



# House of Commons

Tuesday 13 May 2014

## PUBLIC BILL COMMITTEE

*New Amendments handed in are marked thus ★*

☆ *Amendments which will comply with the required notice period at their next appearance*

### FINANCE (No. 2) BILL

**(Except Clauses 1, 5 to 7, 11, 72 to 74 and 112; Schedule 1; and certain new Clauses and new Schedules.)**

#### NOTE

The Amendments have been arranged in accordance with the Order of the Committee [29 April 2014].

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| Mr David Gauke   | 16 |
| Schedule 8, page 325, line 47, leave out ‘distribution’ and insert ‘payment’.  |    |
| Mr David Gauke   | 17 |
| Schedule 8, page 326, line 4, leave out ‘distribution’ and insert ‘payment’.   |    |
| Mr David Gauke   | 18 |
| Schedule 8, page 326, line 27, at end insert—  |    |
| ‘( ) In section 281(1)(f)(i) or (iii) of ITA 2007 references to a company’s share capital do not include so much (if any) of its share capital as consists of shares issued before 6 April 2014.’. |    |
| Mr David Gauke   | 19 |
| Schedule 8, page 326, line 27, at end insert—  |    |
| ‘ In section 322 of ITA 2007 (power to facilitate mergers of VCTs: provision that may be made by regulations), after subsection (5) insert—  |    |
| “(5A) Provision for section 281(1)(f) (withdrawal of VCT approval where company has made a repayment of share capital etc) not to apply, or  |    |

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**Finance (No. 2) Bill, *continued***

to apply subject to modifications, to the successor company or any of the merging companies, in relation to payments made, or amounts used to pay up new shares, in connection with or after the merger.”.

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Ed Balls  
Chris Leslie  
Cathy Jamieson  
Catherine McKinnell  
Shabana Mahmood

20

Clause 53, page 44, line 29, at end insert—

- ‘(3) The Chancellor of the Exchequer shall, within six months of the passing of this Act, publish and lay before the House of Commons a report setting out the predicted impact, over the next five years, of the changes introduced by Schedule 9 to this Act to ITA 2007 on the overall level of investment in social enterprises.
  - (4) This report must in particular set out the predicted impact of sections 257MQ and 257MS of ITA 2007, as inserted by paragraph 1 of Schedule 9, on the overall level of investment in renewable technologies over the next five years.’
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Ed Balls  
Chris Leslie  
Cathy Jamieson  
Catherine McKinnell  
Shabana Mahmood

21

Clause 61, page 52, line 41, at end insert—

- ‘(13) (a) the Chancellor of the Exchequer shall, within six months of this Act receiving Royal Assent, undertake a review of the impact of changes made by this section on—
    - (i) the uptake of the business premises renovation allowances (BPRA);
    - (ii) the number of BPRA schemes disclosed through DOTAS being investigated by HMRC; and
    - (iii) the value of BPRA schemes disclosed through DOTAS being investigated by HMRC.
  - (b) the Chancellor of the Exchequer must publish the report of the review and lay the report before the House.’
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Finance (No. 2) Bill, *continued*

Ed Balls  
Chris Leslie  
Cathy Jamieson  
Catherine McKinnell  
Shabana Mahmood

22

Clause 65, page 55, line 36, at end insert—

- (1) The Chancellor of the Exchequer shall, within three months of Royal Assent, undertake a review of the impact of the creation of the onshore allowance introduced under this section.
- (2) The report referred to in subsection (1) above must in particular examine—
  - (a) the estimated total loss of tax revenue to the Treasury in the next 10 financial years;
  - (b) the impact on onshore oil and gas exploration and field development in the next 10 years; and
  - (c) the differential impact on individual shale fields.
- (3) The Chancellor of the Exchequer must publish the report of the review and lay the report before the House.’

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Ed Balls  
Chris Leslie  
Shabana Mahmood  
Cathy Jamieson  
Catherine McKinnell

15

Clause 68, page 61, line 39, at end insert—

- ( ) The Chancellor of the Exchequer shall, within six months of the passing of this Act, publish and lay before the House of Commons a report setting out the impact, over the next three years, of the changes made to the Corporation Tax Act 2009 and the Income Tax (Trading and Other Income) Act 2005 by Schedule 13.
- ( ) The report must in particular set out—
  - (a) how much additional tax revenue the measures introduced by this section are expected to generate to the UK Exchequer, for each year in which they are in operation; and
  - (b) the impact of those measures on revenues lost to the Exchequer as a consequence of tax avoidance schemes for each year in which they are in operation.’

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Ed Balls  
Chris Leslie  
Cathy Jamieson  
Catherine McKinnell  
Shabana Mahmood

24

Clause 71, page 61, line 2, at end insert—

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**Finance (No. 2) Bill, *continued***

- ‘(3) The Chancellor of the Exchequer shall, within six months of this Act receiving Royal Assent, publish a report on levels of revenue from the rates set out in this section.
- (4) The report referred to in subsection (3) above must in particular examine—
  - (a) changes in revenue due to illicit market share,
  - (b) action to mitigate any such changes in revenue.
- (5) The Chancellor of the Exchequer must publish the report of the review and lay the report before the House.’.

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Ed Balls  
Chris Leslie  
Cathy Jamieson  
Catherine McKinnell  
Shabana Mahmood

25

Clause 92, page 84, line 16, at end insert—

- ‘(3) The section shall not come into force except as specified in subsection (2) below.
    - (1) The Chancellor of the Exchequer shall bring the section into force by order within six months of the passing of this Act.
    - (2) A statutory instrument containing an order under subsection (3) shall be accompanied by a report which details—
      - (a) the impact of the provisions in the section on consumers and on fuel poverty;
      - (b) the impact of the provisions in the section on energy-intensive industries and on employment in those industries;
      - (c) the level of carbon leakage in the energy-intensive industry as a result of the provisions in this section;
      - (d) the effect of the provisions in the section on investment in new renewable power generation and on investment in new nuclear power generation;
      - (e) any effective subsidy provided to, or additional profits accruing to, operators of existing and new nuclear power stations as a result of the provisions in the section;
      - (f) what additional package of measures will be enacted to mitigate the impact of the section on energy-intensive industries;
      - (g) the impact on business investment of—
        - (i) changes to Schedule 6 to the Finance Act 2000 made by Finance Act 2011;
        - (ii) changes to Schedule 6 to the Finance Act 2000 made by this Act.’.
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Finance (No. 2) Bill, *continued*

Ed Balls  
Chris Leslie  
Cathy Jamieson  
Catherine McKinnell  
Shabana Mahmood

26

Clause 107, page 90, line 33, at end insert—

- ‘(5A) The Chancellor of the Exchequer shall, within six months of this Act receiving Royal Assent, publish and lay before the House of Commons a report setting out the impact of changes made to Schedule 19 of the Finance Act 1999 by this section.
- (5B) The report referred to in subsection (5A) must in particular consider—
- (a) the impact on tax revenues;
  - (b) the expected beneficiaries; and
  - (c) a distributional analysis of the beneficiaries.’.

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Ed Balls  
Chris Leslie  
Cathy Jamieson  
Catherine McKinnell  
Shabana Mahmood

27

Clause 113, page 94, line 2, at end insert—

- ‘(1) Before bringing forward any further changes to the bank levy rates system the Chancellor shall lay before Parliament a report setting out the impact of all tax changes applying to banks since 2010 on—
- (a) UK banking groups;
  - (b) building society groups;
  - (c) foreign banking groups; and
  - (d) relevant non-banking groups.
- (2) The report will pay particular attention to receipts from—
- (a) corporation tax;
  - (b) the bank levy, and
  - (c) bank payroll tax.’.

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*NEW CLAUSES*

*Lower rate of tax*

Ed Balls  
Chris Leslie  
Cathy Jamieson  
Catherine McKinnell  
Shabana Mahmood

NC1

To move the following Clause:—

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**Finance (No. 2) Bill, continued**

- ‘(1) The Chancellor of the Exchequer shall, within six months of Royal Assent, lay before Parliament a report containing proposals for an income tax rate of 10 per cent on a band of income above the personal allowance.
- (2) The report mentioned in subsection (1) above shall provide for the full benefit of the 10 per cent. rate not being available to taxpayers paying the higher or additional rates of tax.’.

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*Higher rate of tax*

Ed Balls  
 Chris Leslie  
 Cathy Jamieson  
 Catherine McKinnell  
 Shabana Mahmood

**NC2**

To move the following Clause:—

- ‘(1) The Chancellor of the Exchequer shall, within three months of the passing of this Act, undertake a review of the number of people paying the 40 per cent rate of income tax in the years—
- (a) 2010-2011;
- (b) 2011-2012;
- (c) 2012-2013; and
- (d) 2013-2014.
- (2) The Chancellor of the Exchequer must publish the report of the review and lay the report before the House.’.

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*Personal allowance for those born after 5 April 1948*

Ed Balls  
 Chris Leslie  
 Cathy Jamieson  
 Catherine McKinnell  
 Shabana Mahmood

**NC3**

To move the following Clause:—

‘The Chancellor of the Exchequer shall, within three months of the passing of this Act, undertake a review of the impact of the removal of the age-related personal allowance on anyone who reached the age of 65 on or after April 2013 and place a copy in the Library.’.

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Finance (No. 2) Bill, *continued*

*Capital gains tax and employee shareholders*

Ed Balls  
Chris Leslie  
Cathy Jamieson  
Catherine McKinnell  
Shabana Mahmood

NC4

To move the following Clause:—

- ‘(1) The Chancellor of the Exchequer shall, within three months of the passing of this Act, undertake a review of the impact on tax revenues of employee shareholder status as defined by section 205A of the Employment Rights Act 1996, and set out the conclusion of the review in a report.
- (2) The report referred to in subsection (1) above must in particular set out—
  - (a) the impact on total capital gains tax receipts paid to the Exchequer arising from the capital gains exemptions under section 236B of the Taxation of Chargeable Gains Act 1992;
  - (b) the estimated value of shares owned by employees working in employee shareholder jobs and the number of such employees.
- (3) The Chancellor of the Exchequer must publish the report of the review and lay the report before the House.
- (4) Subsequent reviews must be completed before the end of each period of 12 months beginning with the date on which the previous review was completed.’

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*Review of reform to the annual investment allowance*

Ed Balls  
Chris Leslie  
Cathy Jamieson  
Catherine McKinnell  
Shabana Mahmood

NC5

To move the following Clause:—

- ‘(1) The Chancellor of the Exchequer shall, within three months of the passing of this Act, undertake a review of the impact on business investment of changes to section 51A of the Capital Allowance Act 2001 made by the Finance Act 2011.
  - (2) The Chancellor of the Exchequer must publish the report of the review and lay the report before the House.’
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**Finance (No. 2) Bill, continued**
*Report on the additional rate of income tax*

Ed Balls  
Chris Leslie  
Cathy Jamieson  
Catherine McKinnell  
Shabana Mahmood

NC6

To move the following Clause:—

- ‘(1) The Chancellor of the Exchequer shall, within three months of the passing of this Act, publish a report on the additional rate of income tax.
- (2) This report shall review the impact upon Exchequer receipts of setting the additional rate to 50 per cent in the tax year 2014-15.
- (3) The report shall review what impact reducing the additional rate for 2013-14 had on the amount of income tax currently paid by those with taxable incomes of—
  - (a) over £150,000 per year; and
  - (b) over £1,000,000 per year.
- (4) The report shall review what impact the reduction in the additional rate for 2013-14 had on the level of bonuses awarded in the financial sector in April 2013.’

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*False self-employment in the construction sector*

Cathy Jamieson  
Catherine McKinnell  
Shabana Mahmood

NC 7

To move the following Clause:—

- ‘(1) The Chancellor of the Exchequer shall, within three months of Royal Assent, undertake a review of disguised self-employment in the construction sector.
- (2) The report referred to in subsection (1) above must in particular examine the setting of criteria for automatically deeming people to be employed for tax purposes if they meet those criteria.
- (3) The Chancellor of the Exchequer must publish the report of the review and lay the report before the House.’

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*Pension flexibility: Treasury analysis*

Ed Balls  
Chris Leslie  
Shabana Mahmood  
Cathy Jamieson  
Catherine McKinnell

NC8

To move the following Clause:—

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**Finance (No. 2) Bill, *continued***

- (1) The Chancellor of the Exchequer shall, within six months of this Act receiving Royal Assent, publish and lay before the House of Commons any analysis prepared by the Treasury prior to the publication of Budget 2014 relating to the impact of changes made by sections 39 to 43 of this Act to Schedules 28 and 29 to the Finance Act 2004.
- (2) The information published under subsection (1) must include—
- (a) any assessment made of the impact of the provision for independent face to face guidance on the 2004 Act;
  - (b) the distributional impact, by income decile of the population, of changes made by sections 39 to 43 of this Act;
  - (c) a behavioural analysis; and
  - (d) the financial risk assessment.?

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**ORDER OF THE HOUSE [1 APRIL 2014]**

That the following provisions shall apply to the Finance (No. 2) Bill—

*Committal*

1. The following shall be committed to a Committee of the whole House—
  - (a) Clauses 1, 5 to 7, 11, 72 to 74 and 112;
  - (b) Schedule 1;
  - (c) any new Clauses, and any new Schedules, relating to—
    - (i) tax relief in connection with the costs of childcare, or
    - (ii) income tax allowances for parties to a marriage or civil partnership, or
    - (iii) air passenger duty, or
    - (iv) the rate of the bank levy, or
    - (v) the subject matter of Clause 1, or
    - (vi) the subject matter of Clauses 5 to 7 and Schedule 1.
2. The remainder of the Bill shall be committed to a Public Bill Committee.

*Proceedings in Committee*

3. (1) Proceedings in Committee of the whole House shall be completed in two days.  
(2) Those proceedings shall be taken on each of those days as shown in the first column of the following table and in the order so shown.  
(3) Each part of the proceedings shall (so far as not previously concluded) be brought to a conclusion at the time specified in relation to it in the second column of the Table.  
(4) Standing Order No. 83B (programming committees) shall not apply to proceedings in Committee of the whole House.

Finance (No. 2) Bill, *continued*

## TABLE

<i>Proceedings</i>	<i>Time for conclusion of proceedings</i>
<i>First Day</i>	
New Clauses and new Schedules relating to the subject matter of Clauses 5 to 7 and Schedule 1; Clauses 5 to 7; Schedule 1	3.30pm on the first day
New Clauses and new Schedules relating to the subject matter of Clause 1; Clause 1	5.30pm on the first day
New Clauses and new Schedules relating to tax relief in connection with the costs of childcare	7.30pm on the first day
<i>Second Day</i>	
New Clauses and new Schedules relating to income tax allowances for parties to a marriage or civil partnership; Clause 11	4.00pm on the second day
New Clauses and new Schedules relating to the rate of the bank levy; Clause 112	6.00pm on the second day
New Clauses and new Schedules relating to air passenger duty; Clauses 72 to 74	8.00pm on the second day

4. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 17 June 2014.
5. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.
6. When the provisions of the Bill considered respectively by the Committee of the whole House and by the Public Bill Committee have been reported to the House, the Bill shall be proceeded with as if it had been reported as a whole to the House from the Public Bill Committee.

*Consideration and Third Reading*

7. Proceedings on consideration and on Third Reading shall be completed in two days.
8. Standing Order No. 83B (programming committees) shall not apply to proceedings on Consideration and Third Reading.

## ORDER OF THE COMMITTEE [29 APRIL 2014]

That—

- (1) The Committee shall (in addition to its first meeting at 9.10 am on Tuesday 29 April) meet—
  - (a) at 2.00 pm on Tuesday 29 April;
  - (b) at 11.30 am and 2.00 pm on Thursday 1 May;
  - (c) at 3.30 pm on Tuesday 6 May;
  - (d) at 11.30 am and 2.00 pm on Thursday 8 May;

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**Finance (No. 2) Bill, *continued***

- (e) at 9.10 am and 2.00 pm on Tuesday 13 May;
  - (f) at 9.10 am and 2.00 pm on Tuesday 10 June;
  - (g) at 11.30 am and 2.00 pm on Thursday 12 June;
  - (h) at 9.10 am and 2.00 pm on Tuesday 17 June.
- (2) Proceedings on consideration of the Bill in Committee shall be taken in the following order: Clauses 2 to 4; Clauses 8 to 10; Schedule 2; Clauses 12 to 15; Schedule 3; Clauses 16 to 18; Clauses 20 and 21; Clause 19; Clauses 22 to 41; Schedule 4; Clauses 42 and 43; Schedule 5; Clauses 44 to 48; Schedule 6; Clause 49; Schedule 7; Clause 50; Schedule 8; Clauses 51 to 53; Schedules 9 and 10; Clauses 54 to 56; Clause 284; Clauses 57 to 64; Schedule 11; Clause 65; Schedule 12; Clauses 66 to 68; Schedule 13; Clauses 69 to 71; Clauses 75 to 80; Schedule 14; Clauses 81 to 85; Schedule 15; Clauses 86 to 93; Schedule 16; Clauses 94 and 95; Schedule 17; Clauses 96 to 100; Schedule 18; Clauses 101 to 106; Schedule 19; Clauses 107 and 108; Schedule 20; Clauses 109 and 110; Schedule 21; Clause 111; Clause 113; Schedule 22; Clauses 114 to 170; Schedule 23; Clauses 171 to 189; Schedule 24; Clause 190; Schedule 25; Clauses 191 to 202; Schedule 26; Clauses 203 to 208; Schedule 27; Clauses 209 to 221; Schedule 28; Clauses 222 to 226; Schedule 29; Clauses 227 to 230; Schedule 30; Clauses 231 to 267; Schedule 31; Clauses 268 to 274; Schedule 32; Clauses 275 to 283; Schedule 33; Clauses 285 to 289; Schedule 34; Clauses 290 to 295; new Clauses other than those relating to tax relief in connection with the costs of childcare or income tax allowances for parties to a marriage or civil partnership or air passenger duty or the rate of the bank levy or the subject matter of Clause 1 or the subject matter of Clauses 5 to 7 and Schedule 1; new Schedules other than those relating to tax relief in connection with the costs of childcare or income tax allowances for parties to a marriage or civil partnership or air passenger duty or the rate of the bank levy or the subject matter of Clause 1 or the subject matter of Clauses 5 to 7 and Schedule 1; remaining proceedings on the Bill.
- (3) The proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Tuesday 17 June.
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