

# **The Skipton Fund Limited (Application of Sections 731, 733 and 734 of the Income Tax (Trading and Other Income) Act 2005) Order 2011 (SI 2011/1157)**

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## **Who is likely to be affected?**

Individuals who were infected with hepatitis C from NHS blood transfusions and blood products.

## **General description of the measure**

The Order will exempt from income tax regular payments from the Skipton Fund to infected individuals.

## **Policy objective**

To provide financial support to people who were infected with hepatitis C from NHS blood transfusions and blood products.

## **Background to the measure**

Following Lord Archer's 2009 independent Inquiry the previous government introduced ex gratia tax free payments of £12,800 a year to individuals infected with HIV as a result of NHS treatment with contaminated blood and blood products.

On April 1 2010 the MFET Limited (Application of Sections 731, 733 and 734 of the Income Tax (Trading and Other Income) Act 2005) Order 2010 came into force, exempting the payments of £12,800 to those infected with HIV from income tax.

In October 2010, the Minister for Public Health, Anne Milton MP, announced a review into financial and other support for individuals infected by contaminated blood with the aim of reducing some of the differences between the schemes for individuals with hepatitis C and HIV.

On 10 January 2011 on conclusion of the review the Secretary of State for Health, Andrew Lansley MP, announced changes to the financial support schemes for those infected with HIV and hepatitis C as a result of NHS treatment with contaminated blood and blood products. As a devolved matter the changes only covered support provided to individuals who were treated with NHS blood, blood products or tissue in England.

The announcement included the introduction of an annual payment of £12,800 for those individuals with the most serious hepatitis C related disease from NHS blood transfusions and blood products, in line with payments received by people infected with HIV.

## **Detailed proposal**

### **Operative date**

The Order was laid before Parliament on 27 April 2011 and comes into force on 18 May 2011.

## Current law

Section 683 of the Income Tax (Trading and Other Income Act) 2005 charges income tax on annual payments not otherwise charged to tax. In the absence of a specific exemption, the periodical payments of £12,800 (as uprated in line with the consumer prices index) would therefore be taxable.

## Proposed revisions

The law will be changed by secondary legislation.

The Order will apply sections 731, 733 and 744 of the Income Tax (Trading and Other Income) Act 2005 to these periodical payments so that no liability to income tax arises for recipients.

## Summary of impacts

Exchequer impact (£m)	2011-12	2012-13	2013-14	2014-15	2015-16
		negligible	negligible	negligible	negligible
<b>Economic impact</b>	This measure is not expected to have any significant economic impacts.				
<b>Impact on individuals and households</b>	Regular payments of £12,800, uprated in line with the consumer prices index, will be made to an estimated 736 beneficiaries.  The exemption from income tax on these payments will affect all recipients to the extent that the amounts received are not covered by the individual's income tax personal allowance. There will be no ongoing compliance costs as a result of the income tax relief for recipients.				
<b>Equalities impacts</b>	The legislative change will have an impact on disabled people and their carers only. By increasing the amount of financial support there will be a positive impact on people infected with hepatitis C by NHS blood transfusions and blood products and on their carers. The exemption of these payments from income tax will put the individuals infected with hepatitis C on the same footing as those infected with HIV.				
<b>Impact on business including civil society organisations</b>	No impact on business costs. This change will only affect individuals infected with hepatitis C not businesses.				
<b>Operational impact (£m) (HMRC or other)</b>	There are no implementation costs to HMRC.				
<b>Other impacts</b>	The legislative change will have a positive impact on the wellbeing of recipients. There will be no other foreseeable impacts.				

## **Monitoring and evaluation**

The policy may be kept under review through communication with taxpayer groups affected by the measure.

## **Further advice**

If you have any questions about this change, please contact Judith Diamond on 020 7147 3422 (email: [judith.diamond@hmrc.gsi.gov.uk](mailto:judith.diamond@hmrc.gsi.gov.uk)).

## **Declaration**

David Gauke MP Exchequer Secretary to the Treasury has read this Tax Information and Impact Note and is satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impacts of the measure.