STATUTORY INSTRUMENTS

2026 No. 584

INCOME TAX

The Successful Legacy Appeals Schemes (Income Tax Exemption) Regulations 2026

Made - - - -	*3rd June 2026*
Laid before the House of Commons - - - -	*4th June 2026*
Coming into force - -	*25th June 2026*

The Treasury make these Regulations in exercise of the powers conferred by paragraphs 2(5) and (6) and 3(5) of Schedule 15 to the Finance Act 2020(**1**).

Citation and commencement

1. These Regulations may be cited as the Successful Legacy Appeals Schemes (Income Tax Exemption) Regulations 2026 and come into force on 25th June 2026.

Exemption from income tax

2.—(1) The following are qualifying payments for the purposes of paragraph 3 of Schedule 15 to the Finance Act 2020—

(a) a compensation payment made by the Department for Work and Pensions to a person eligible for compensation under the Successful Legacy Appeals Scheme, and

(b) a compensation payment made by the Department for Communities to a person eligible for compensation under any scheme in Northern Ireland corresponding to the Successful Legacy Appeals Scheme.

(2) In paragraph (1), the "Successful Legacy Appeals Scheme" means the scheme announced by His Majesty's Government on 14th May 2026 to compensate persons who—

(a) had to claim universal credit due to a decision ("the termination decision") to terminate their award of an existing benefit ("the terminated award"),

(b) on claiming universal credit, received a lower amount under their universal credit award than the amount to which they would have been entitled under the terminated award, and

(c) as a result of a relevant decision, would have been entitled to an award of an existing benefit under the terminated award on the date on which their claim for universal credit

(**1**) 2020 c. 14. Paragraph 2(6) of Schedule 15 was amended by section 12(3)(c)(iii) of the Finance Act 2024 (c. 3).

was made, were it not for the effect of legislation that provides for an award of an existing benefit to terminate when the person entitled to that award claims universal credit.

(3) In paragraph (2)—

"existing benefit" has the meaning given in paragraph 1(2) of Schedule 6 to the Welfare Reform Act 2012(**2**);

"relevant decision" means the revision, variation, supersession, substitution, cancellation, setting aside, overturning, quashing or annulment of the termination decision, whether or not as a result of the determination of an appeal;

"universal credit" has the meaning given in section 1 of the Welfare Reform Act 2012.

(4) This regulation applies to payments received on or after 14th May 2026.

Christian Wakeford
Taiwo Owatemi
Two of the Lords Commissioners of His Majesty's Treasury

3rd June 2026

(**2**) 2012 c. 5.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations provide for an exemption from income tax for payments under the Successful Legacy Appeals Scheme administered by the Department for Work and Pensions in Great Britain and any corresponding scheme administered by the Department for Communities in Northern Ireland (the "Schemes"). The Schemes provide compensation for people who experienced a financial loss when they had to claim universal credit due to a decision to terminate their award of one of the means tested benefits that universal credit replaces, and later had the termination decision reversed.

Paragraph 3 of Schedule 15 to the Finance Act 2020 provides for an exemption from income tax in respect of qualifying payments that are received on or after the date specified in regulations made under paragraph 2(5), which under paragraph 3(5) may be a date before the regulations are made. Regulation 2 specifies that payments received under the Schemes on or after 14th May 2026 are qualifying payments for this purpose.

A Tax Information and Impact Note has not been prepared for this Instrument as it contains no substantive changes to tax policy.