	Minimal because so few individuals are affected by the relief. Some individuals may need their employers to arrange for pensions relief to be given under 'net pay' arrangements, instead of claiming their relief through Self Assessment (SA) returns or PAYE codes.
<b>Impact on individuals:</b>	Abolishing the relief would affect about 750 individuals, 600 of those through PAYE codes and the remainder through SA claims.
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities due to minimal amount of this relief and because relief for similar benefits is available under the pensions code.
<b>Other impacts:</b>	None.
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.
<b>Consultation responses sought:</b>	We would welcome views on any particular difficulties that may be encountered in providing relief instead under the Pensions code.

**Table A.13: Relief 15**

<b>Relief name &amp; legislative reference</b>	<b>Class 1A – Exemption for prescribed general earnings Social Security Contributions Regulations 2001: Regulation 40(4) and Paragraph 2(2)(b), Part 8, Schedule 3</b>
<b>General description of relief</b>	No liability to pay Class 1A NICs arises on specified payments that are disregarded in the calculation of an employee's earnings. The specified payments are relocation expenses other than removal expenses to which section 271 ITEPA 2003 refers. The exemption only applies if the employee started work in a new location before 6 April 1998 and the relocation expenses were agreed before that date.
<b>Rationale for abolishing the relief:</b>	The relief is redundant. The exemption only applies to expenses incurred before April 1998, which is more than 13 years ago. Therefore there is no ongoing need to retain this relief.
<b>Proposed changes and transitional arrangements:</b>	Changes will be implemented in the first available National Insurance legislation.
<b>Who is likely to be affected?</b>	This abolition is unlikely to have any significant impacts as the relief is redundant.
<b>Impact on businesses / employers:</b>	We do not expect that the abolition of this relief will affect any businesses.
<b>Impact on individuals:</b>	We do not expect that the abolition of this relief will affect any individuals.
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities as the relief is redundant.
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.
<b>Consultation responses sought:</b>	We would welcome views from interested and affected parties on whether our assumption that the relief is redundant is correct.

**Table A.14: Relief 16**

<b>Relief name &amp; legislative reference</b>	<b>Class 4 NICs – allows deduction in the next tax year of losses incurred in 1989/90 or previous tax year where losses from income other than a trade or profession or vocation: Social Security Contributions Regulations 2001 Sch 2 Para 3</b>
<b>General description of relief</b>	<p>Liability for Class 4 NICs is generally determined on the same amount of profits as is used for income tax, and this allows for certain losses to be deducted in calculating the chargeable amount.</p> <p>For 1989/90 there was a provision that applied for certain losses that arose either to a self-employed person, or their spouse, from income other than that from a trade, profession or vocation to be set off against the amount of profits chargeable to Class 4 NICs.</p> <p>Following the introduction of independent taxation of spouses from 1990/91 (s32 Finance Act 1988), changes were made for 1990/91 onwards so that only the losses of the self employed person (and not their spouse) could be deducted for these purposes. Schedule 2 paragraph 3(3) of the Social Security Contributions &amp; Benefits Act 1992 provided that any losses incurred under the previous rules could be carried forward and used against the Class 4 liability.</p> <p>The relief was a transitional provision and maintained the loss relief determined under previous rules. The loss can be carried forward indefinitely, but must be given against the profits of the earliest year possible.</p>
<b>Rationale for abolishing the relief:</b>	<p>As more than twenty years have elapsed since the latest year in which the relevant losses could have been incurred, the use of this relief is likely to be small; however it may still be relevant in a very small number of cases. The OTS has recommended that the relief should be abolished as the last year in which relevant losses could have been incurred was 1989/90.</p>
<b>Proposed changes and transitional arrangements:</b>	<p>Abolition of this relief will require primary legislation. As a measure on its own, it would not merit a National Insurance Contributions Bill. Therefore abolition of the relief will be taken forward together with other measures that may be included in the next available NICs legislation.</p>
<b>Who is likely to be affected?</b>	<p>We do not anticipate significant impact from the abolition of this relief.</p>
<b>Impact on businesses / employers:</b>	<p>HMRC does not hold records of the relevant self-employed losses from the period. The use of the relief is thought to be minimal, and limited to a very small number of cases.</p> <p>The impact is therefore thought to be negligible.</p>
<b>Impact on individuals:</b>	<p>None</p>
<b>Equalities impact:</b>	<p>We do not expect that there will be any impact on equalities given anticipated negligible impact.</p>
<b>Other impacts:</b>	<p>None</p>
<b>Exchequer impact:</b>	<p>The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.</p>
<b>Consultation responses sought:</b>	<p>HMRC has no data available relating to the numbers of taxpayers impacted by this relief. The administrative burden is considered to be negligible as the relief is likely to be relevant in only a small number of cases. The consultation provides an opportunity to confirm with taxpayers and accountancy bodies that the relief is no longer relevant.</p>

**Table A.15: Relief 17**

<b>Relief name &amp; legislative reference</b>	<b>Deeply discounted expenses - incidental expenses – Income Tax (Trading and Other Income) Act 2005, s.439 and s.455</b>
<b>General description of relief</b>	This allows the discount on deeply discounted securities to be taxed as income tax, (which would otherwise be taxed as capital gains). For securities held before 26 March 2003 incidental expenses are taken into account in computing the profit or loss on such securities, and a loss may be claimed for income tax.
<b>Rationale for abolishing the relief:</b>	The Government believes that this relief will become obsolete once the relevant securities have expired.
<b>Proposed changes and transitional arrangements:</b>	In Finance Bill 2012, the Government intends to legislate a sunset clause for this relief. The relief will become defunct from 2015, in order to allow time for existing securities to expire.
<b>Who is likely to be affected?</b>	Given the significant transitional period proposed, we do not anticipate any significant impacts from abolishing this relief, as the relief will expire once relevant securities have matured.
<b>Impact on businesses / employers:</b>	None
<b>Impact on individuals:</b>	We do not anticipate any significant adverse impacts if the relief is abolished once these securities have expired. Abolishing this relief before all securities have expired would adversely impact those individuals who held this security by enacting a retrospective change to their entitlement.
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.
<b>Consultation responses sought:</b>	The Government is keen to limit the impact of abolishing this relief and, to this end, requests <a href="#">evidence</a> of additional impacts or the length of required transitional arrangements.

**Table A.16: Relief 18**

<b>Relief name &amp; legislative reference</b>	<b>Life assurance premium relief</b> <b>Income and Corporation Tax Act 1988 s266, 268-272, 274, 278, Sch 14; SI 1997/1143; Statutory Instrument 1977/1144; Statutory Instrument 1978/1159; Statutory Instrument 1980/1947; Statutory Instrument 1980/1948; Statutory Instrument 1984/322; Statutory Instrument 1984/323</b>
<b>General description of relief</b>	Income tax relief of 12.5% on regular premiums paid into qualifying life insurance policies issued on or before 13 March 1984 (when the relief for premiums under new policies was abolished). Individuals pay 'net' premiums and insurers claim cost of relief from HMRC.
<b>Rationale for abolishing the relief:</b>	The Government wants more flexibility and simplicity in the savings system. This obsolescent relief requires long and complex legislation although the average amount of tax relief per policy per year is very small. In addition Insurers have previously expressed concern that the administrative burden of operating the relief is disproportionate to the relief given.
<b>Proposed changes and transitional arrangements:</b>	For the relief to be removed through Finance Bill 2012, with an effective abolition date from 6 April 2014. Transitional arrangements will allow a reasonable lead-in time for insurers and policyholders to make necessary adjustments and provisions to ensure that consequential adjustments to policies will not jeopardise Qualifying Policy or Tax Exempt Savings Plan status for continuing policies.
<b>Who is likely to be affected?</b>	There is a range of possible responses to the withdrawal of this relief, with different impacts driven by the various responses. For example: <ul style="list-style-type: none"> <li>• Policyholder benefits to be paid in future may be reduced to reflect the withdrawal of income tax relief claimed by Insurers from HMRC.</li> </ul> Or <ul style="list-style-type: none"> <li>• Policyholders may instead wish to increase the premiums they pay into policies eligible for LAPR in order to preserve the amount of benefits payable from the policies.</li> </ul>
<b>Impact on businesses / employers:</b>	Around 70 insurers make claims to HMRC each year.  Insurers will need to communicate with their policyholders and may need to make consequential changes to a number of policies and to their internal systems.
<b>Impact on individuals:</b>	Up to 1.5 million individuals may be affected by the loss of income tax relief from about 1.5 million policies, averaging around £14 per policy per year.
<b>Equalities impact:</b>	This change will only affect individuals who have made payments to these policies for at least 26 years. The change is therefore more likely to impact older individuals but in so far as there may be adverse outcomes, the average impact for each individual will be minimal.
<b>Other impacts:</b>	None.
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We estimate that in 2010-2011 removal of this relief would have increased receipts by £18m (projected to decrease by around 13% per year).

<b>Consultation responses sought:</b>	<p>We would welcome representation from interested and affected parties on the following questions:</p> <p>Does abolition with effect from April 2013 allow enough time for insurers and policyholders to adjust to the abolition? If not, why not?</p> <p>What approaches to withdrawing the relief might be applied other than reducing benefits or increasing premiums, e.g. allowing policies to become 'paid-up' or surrendered?</p> <p>What difficulties does withdrawing the relief create for policies to retain Qualifying Policy and/or Tax Exempt Savings Plan status e.g. the impact of changing benefits and/or premiums or the impact of changing policy terms?</p>
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**Table A.17: Relief 19**

<b>Relief name &amp; legislative reference</b>	<b>Life assurance premiums paid by employers under E-FRBS Income and Corporation Tax Act 1988 s266A</b>
<b>General description of relief</b>	This relief extends the life assurance premium relief scheme abolished in 1984 to individuals whose employers made payments into an employer-financed retirement benefits scheme ("E-FRBS"). It provides income tax relief of 12.5% on a maximum premium payment of £100 paid by an employer into an E-FRBS to provide an employee (or their spouse, widow(er), children or dependents) with death or retirement benefits.
<b>Rationale for abolishing the relief:</b>	<p>This relief only applies to payments made under a policy issued on or before 13 March 1984, where the payments are being made in respect of an individual employed before that date who continues to be employed by the same company.</p> <p>It is unlikely that many, if any, individuals are still eligible for the relief which is limited to £12.50 per person per year. The relief is effectively obsolete and, as with Life Assurance Premium Relief, should be abolished.</p>
<b>Proposed changes and transitional arrangements:</b>	For the relief to be removed through Finance Bill 2012 with the relief being withdrawn from April 2014. The Government intends to legislate to this timescale to allow a reasonable time for any affected employers and their employees to make any necessary adjustments.
<b>Who is likely to be affected?</b>	We do not anticipate that the removal of this relief will have significant impacts.
<b>Impact on businesses / employers:</b>	None as we believe that there are no longer any employers who make payments that would meet the requirements for the relief.
<b>Impact on individuals:</b>	None as we believe that there are no longer any employees who meet the requirements for the relief.
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities as the relief is effectively obsolete.
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.
<b>Consultation responses sought:</b>	<p>We would welcome representations from interested and affected parties on the following questions:</p> <p>Will abolition cause any difficulties for employers who still have employees who were employed prior to 14 March 1984 and where the employer continues to make payments on their behalf to an E-FRBS?</p> <p>Does abolition from April 2013 allow enough time for employers to identify affected employees and make any necessary adjustments?</p>

**Table A.18: Relief 20**

<b>Relief name &amp; legislative reference</b>	<b>Capital Allowances: Flats Conversion Allowances Capital Allowances Act 2001 Part 4A</b>
<b>General description of relief and objective</b>	This scheme provides 100% capital allowances for the conversion or renovation of empty or underused space above shops and other commercial premises to residential use. The flats must be available for short-term letting. Flat Conversion Allowances (FCAs) are not available if the flats are of high value or the property in which they are situated was built after 1980. This was one of a package of regeneration measures, introduced in 2001, in response to the recommendations of the Urban Task Force. The objective was to increase the number of affordable residential properties available to let.
<b>Rationale for abolishing the relief:</b>	In 2005 it was estimated that around 1,000 businesses may have claimed the relief since its introduction and, in general, take-up seems to have been much lower than had been anticipated, suggesting that the relief has been unsuccessful in achieving its policy objectives to any significant extent. The relatively marginal role of the scheme does not justify continuing to operate the regime.
<b>Proposed changes and transitional arrangements:</b>	Proposal for consultation is to introduce legislation in FB 2012 to withdraw the relief for to expenditure incurred on or after 1 April 2013 for Corporation Tax (CT) purposes, or on or after 6 April 2013, for Income Tax purposes.
<b>Who is likely to be affected?</b>	We anticipate minimal impacts from the abolition of this relief.
<b>Impact on businesses / employers:</b>	May have impacts on property investment businesses. However, based on take-up figures, very few of these appear to have taken advantage of the relief. Consequently abolition is likely to have a low impact on this group. Abolition would reduce admin burdens on business and would reduce taxpayers' need for an accountant or agents. A 2006 evaluation found that 69% of FCA claims were made by an accountant.
<b>Impact on individuals:</b>	Minimal impact is anticipated on the supply of rental accommodation.
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities.
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.
<b>Consultation responses sought:</b>	Comments are invited from interested and affected parties on the impacts of withdrawing the relief.

**Table A.19: Relief 21**

<b>Relief name &amp; legislative reference</b>	<b>Capital Allowances: Safety at sports grounds Capital Allowances Act 2001 sch30 - sch32</b>
<b>General description of relief and objective</b>	<p>Plant and machinery allowances are not ordinarily available for expenditure incurred on buildings or structures. This relief gives allowances in respect of certain expenditure incurred to make particular safety improvements required by local authorities) in respect of existing: sports grounds with a capacity of over 10,000 (5,000 for football clubs); covered stands that can seat over 500 spectators, or non-seated stands of under 500.</p> <p>Capital allowances for sports grounds were originally introduced in 1975, and later widened following various government inquiries into sports ground safety. The aim was to provide relief for substantial, unanticipated costs in respect of safety requirements imposed on the operators of pre-existing sports grounds under the Safety at Sports Grounds Act 1975 and Fire Safety and Safety of Places of Sports Act 1987.</p>
<b>Rationale for abolishing the relief:</b>	The relief's original purpose has been met, as the stock of existing sports grounds should have been brought up to the standards appropriate for their size and use. The relief does not apply to the construction of new stadia, which should be designed from the outset to comply with all relevant safety standards.
<b>Proposed changes and transitional arrangements:</b>	Proposal for consultation is to introduce legislation in FB2012 to withdraw the relief for expenditure incurred on or after 1 April 2013 for companies, and on or after 6 April 2013 for any unincorporated operators.
<b>Who is likely to be affected?</b>	Currently, we do not anticipate significant impacts from abolishing this relief. However, potential impacts could arise if particular sports grounds become subject to additional safety requirements.
<b>Impact on businesses / employers:</b>	There is a potential impact on operators whose sports grounds become subject to additional safety requirements, if those grounds do not already meet those requirements. For example, it is possible that a football club promoted to the League for the first time, that decides to increase the capacity of its ground, using its existing stands, could be required to carry out safety improvements, which will no longer qualify for relief. In such cases alternative support may be available to help football league clubs make improvements to their grounds, e.g. from the Football Foundation of £750,000 <sup>4</sup> per club. There will be no impact on the construction of new stadia as the relief is not available for such expenditure.
<b>Impact on individuals:</b>	No impact on individuals, other than the potential impact on unincorporated businesses operating sports grounds.
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities. This relief applies to safety, it does not apply to any improvements that may be required for other purposes, e.g. in order to comply with the Disabilities Discrimination Act
<b>Other impacts:</b>	<p>The relief is predicated on local authorities requiring owners of qualifying stadia to carry out safety improvements. The compliance model for safety at sports grounds is shifting away from local authorities specifying detailed requirements towards self assessment by sports clubs. Abolition of the relief will facilitate this shift.</p> <p>Abolition will reduce HMRC compliance costs (as the relief has been subject to some attempted claims for non qualifying expenditure).</p>
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.

<sup>4</sup> <http://www.footballfoundation.org.uk/apply/football-stadia-improvement-fund-grant/grant-limits/>

<b>Consultation responses sought:</b>	Comments from interested and affected parties on the impact of withdrawing the relief.
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**Table A.20: Relief 22**

<b>Relief name &amp; legislative reference</b>	<b>Stamp Duty: Certain leases granted to registered social landlords Finance Act 2003, s128</b>
<b>General description of relief</b>	<p>This provision provides relief from stamp duty on certain leases granted by registered social landlords under agreements to house the homeless temporarily. The relief applies to agreements with housing authorities, who have a statutory obligation to provide such accommodation.</p> <p>The relief was introduced to encourage social landlords to enter into such agreements.</p>
<b>Rationale for abolishing the relief:</b>	<p>This relief is being abolished as it now only applies to contracts entered into before 10 July 2003 but not yet completed. 10 July 2003 is the 'relevant date' prescribed for this purpose in the commencement and transitional provisions for the introduction of Stamp Duty Land Tax (SDLT).</p> <p>Relief from SDLT on such transfers is provided for by FA 2003, Schedule 3, paragraph 2.</p>
<b>Proposed changes and transitional arrangements:</b>	<p>The Government intends to include provisions in Finance Bill 2012 to repeal this relief with effect from 6 April 2013.</p> <p>HMRC do not expect there to be any outstanding claims for this relief as it is unlikely that such contracts would not have been completed at the time. However, any contracts that have not yet been completed and on which a claim under section 128 is to be made must be completed and the document submitted to HMRC for stamping by 6 April 2013.</p>
<b>Who is likely to be affected?</b>	As this relief is very narrowly targeted and HMRC do not expect there to be any outstanding claims its withdrawal is not expected to have any general impact.
<b>Impact on businesses / employers:</b>	No impact.
<b>Impact on individuals:</b>	We do not anticipate any individuals being affected by this change as it is not expected that there will be any outstanding claims for this relief.
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.
<b>Consultation responses sought:</b>	As this relief is very narrowly targeted and HMRC do not expect there to be any outstanding claims its withdrawal is not expected to have any general impact. However, if it is thought that there will be a wider impact, we would welcome comments and evidence on who might be affected and how.

**Table A.21: Relief 23**

<b>Relief name &amp; legislative reference</b>	<b>Stamp Duty: Disadvantaged areas relief Finance Act 2001, s91 &amp; Sch 30</b>
<b>General description of relief</b>	A higher threshold of £150,000 applies to residential purchases in around 2,000 qualifying areas designated as 'disadvantaged'.  The relief was designed to support the [previous] Government's objective to regenerate the UK's most disadvantaged areas by attracting buyers to the areas.
<b>Rationale for abolishing the relief:</b>	This relief is being abolished as it now only applies to contracts entered into before 10 July 2003 but not yet completed. 10 July 2003 is the 'relevant date' prescribed for this purpose in the commencement and transitional provisions for the introduction of SDLT.  Relief from SDLT on such transfers is provided for by FA 2003, section 57 and Schedule 6.
<b>Proposed changes and transitional arrangements:</b>	The Government intends to include provisions in Finance Bill 2012 to repeal this relief with effect from 6 April 2013.  HMRC do not expect there to be any outstanding claims for this relief as it is very unlikely that such contracts would not have been completed at the time. However, any contracts that have not yet been completed and on which a claim under section 91 and schedule 30 is to be made must be completed and the document submitted to HMRC for stamping by 6 April 2013.
<b>Who is likely to be affected?</b>	As HMRC do not expect there to be any outstanding claims for this relief its withdrawal is not expected to have any general impact.
<b>Impact on businesses / employers:</b>	No impact.
<b>Impact on individuals:</b>	We do not anticipate any individuals being affected by this change as it is not expected that there will be any outstanding claims for this relief.
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities due to limited application of this relief.
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.
<b>Consultation responses sought:</b>	As there are not expected to be any outstanding claims for this relief its withdrawal is not expected to have any general impact. However, if it is thought that there will be a wider impact, we would welcome comments and evidence on who might be affected and how.

**Table A.22: Relief 24**

<b>Relief name &amp; legislative reference</b>	<b>Stamp Duty: Exempt Instruments Regulations Finance Act 1985, s87(2); SI 1987/516</b>
<b>General description of relief</b>	The Regulations exempt from charge instruments that would otherwise be chargeable with a fixed duty of £5, provided the instrument is certified as set out in the Regulations.  The exemption was introduced to reduce administrative burdens, for both taxpayers and HMRC.
<b>Rationale for abolishing the relief:</b>	Fixed stamp duty charges were abolished in March 2008. As a result, the exemption has no current application.
<b>Proposed changes and transitional arrangements:</b>	The Government intends to include provisions in Finance Bill 2012 to repeal this exemption with effect from 6 April 2013.
<b>Who is likely to be affected?</b>	As this exemption has no current application we anticipate that the impact of its abolition is nil.
<b>Impact on businesses / employers:</b>	No impact
<b>Impact on individuals:</b>	No impact
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.
<b>Consultation responses sought:</b>	Consultation respondents should inform the Government of any impacts that might result from the abolition of this relief or issues concerning the proposed amendment date.

**Table A.23: Relief 25**

<b>Relief name &amp; legislative reference</b>	<b>Stamp Duty: Partial relief for company acquisitions Finance Act 1986, s76</b>
<b>General description of relief</b>	<p>A reduced rate of stamp duty of 0.5% applies where a company acquires the whole or part of an undertaking or another company, provided that certain conditions are met.</p> <p>Broadly the conditions are that:</p> <ul style="list-style-type: none"> <li>• the consideration consists of or includes the issue of non-redeemable shares in the acquiring company to the target company or to all of its shareholders, and</li> <li>• the only other element of consideration is cash not exceeding 10% of the nominal value of those shares or the assumption or discharge by the acquiring company of liabilities of the target company, or both.</li> </ul> <p>Since the introduction of Stamp Duty Land Tax (SDLT) in 2003 this relief is only applicable for transfers of shares.</p>
<b>Rationale for abolishing the relief:</b>	<p>As the current stamp duty rate for transfers of shares is 0.5%, the relief has no current application.</p> <p>There is a separate SDLT relief in FA 2003, Sch 7, para 8 for transfers of land which take place as part of a company acquisition.</p>
<b>Proposed changes and transitional arrangements:</b>	<p>The Government intends to include provisions in Finance Bill 2012 to repeal this relief with effect from 6 April 2013.</p> <p>We are not aware of any outstanding documents for which this relief would be relevant, but propose requiring that any outstanding documents, where the conditions for relief have been met, but the transfer document has not yet been submitted to HMRC for stamping, are presented to HMRC together with any stamp duty due, no later than 06 April 2013.</p>
<b>Who is likely to be affected?</b>	As this relief has no current practical application we anticipate that the impact of its abolition would be nil.
<b>Impact on businesses / employers:</b>	None
<b>Impact on individuals:</b>	None
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.
<b>Consultation responses sought:</b>	Consultation respondents should inform the Government of any impacts that might result from the abolition of this relief or issues concerning the proposed amendment date.

**Table A.24: Relief 26**

<b>Relief name &amp; legislative reference</b>	<b>Stamp Duty: Shared ownership transactions Finance Act 1980 s97: FA 1981 s108</b>
<b>General description of relief</b>	<p>Shared ownership schemes allow individuals to purchase a share in residential property, with the option to buy further shares and, if desired, eventually owning 100% of the property. Such schemes are normally run by local housing authorities or housing associations.</p> <p>Rather than pay stamp duty under the normal rules, each time a proportion of the property is purchased, this provision allows stamp duty to be paid once only on the market value of the freehold or the ultimate leasehold interest which may be acquired.</p>
<b>Rationale for abolishing the relief:</b>	<p>This relief is being abolished as it now only applies to contracts entered into before 10 July 2003 but not yet completed. 10 July 2003 is the 'relevant date' prescribed for this purpose in the commencement and transitional provisions for the introduction of SDLT.</p> <p>Relief from SDLT on such transfers in provided for by FA 2003, Schedule 9.</p>
<b>Proposed changes and transitional arrangements:</b>	<p>The Government intends to include provisions in Finance Bill 2012 to repeal this relief with effect from 6 April 2013.</p> <p>HMRC do not expect there to be any outstanding claims for this relief as it is unlikely that such contracts would not have been completed at the time. However, any contracts that have not yet been completed and on which a claim under section 97 is to be made must be completed and the document submitted to HMRC for stamping, together with the stamp duty due, by 6 April 2013.</p>
<b>Who is likely to be affected?</b>	As HMRC do not expect there to be any outstanding claims for this relief its withdrawal is not expected to have any general impact.
<b>Impact on businesses / employers:</b>	No impact, as relief only applies to residential property purchased by individuals.
<b>Impact on individuals:</b>	We do not anticipate any individuals being affected by this change as it is not expected that there will be any outstanding claims for this relief.
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities.
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.
<b>Consultation responses sought:</b>	HMRC do not expect there to be any outstanding claims for this relief, therefore its abolition is not expected to have any general impact. However, if it is thought that there will be a wider impact, we would welcome comments and evidence on who might be affected and how.

**Table A.25: Relief 27**

<b>Relief name &amp; legislative reference</b>	<b>Stamp Duty: Transfers to registered social landlords Finance Act 2000, s130</b>
<b>General description of relief</b>	<p>This relief applies to acquisitions of land by registered social landlords where:</p> <ul style="list-style-type: none"> <li>• the landlord is controlled by its tenants;</li> <li>• the vendor is a central or local government body or social housing provider; or</li> <li>• the transfer is funded by the assistance of a public subsidy.</li> </ul> <p>The relief was introduced to encourage the provision of social housing.</p>
<b>Rationale for abolishing the relief:</b>	<p>This relief is being abolished as it now only applies to contracts entered into before 10 July 2003 but not yet completed. 10 July 2003 is the 'relevant date' prescribed for this purpose in the commencement and transitional provisions for the introduction of SDLT.</p> <p>Relief from SDLT on such transfers is provided for by FA 2003, s71.</p>
<b>Proposed changes and transitional arrangements:</b>	<p>The Government intends to include provisions in Finance Bill 2012 to repeal this relief with effect from 6 April 2013.</p> <p>HMRC do not expect there to be any outstanding claims for this relief as it is unlikely that such contracts would not have been completed at the time. However, any contracts that have not yet been completed and on which a claim under section 130 is to be made must be completed and the document submitted to HMRC for stamping by 6 April 2013.</p>
<b>Who is likely to be affected?</b>	As this relief is very narrowly targeted and HMRC do not expect there to be any outstanding claims its withdrawal is not expected to have any general impact.
<b>Impact on businesses / employers:</b>	None, as it is not expected that there to be any outstanding claims for the relief. Abolition will only affect registered social landlords.
<b>Impact on individuals:</b>	No impact
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.
<b>Consultation responses sought:</b>	As this relief is very narrowly targeted and HMRC do not expect there to be any outstanding claims its withdrawal is not expected to have any general impact. However, if it is thought that there will be a wider impact, we would welcome comments and evidence on who might be affected and how.

**Table A.26: Relief 28**

<b>Relief name &amp; legislative reference</b>	<b>Stamp Duty: Visiting forces and allied headquarters Finance Act 1960 s74</b>
<b>General description of relief</b>	<p>The UK is required to grant certain exemptions to visiting armed forces under Status of Forces Agreements (NATO &amp; EU).</p> <p>The legislation provides an exemption from stamp duty for transfers [of land] made with a view to building or enlarging barracks or camps, or to facilitating the training in the UK, or to promoting the health or efficiency of a visiting force of a designated country. Exemption is also provided for land to be used as designated allied headquarters.</p>
<b>Rationale for abolishing the relief:</b>	<p>This exemption is being abolished as it now only applies to contracts entered into before 10 July 2003 but not yet completed. 10 July 2003 is the 'relevant date' prescribed for this purpose in the commencement and transitional provisions for the introduction of SDLT.</p> <p>Relief from SDLT on such transfers is provided for by FA1960, s74A.</p>
<b>Proposed changes and transitional arrangements:</b>	The Government intends to include provisions in Finance Bill 2012 to repeal this exemption with effect from 6 April 2013.
<b>Who is likely to be affected?</b>	As this exemption is very narrowly targeted its abolition is not expected to have any general impact.
<b>Impact on businesses / employers:</b>	No impact
<b>Impact on individuals:</b>	No impact
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities.
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.
<b>Consultation responses sought:</b>	As this exemption is very narrowly targeted its abolition is not expected to have any general impact. However, if it is thought that there will be a wider impact, we would welcome comments and evidence on who might be affected and how.

**Table A.27: Relief 29**

<b>Relief name &amp; legislative reference</b>	<b>Stamp Duty Land Tax: Disadvantaged areas relief Finance Act 2003, s57, Sch 6 &amp; Sch 15 para 26; Statutory Instrument 2001/3747</b>
<b>General description of relief</b>	A higher threshold of £150,000 applies to residential purchases in around 2,000 qualifying areas designated as 'disadvantaged'. Relief is currently only available for purchases between £125,001 and £150,000  The relief was designed to support the regeneration of the UK's most disadvantaged areas by attracting buyers to these areas.
<b>Rationale for abolishing the relief:</b>	This relief is being abolished as it no longer meets its policy objective. There is little evidence that the availability of the relief is a major factor in purchasing decisions. The qualifying areas for the relief are based on outdated indices of deprivation, compiled in 1998 and 1991, which are unlikely to/do not reflect the current indices.
<b>Proposed changes and transitional arrangements:</b>	The Government intends to include provisions in Finance Bill 2012 to repeal this relief with effect from 6 April 2013.  The relief will no longer apply for any land transaction with an effective date on or after 6 April 2013.
<b>Who is likely to be affected?</b>	The abolition of this relief will affect approximately 30,000 persons annually, whose house purchases will be brought into the SDLT charge.
<b>Impact on businesses / employers:</b>	Very few businesses are expected to be affected as the relief is only available for purchases of residential properties where purchasers are predominantly individuals.  No specific sectors will be impacted.  Negligible.
<b>Impact on individuals:</b>	Approx 30,000 individuals annually will be affected by this change. Tax cost to each individual will be between £1,250 and £1,500. Administration costs negligible.
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities.
<b>Other impacts:</b>	Due to the low level of claims for this relief its abolition is not expected to have a significant impact on any particular region.
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to increase receipts by around £40m per year.
<b>Consultation responses sought:</b>	Although HMRC/HMT have seen little evidence that the availability of this relief is a major factor in purchasing decisions, we would welcome any evidence that exists to support the fact that it is a deciding factor and that its availability has contributed to the regeneration of the areas in which it is available.

**Table A.28: Relief 30**

<b>Relief name &amp; legislative reference</b>	<b>Angostura Bitters: Alcoholic Liquor Duties Act 1979 s1(7)</b>
<b>General description of relief</b>	An exemption from excise duty on the importation of Angostura Bitters (a type of natural flavouring).
<b>Rationale for abolishing the relief:</b>	The current exemption is unfair because it applies to only one brand of “bitters” rather than all similar products.
<b>Proposed changes and transitional arrangements:</b>	The Government intends to repeal the legislation for this relief in the Finance Bill 2012. The exemption for Angostura Bitters will no longer apply from 1 Apr 2013.
<b>Who is likely to be affected?</b>	Angostura Bitters production is relatively limited (around 240,000 bottles per year for the UK) and its use as a low volume ingredient to cocktails and food mean overall impacts are likely to be small.
<b>Impact on businesses / employers:</b>	<p>There will be a negative impact on the single maker of Angostura Bitters located in Trinidad and Tobago.</p> <p>The product would need to be imported directly into an excise warehouse and this could impose additional costs to importers.</p> <p>Shipments would need to be documented on the Electronic Movement Control System and this could create an addition administrative burden.</p>
<b>Impact on individuals:</b>	Consumers of Angostura Bitters will face increased costs. If changes to the duty treatment are passed through in to price then a bottle of Bitters could increase in price by about £2.28.
<b>Equalities impact:</b>	There is no evidence available to suggest that removing the exemption will impact on any specific group disproportionately.
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.
<b>Consultation responses sought:</b>	Responses to the consultation should provide further evidence about the impacts of the removal of the exemption.

**Table A.29: Relief 31**

<b>Relief name &amp; legislative reference</b>	<b>Black Beer: Alcoholic Liquor Duties Act 1979 s1 (3)(a)</b>
<b>General description of relief</b>	This is an exemption from excise duty for a fermented beverage made from malt and molasses (often without hops). The exemption is in part due to historic belief that Black Beer has medicinal and nutritional properties.
<b>Rationale for abolishing the relief:</b>	Black Beer is generally of high alcoholic strength (around 8.5% abv) and so can no longer be considered a "health" product.
<b>Proposed changes and transitional arrangements:</b>	The Government intends to repeal the legislation for this relief in the Finance Bill 2012. The exemption for Black Beer will no longer apply from 1 Apr 2013.
<b>Who is likely to be affected?</b>	Black Beer represents a very small proportion of the market for beer (around 35,000 bottles are produced annually) meaning the impacts are likely to be limited.
<b>Impact on businesses / employers:</b>	The removal of the tax relief will impact on the single domestic brewer of Black Beer located in Huddersfield.  There will also be a negative impact on importers that currently import or intend to import Black Beers.
<b>Impact on individuals:</b>	Consumers of Black Beer may face increased costs. If changes to the duty treatment are passed through in to price then a bottle of Black Beer could increase in price by about £1.61.
<b>Equalities impact:</b>	There is no evidence available to suggest that removing the exemption will impact on any specific group disproportionately.
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have a negligible impact on receipts.
<b>Consultation responses sought:</b>	Responses to the consultation should provide further evidence about the impacts of the removal of the exemption.

**Table A.30: Relief 32**

<b>Relief name &amp; legislative reference</b>	<b>Land Remediation Relief: Corporation Tax Act 2009 Part 14</b>
<b>General description of relief</b>	<p>This relief from corporation tax covers qualifying expenditure (both capital and revenue) incurred by companies in cleaning up land in the UK acquired from third parties in a contaminated state.</p> <p>The relief is, subject to certain conditions being met, a deduction of 100% plus an additional 50% of qualifying expenditure.</p> <p>Land is contaminated if, as a result of industrial activity, there is contamination present that causes or could cause “relevant harm” (i.e. significant adverse impact on the health of humans or animals or damage to buildings that would impact on the way that the building is used). The 2009 extension to derelict land covers land that is not in productive use and cannot be put into productive use until buildings or other structures are removed. The 2009 amendments to the relief also included provisions that are narrowly circumscribed and cover removing contamination from radon, naturally occurring arsenic and Japanese knotweed.</p> <p>The policy intention underlying the relief is to address a market failure by giving enhanced relief to developers to bring back into use land that has been contaminated by previous industrial use that would otherwise remain unused, or land on which there are derelict structures that are so expensive to remove that the land has become long term derelict land.</p>
<b>Rationale for abolishing the relief:</b>	<p>The Government proposes to abolish the relief as it has failed to deliver its policy objective. The perceived market failure has not existed in every case as the remedial work would have been done irrespective of the availability of the relief and some sites remain undeveloped as they are in the “wrong place”.</p> <p>In addition when land is acquired for development, there is usually an element of decontamination as part of the site preparation. As this would have taken place in any event, it is clear that the relief does not always influence behaviour but in many cases is seen as a tax bonus for work that would have been done anyway.</p>
<b>Proposed changes and transitional arrangements:</b>	<p>In Finance Bill 2012, the Government intends to legislate so that relief will not be available for expenditure incurred on or after 1 April 2012.</p> <p>For expenditure incurred before 1 April 2012, a company will continue to be able to claim Land Remediation Relief for revenue expenditure in the accounting period where the expenditure is deducted in calculating the profits in accordance with generally accepted accounting practice, subject to the condition that to qualify, the work must have been completed by 1 April 2017.</p> <p>After abolition, this expenditure will still qualify under the normal rules for 100% relief against profits when the development is sold. It is only the uplift which is being dispensed with.</p>
<b>Who is likely to be affected?</b>	<p>We anticipate some moderate impact on costs of companies in the construction, real estate and business services sectors, which is unlikely to affect the scope of their development activities</p>
<b>Impact on businesses / employers:</b>	<p>Around 1300 companies a year claim the relief.</p> <p>Around half the claims and two thirds of the cost fall into the construction, real estate and business services sectors</p> <p>The exchequer cost of the relief is around £40m a year</p>

<b>Impact on individuals:</b>	The relief is only available to companies
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities
<b>Other impacts:</b>	The relief is available to companies of all sizes and sectors
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to increase receipts by around £40m per year.
<b>Consultation responses sought:</b>	Transitional arrangements need to take account of the nature, timescales and planning implications of the projects involved

**Table A.31: Relief 33**

<b>Relief name &amp; legislative reference</b>	<b>Mis-sold personal pensions – Finance Act 1996, s.148</b>
<b>General description of relief</b>	Introduced in 1996, this provision gives relief from both income tax and capital gains tax (CGT) on compensation payments made in connection with pensions mis-sold between 1988 and 1994.
<b>Rationale for abolishing the relief:</b>	The relief is no longer required once all relevant compensation payments have been made.
<b>Proposed changes and transitional arrangements:</b>	<p>The Government intends to abolish these reliefs if suitable transitional arrangements can be made to minimise the impact of doing so.</p> <p>The current proposal is to introduce legislation in Finance Bill 2012 to abolish these reliefs after a suitable period for outstanding cases to be settled and compensation paid. This consultation period will be used to determine the appropriate length of transitional arrangements, currently envisaged at 5+ years.</p>
<b>Who is likely to be affected?</b>	Persons entitled to compensation may become liable for income tax or CGT if any compensation is received after the relief is repealed, depending on the facts of individual cases.
<b>Impact on businesses / employers:</b>	<p>There may be a small impact if there are still outstanding cases for which compensation is still required. Compensation may have to be increased to take account of any tax liability.</p> <p>Potential interaction with pension scheme rules may increase the administration burden on pension providers.</p>
<b>Impact on individuals:</b>	<p>The number of individuals who have yet to receive compensation is not known. Some advisers may have provided a guarantee to review the application for compensation when the pension holder reaches retirement – and only then make good any financial loss suffered.</p> <p>There could also be additional tax liability and/or administration burden for taxpayers and HMRC where compensation is put back into a pension pot, given new rules limiting the relief available on pension contributions.</p>
<b>Equalities impact:</b>	This will impact on personal pension holders, and likely those reaching a retirement age.
<b>Other impacts:</b>	None known at this time
<b>Exchequer impact:</b>	It has not been possible to estimate the revenue impact of this removal due to lack of evidence about the use of the relief.
<b>Consultation responses sought:</b>	<p>The Government seeks representations as to a suitable arrangement to abolish the scheme. In particular, the Government seeks views on the appropriate length of any ‘sunset clause’ for open cases to be resolved.</p> <p>Consultation responses should indicate whether claims are still live, and an estimation of when the compensation case will be resolved. In particular, we would like to hear from pension administrators, financial advisers and insurers as to whether they consider the relief current.</p>

**Table A.32: Reliefs 34, 35 and 36**

<b>Relief name &amp; legislative reference</b>	<b>1)Harbour authorities and 2) Harbour reorganisation schemes 3) Stamp Duty: Transfers in relation to harbour reorganisation schemes 1) Section 221 Taxation of Chargeable Gains Act 1992 &amp; 2) Sections 991 to 995 Corporation Tax Act 2010. 3) FA 1966 s45</b>
<b>General description of relief</b>	<p>These are specific pieces of legislation which address the tax consequences of statutory reconstruction schemes involving the creation and operation of a Harbour Authority. They provide that where the trade or part of the trade of a company is transferred to a Harbour Authority under a certified harbour reorganisation scheme which also provides for the company to be dissolved:</p> <ol style="list-style-type: none"> <li>1. Any assets transferred from the company to the Authority are treated as being transferred for a value that creates neither a gain nor a loss for the transferor, and</li> <li>2. Any capital allowances, allowable capital losses or unused trading losses of the transferor company's trade are available to the Authority.</li> <li>3. No stamp duty is chargeable on documents transferring stock or marketable securities to the Authority.</li> </ol> <p>The ownership of the general policy for Harbour Authorities lies with the Department for Transport.</p>
<b>Rationale for abolishing the relief:</b>	The Government does not believe it to be necessary to have these provisions standing on the statute book, as an Act of Parliament is required for each formal harbour reorganisation and the provisions could be replicated within these acts. The Government anticipates that the future need for these reliefs will be low.
<b>Proposed changes and transitional arrangements:</b>	The Government intends to include provisions in Finance Bill 2012 to repeal these reliefs with effect from 6 April 2013.
<b>Who is likely to be affected?</b>	Very few stakeholders are potentially affected, and future need for these reliefs is unknown, but likely to be low. Minimal reaction expected.
<b>Impact on businesses / employers:</b>	If a reorganisation were to take place an Act of Parliament would be required, and the provisions could be replicated within these acts such that the impact is nil.
<b>Impact on individuals:</b>	None
<b>Equalities impact:</b>	We do not expect that there will be any impact on equalities
<b>Other impacts:</b>	None
<b>Exchequer impact:</b>	The Exchequer impact of abolishing this relief will be confirmed at a future Budget. We expect it to have no impact on receipts.
<b>Consultation responses sought:</b>	Consultation respondents should inform the Government of any impacts that might result from the abolition of these reliefs or issues concerning the proposed amendment date.

## HM Treasury contacts

This document can be found in full on our website at:  
[hm-treasury.gov.uk](http://hm-treasury.gov.uk)

If you require this information in another language, format or have general enquiries about HM Treasury and its work, contact:

Correspondence Team  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

Tel: 020 7270 4558

Fax: 020 7270 4861

E-mail: [public.enquiries@hm-treasury.gov.uk](mailto:public.enquiries@hm-treasury.gov.uk)

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