STATUTORY INSTRUMENTS

2026 No. 538

INCOME TAX, ENGLAND AND WALES

The Income Tax (Exemption of Kinship Allowance Payments in Kinship Zones) Order 2026

Made - - - -	*18th May 2026*
Laid before the House of Commons - - - -	*19th May 2026*
Coming into force - -	*9th June 2026*

The Treasury make this Order in exercise of the powers conferred by section 747 of the Income Tax (Trading and Other Income) Act 2005(**1**).

Citation and commencement

1. This Order may be cited as the Income Tax (Exemption of Kinship Allowance Payments in Kinship Zones) Order 2026 and comes into force on 9th June 2026.

Amendment of section 744 of the Income Tax (Trading and Other Income) Act 2005

2. In section 744 of the Income Tax (Trading and Other Income) Act 2005 (payments to adopters, etc: England and Wales)(**2**)—

(a) in subsection (1)—

(i) in paragraph (j) for "." substitute ", and";

(ii) after paragraph (j) insert—

"(k) kinship allowance payments made to a person providing care to a child, under section 1 of the Localism Act 2011(**3**), under the scheme known as Kinship Zones(**4**).";

(b) in subsection (2), for "or (j)" substitute ", (j) or (k)".

(**1**) 2005 c. 5.
(**2**) Section 744 was amended by section 2 of the Finance (No. 3) Act 2010 (c. 33), paragraph 68 of Schedule 2 to the Children and Families Act 2014 (c. 6) and S.I. 2016/413 (W. 131).
(**3**) 2011 c. 20.
(**4**) The Department for Education will provide funding to selected local authorities,within Kinship Zones. Those local authorities will use their powers under section 1 of the Localism Act 2011 to provide a weekly financial allowance to eligible kinship carers. Further information may be found on the website at: https://assets.publishing.service.gov.uk/media/69ca946bb111d64c49bb3d8b/Kinship_Zones_programme_specification.pdf. Paper copies of the guidance are available for inspection at: His Majesty's Revenue and Customs, 100 Parliament Street, London SW1A 2BQ.

Gen Kitchen
Christian Wakeford
Two of the Lords Commissioners of His Majesty's Treasury

18th May 2026

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends section 744 of the Income Tax (Trading and Other Income) Act 2005 to exempt from income tax, sums paid under a pilot scheme known as Kinship Zones under which the Department for Education will provide funding to certain local authorities in England and Wales to provide an allowance for kinship carers.

A Tax Information and Impact Note covering this instrument will be published on the website at http://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins.