



House of Commons
NOTICES OF AMENDMENTS

given on
Monday 23 June 2014

CONSIDERATION OF BILL

FINANCE BILL, AS AMENDED

Mr Chancellor of the Exchequer

1

Clause **207**, page **138**, line **23**, at end insert—

“(2A) The grounds on which an appeal under subsection (1) may be made include in particular—

- (a) that Condition A, B or D in section 197 was not met in relation to the follower notice,
- (b) that the judicial ruling specified in the notice is not one which is relevant to the chosen arrangements,
- (c) that the notice was not given within the period specified in subsection (6) of that section, or
- (d) that it was reasonable in all the circumstances for P not to have taken the necessary corrective action (see section 201(4)) in respect of the denied advantage.”

Mr Chancellor of the Exchequer

2

Clause **207**, page **138**, line **43**, at end insert—

“(8A) The cancellation under subsection (7) of HMRC’s decision on the ground specified in subsection (2A)(d) does not affect the validity of the follower notice, or of any accelerated payment notice or partner payment notice under Chapter 3 related to the follower notice.”

Mr Chancellor of the Exchequer

3

Schedule **27**, page **535**, line **45**, at end insert—

“(7A) Section 207(2A) applies to an appeal by virtue of sub-paragraph (7)(a) as it applies to an appeal under section 207(1).”

Mr Chancellor of the Exchequer

4

Clause **291**, page **199**, leave out lines 23 to 29

Finance Bill, *continued*

Mr Chancellor of the Exchequer

5

Clause 73, page 61, line 18, leave out “as follows” and insert “in accordance with subsections (2) to (10)”

Mr Chancellor of the Exchequer

6

Clause 73, page 62, line 9, at end insert—

“() Accordingly, in section 1 of the Air Passenger Duty (Setting of Rate) Act (Northern Ireland) 2012 (setting of rate of air passenger duty)—

(a) in subsection (1)—

(i) omit “(3)(a) and (b), (4)(a) and (b),” and

(ii) for “(5A)(a), (b) and (c)” substitute “(5A)(c)”, and

(b) omit subsections (2) to (5), (8) and (9).”

Mr Chancellor of the Exchequer

7

Schedule 7, page 311, line 41, at end insert—

“9A (1) Section 428 (restricted securities: amount of charge) is amended as follows.

(2) In subsection (7), after paragraph (ba) insert—

“(bb) any amount that was charged to non-UK income tax in respect of the acquisition of the employment-related securities, but only so far as that amount exceeds any amount within paragraph (b) or (ba).”

(3) After subsection (7) insert—

“(7A) In subsection (7)(b) and (ba) the references to an amount of exempt income, in a case in which the amount that constituted, or was treated as, earnings in respect of the acquisition was not an amount of general earnings to which any of the charging provisions of Chapters 4 and 5 of Part 2 applied, includes any amount that would have been an amount of exempt income if any of those charging provisions had applied.

(7B) In subsection (7)(bb) “non-UK income tax” means a tax chargeable on income under the law of a territory outside the United Kingdom that corresponds to United Kingdom income tax.

(7C) A tax is not outside the scope of subsection (7B) by reason only that it—

(a) is chargeable under the law of a province, state or other part of a country, or

(b) is levied by or on behalf of a municipality or other local body.””

Mr Chancellor of the Exchequer

8

Schedule 7, page 312, line 8, at end insert—

“11A In section 446T (securities acquired for less than market value: amount of notional loan), after subsection (3) insert—

“(3A) In subsection (3)(b) and (ba) the references to an amount of exempt income, in a case in which the amount that constitutes, or is treated as, earnings in respect of the acquisition is not an amount of general

Finance Bill, *continued*

earnings to which any of the charging provisions of Chapters 4 and 5 of Part 2 applies, includes any amount that would be an amount of exempt income if any of those charging provisions were to apply.”

Mr Chancellor of the Exchequer

9

Schedule 7, page 312, line 10, at end insert—

“12A In section 480 (securities options: deductible amounts), after subsection (5) insert—

“(5A) In subsection (5)(a) the reference to an amount of exempt income, in a case in which the amount that constituted earnings in respect of the acquisition was not an amount of general earnings to which any of the charging provisions of Chapters 4 and 5 of Part 2 applied, includes any amount that would have been an amount of exempt income if any of those charging provisions had applied.”

Mr Chancellor of the Exchequer

10

Schedule 7, page 313, line 26, at end insert—

“23A In section 149AA (restricted and convertible employment-related securities and employee shareholder shares), in subsection (7)—

(a) after “include” insert “—

(a) ”, and

(b) at the end insert “, or

(b) in a case in which the amount that constituted, or was treated as, earnings was not an amount of general earnings to which any of the charging provisions of Chapters 4 and 5 of Part 2 of ITEPA 2003 applied, any amount that would have been an amount of such exempt income if any of those charging provisions had applied.””

Mr Chancellor of the Exchequer

11

Schedule 6, page 273, line 29, at end insert—

“139A(1)Section 94A of ITTOIA 2005 (costs of setting up SAYE option scheme or CSOP scheme) is amended as follows.

(2) In subsection (1)—

(a) in paragraph (a) omit “that is approved by an officer of Revenue and Customs”, and

(b) omit paragraph (b) and the “and” before it.

(3) In subsection (2)—

(a) at the beginning of paragraph (a) insert “Schedule 3”,

(b) at the beginning of paragraph (b) insert “Schedule 4”, and

(c) omit the final sentence.

(4) In subsection (4) for “approval is given” (in both places) substitute “relevant date falls”.

(5) After subsection (4) insert—

“(4A) In subsection (4) “the relevant date”—

Finance Bill, continued

- (a) in relation to a Schedule 3 SAYE option scheme, has the meaning given in paragraph 40A(6) of Schedule 3 to ITEPA 2003, and
- (b) in relation to a Schedule 4 CSOP scheme, has the meaning given in paragraph 28A(6) of Schedule 4 to ITEPA 2003.””

Mr Chancellor of the Exchequer

Schedule 6, page 276, line 42, after “under” insert “section 94A of ITTOIA 2005 or” 12

Mr Chancellor of the Exchequer

Schedule 6, page 294, line 48, leave out “paragraph 141” and insert “paragraphs 139A and 141” 13

Mr Chancellor of the Exchequer

Schedule 6, page 295, line 1, after “under” insert “section 94A of ITTOIA 2005 or” 14

Mr Chancellor of the Exchequer

To move the following Clause— NC1

“Oil contractor activities: ring-fence trade etc

Schedule (*oil contractors: ring-fence trade etc*) contains provision about the corporation tax treatment of oil contractor activities.”

Mr Chancellor of the Exchequer

To move the following Schedule— NS1

“OIL CONTRACTORS: RING-FENCE TRADE ETC

CTA 2010

- 1 CTA 2010 is amended as follows.
- 2 In section 1 (overview of Act), in subsection (3), after paragraph (a) insert—
 - “(aa) oil contractor activities (see Part 8ZA),
 - (ab) profits arising from the exploitation of patents etc (see Part 8A),”.
- 3 In Chapter 4 of Part 8 (oil activities: calculation of profits), after section 285 insert—

“Hire of relevant assets

285A Restriction on hire etc of relevant assets to be brought into account

- (1) This section applies if—
 - (a) oil contractor activities are, or are to be, carried out, and
 - (b) a company that carries on a ring fence trade makes, or is to make, one or more payments under a lease of a relevant asset,

Finance Bill, *continued*

or part of a relevant asset, which is, or is to be, provided, operated or used in the relevant offshore service in question.

- (2) The total amount that may be brought into account in respect of the payments for the purposes of calculating the company's ring fence profits in an accounting period is limited to the hire cap.
- (3) The "hire cap" is an amount equal to the relevant percentage of TC for the accounting period, subject to subsection (4).
- (4) If payments in relation to which subsection (2) or section 356N(2) (restriction on hire for oil contractors under Part 8ZA) applies are also made, or to be made, by one or more other companies in respect of the relevant asset or part, the "hire cap" is to be such proportion of the amount mentioned in subsection (3) as is just and reasonable, having regard (in particular) to the amounts of the payments made, or to be made, by each company.
- (5) The "relevant percentage" and TC are to be determined in accordance with section 356N(5) to (16).
- (6) To the extent that, by virtue of this section, payments within subsection (1)(b) cannot be brought into account for the purposes of calculating the company's ring fence profits in an accounting period, the payments may be—
 - (a) allowed as a deduction from the company's total profits for the accounting period, or
 - (b) treated as a surrenderable amount of the company for the accounting period for the purposes of Part 5 (group relief) (see section 99(7)) as if they were a trading loss,
 but this is subject to subsection (7).
- (7) No deduction may be made by virtue of subsection (6) from total profits so far as they are ring fence profits or contractor's ring fence profits.
- (8) If the company or an associated person enters into arrangements the main purpose or one of the main purposes of which is to secure that subsection (2) does not apply in relation to one or more payments to any extent, that subsection applies in relation to the payments to the extent that it would not otherwise do so.
- (9) In subsection (8) "arrangements" includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).
- (10) In this section—
 - "associated person" has the meaning given by section 356LB;
 - "contractor's ring fence profits" has the meaning given by section 356LD;
 - "oil contractor activities" and "relevant offshore service" have the meaning given by section 356L;
 - "relevant asset" has the meaning given by section 356LA;
 - "lease" has the meaning given by section 868."

4 After Part 8 (oil activities) insert—

Finance Bill, continued

“PART 8ZA

OIL CONTRACTORS

CHAPTER 1

INTRODUCTION

356K Overview of Part

- (1) This Part is about the corporation tax treatment of oil contractor activities.
- (2) Chapter 2 contains basic definitions used in this Part.
- (3) Chapter 3 treats oil contractor activities as a separate trade.
- (4) Chapter 4 makes provision about the calculation of profits from oil contractor activities.
- (5) For the meaning of oil contractor activities, see section 356L.

CHAPTER 2

BASIC DEFINITIONS

356L “Oil contractor activities” etc

- (1) The definitions in this section have effect for the purposes of this Part.
- (2) “Oil contractor activities” means activities carried on by a company (“the contractor”), which are not oil-related activities (within the meaning of section 274), but are—
 - (a) exploration or exploitation activities in, or in connection with, which the contractor provides, operates or uses a relevant asset (see section 356LA) in a relevant offshore service, or
 - (b) otherwise carried on in, or in connection with, the provision by the contractor of a relevant offshore service.
- (3) The contractor provides a “relevant offshore service” if the contractor provides, operates or uses a relevant asset in, or in connection with, the carrying on of exploration or exploitation activities in a relevant offshore area by the contractor or any other associated person.
- (4) “Exploration or exploitation activities” means activities carried on in connection with the exploration or exploitation of the seabed and subsoil and their natural resources.
- (5) “Relevant offshore area” means—
 - (a) the territorial sea of the United Kingdom;
 - (b) the areas designated by Order in Council under section 1(7) of the Continental Shelf Act 1964.

356LA “Relevant asset”

- (1) In this Part “relevant asset” means an asset within subsection (2) in respect of which conditions A and B are met.
- (2) An asset is within this subsection if it is a structure that—

Finance Bill, *continued*

- (a) can be moved from place to place (whether or not under its own power) without major dismantling or modification, and
- (b) can be used to—
 - (i) drill for the purposes of searching for, or extracting, oil, or
 - (ii) provide accommodation for individuals who work on or from another structure used in a relevant offshore area for, or in connection with, exploration or exploitation activities (“offshore workers”).
- (3) But an asset is not within subsection (2)(b)(ii) if it is reasonable to suppose that its use to provide accommodation for offshore workers is unlikely to be more than incidental to another use, or other uses, to which the asset is likely to be put.
- (4) In subsection (2)—
 - “oil” means any substance capable of being won under the authority of a licence granted under Part 1 of the Petroleum Act 1998 or the Petroleum (Production) Act (Northern Ireland) 1964;
 - “structure” includes a ship or other vessel.
- (5) Condition A is that the asset, or any part of the asset, is leased (whether by the contractor or not) from an associated person other than the contractor.
- (6) Condition B is that the asset is of the requisite value.
- (7) The asset is of the “requisite value” if its market value is £2,000,000 or more.
- (8) The Treasury may by regulations modify the meaning of “requisite value”.
- (9) Regulations under subsection (8) may—
 - (a) amend this section,
 - (b) make different provision for different cases or different purposes, and
 - (c) make incidental, consequential, supplementary or transitional provision or savings.

356LB “Associated person”

- (1) For the purposes of this Part each of the following is an “associated person”—
 - (a) the contractor,
 - (b) any person who is, or has been, connected with the contractor,
 - (c) any person who has acted, acts or is to act, together with the contractor to provide a service, and
 - (d) any person who is connected with a person falling within paragraph (b) or (c).
- (2) A person does not act together with the contractor to provide a service by reason only of leasing an asset, to any person, which is provided, operated or used in the service.

Finance Bill, continued**356LC “Lease”**

In this Part “lease” has the meaning given by section 868 and “leased” and “leasing” are to be construed accordingly.

356LD “Contractor’s ring fence profits”

In this Part the “contractor’s ring fence profits”, in relation to an accounting period, means the contractor’s income arising from oil contractor activities for that period.

CHAPTER 3

DEEMED SEPARATE TRADE

356M Oil contractor activities treated as separate trade

If the contractor carries on oil contractor activities as part of a trade, those activities are treated for the purposes of the charge to corporation tax on income as a separate trade, distinct from all other activities carried on by the contractor as part of the trade.

CHAPTER 4

CALCULATION OF PROFITS

*Hire of relevant assets***356N Restriction on hire etc of relevant assets to be brought into account**

- (1) This section applies if the contractor makes, or is to make, one or more payments under a lease of—
 - (a) a relevant asset, or
 - (b) part of a relevant asset.
- (2) The total amount that may be brought into account in respect of the payments for the purposes of calculating the contractor’s ring fence profits in an accounting period is limited to the hire cap.
- (3) The “hire cap” is an amount equal to the relevant percentage of TC for the accounting period, subject to subsection (4).
- (4) If payments in relation to which subsection (2) or section 285A(2) (restriction on hire for company carrying on a ring fence trade under Part 8) applies are also made, or to be made, by one or more other companies in respect of the relevant asset or part, the “hire cap” is to be such proportion of the amount mentioned in subsection (3) as is just and reasonable, having regard (in particular) to the amounts of the payments made, or to be made, by the contractor and each other company.
- (5) Subject to subsection (7), the “relevant percentage” is—

$$\frac{\text{UROS}}{\text{TU}} \times 7.5\%$$

where—

UROS is the number of days in the accounting period that the relevant asset is provided, operated or used in a relevant offshore service, and

Finance Bill, continued

TU is the number of days in the accounting period that the relevant asset is provided, operated or used (whether or not in a relevant offshore service).

- (6) Accordingly, the relevant percentage is zero if the relevant asset is not provided, operated or used in the accounting period.
- (7) If the accounting period is less than 12 months, the relevant percentage is to be proportionally reduced.

- (8) TC is—

$$OC + CE$$

- (9) Unless subsection (11) applies, OC is the sum of—
 - (a) any consideration given for the acquisition of the relevant asset or part when it was first acquired by an associated person, and
 - (b) any expenses incurred by an associated person in connection with that acquisition (other than the costs of financing the acquisition).

This is subject to subsections (12) and (13).

- (10) Subsection (11) applies if the relevant asset or part—
 - (a) is leased by an associated person from a person who is not an associated person, and
 - (b) has never been owned by an associated person.

- (11) OC is the sum of—
 - (a) the consideration that it is reasonable to suppose would have been given for the acquisition of the relevant asset or part, if it had been acquired by an associated person by way of a bargain at arm's length at the time it was first leased as mentioned in subsection (10)(a), and
 - (b) the expenses (other than the costs of financing the acquisition) that it is reasonable to suppose would have been incurred by an associated person in connection with such an acquisition.

This is subject to subsections (12) and (13).

- (12) If the relevant asset or part was first acquired by an associated person, or (as the case may be) first leased as mentioned in subsection (10)(a), before the beginning of the accounting period, OC does not include any part of the consideration mentioned in subsection (9)(a) or (as the case may be) (11)(a) that it is reasonable to attribute to anything that no longer forms part of the relevant asset or part at the beginning of the accounting period.

- (13) If the relevant asset or part was first acquired by an associated person, or (as the case may be) first leased as mentioned in subsection (10)(a), in the accounting period, OC for the accounting period is—

$$OC \times \frac{D - DBA}{D}$$

where—

D is the total number of days in the accounting period,
 DBA is the number of days in the accounting period before the day on which the relevant asset or part was first acquired or first leased, and
 OC is the amount given by subsection (9) or (as the case may be) (11).

Finance Bill, continued

- (14) CE is capital expenditure on the relevant asset or part (other than capital expenditure in respect of its acquisition or the acquisition of a lease of it) incurred by an associated person—
- (a) after it was first acquired by an associated person or (as the case may be) was first leased as mentioned in subsection (10)(a), and
 - (b) before the end of the accounting period.

This is subject to subsections (15) and (16).

- (15) CE does not include any capital expenditure mentioned in subsection (14) that is—
- (a) incurred before the beginning of the accounting period, and
 - (b) not reflected in the state or nature of the relevant asset or part at the beginning of the accounting period.

- (16) If any capital expenditure mentioned in subsection (14) is incurred on a day in the accounting period, the amount of CE for the accounting period in respect of that capital expenditure is—

$$CEA \times \frac{D - DBI}{D}$$

where—

D is the total number of days in the accounting period,

DBI is the number of days in the accounting period before the day on which that capital expenditure is incurred, and

CEA is the amount of that capital expenditure.

356NA Restriction on hire: further provision

- (1) The Treasury may by regulations modify the “relevant percentage” for the purposes of section 356N or 285A.
- (2) Regulations under subsection (1) may—
 - (a) amend section 356N or section 285A,
 - (b) make different provision for different cases or different purposes, and
 - (c) make incidental, consequential, supplementary or transitional provision or savings.
- (3) To the extent that, by virtue of section 356N, payments within subsection (1) of that section cannot be brought into account for the purposes of calculating the contractor’s ring fence profits in an accounting period, the payments may be—
 - (a) allowed as a deduction from the contractor’s total profits for the accounting period, or
 - (b) treated as a surrenderable amount of the contractor for the accounting period for the purposes of Part 5 (group relief) (see section 99(7)) as if they were a trading loss,
 subject to subsection (4).
- (4) No deduction may be made by virtue of subsection (3) from total profits so far as they are contractor’s ring fence profits or ring fence profits for the purposes of Part 8.
- (5) If an associated person enters into arrangements the main purpose or one of the main purposes of which is to secure that section 356N(2) does not apply in relation to one or more payments to any extent, that

Finance Bill, *continued*

provision applies in relation to the payments to the extent it would not otherwise do so.

- (6) In subsection (5) “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).

Loan relationships

356NB Restriction on debits to be brought into account

- (1) Debits may not be brought into account for the purposes of Part 5 of CTA 2009 (loan relationships) in respect of the contractor’s loan relationships in any way that results in a reduction of what would otherwise be the contractor’s ring fence profits, but this is subject to subsections (2) to (4).
- (2) Subsection (1) does not apply so far as a loan relationship is in respect of money borrowed by the contractor which has been—
 - (a) used to meet expenditure incurred by the contractor in carrying on oil contractor activities, or
 - (b) appropriated to meeting expenditure to be so incurred by the contractor.
- (3) Subsection (1) does not apply, in the case of debits falling to be brought into account as a result of section 329 of CTA 2009 (pre-loan relationship and abortive expenses) in respect of a loan relationship that has not been entered into, so far as the relationship would have been one entered into for the purpose of borrowing money to be used or appropriated as mentioned in subsection (2).
- (4) Subsection (1) does not apply, in the case of debits in respect of a loan relationship to which Chapter 2 of Part 6 of CTA 2009 (relevant non-lending relationships) applies, so far as—
 - (a) the payment of interest under the relationship is expenditure incurred as mentioned in subsection (2)(a), or
 - (b) the exchange loss arising from the relationship is in respect of a money debt on which the interest payable (if any) is, or would be, such expenditure.
- (5) If a debit—
 - (a) falls to be brought into account for the purposes of Part 5 of CTA 2009 in respect of a loan relationship of the contractor, but
 - (b) as a result of this section cannot be brought into account in a way that results in any reduction of what would otherwise be the contractor’s ring fence profits,

the debit is to be brought into account for those purposes as a non-trading debit despite anything in section 297 of that Act.
- (6) References in this section to a loan relationship, in relation to the borrowing of money, do not include a relationship to which Chapter 2 of Part 6 of CTA 2009 (relevant non-lending relationships) applies.

356NC Restriction on credits to be brought into account

- (1) Credits in respect of exchange gains from the contractor’s loan relationships may not be brought into account for the purposes of Part

Finance Bill, *continued*

5 of CTA 2009 (loan relationships) in any way that results in an increase of what would otherwise be the contractor's ring fence profits, but this is subject to subsections (2) to (4).

- (2) Subsection (1) does not apply so far as a loan relationship is in respect of money borrowed by the contractor which has been—
 - (a) used to meet expenditure incurred by the contractor in carrying on oil contractor activities, or
 - (b) appropriated to meeting expenditure to be so incurred by the contractor.
- (3) Subsection (1) does not apply, in the case of credits falling to be brought into account as a result of section 329 of CTA 2009 (pre-loan relationship and abortive expenses) in respect of a loan relationship that has not been entered into, so far as the relationship would have been one entered into for the purpose of borrowing money to be used or appropriated as mentioned in subsection (2).
- (4) Subsection (1) does not apply, in the case of credits in respect of a loan relationship to which Chapter 2 of Part 6 of CTA 2009 (relevant non-lending relationships) applies, so far as—
 - (a) the payment of interest under the relationship is expenditure incurred as mentioned in subsection (2)(a), or
 - (b) the exchange gain arising from the relationship is in respect of a money debt on which the interest payable (if any) is, or would be, such expenditure.
- (5) If a credit—
 - (a) falls to be brought into account for the purposes of Part 5 of CTA 2009 in respect of a loan relationship of the contractor, but
 - (b) as a result of this section cannot be brought into account in a way that results in any increase of what would otherwise be the contractor's ring fence profits,

the credit is to be brought into account for those purposes as a non-trading credit despite anything in section 297 of that Act.
- (6) Section 356NB(6) applies for the purposes of this section.

*Relief***356ND Management expenses**

No deduction under section 1219 of CTA 2009 (expenses of management of a company's investment business) is to be allowed from the contractor's ring fence profits.

356NE Losses

Relief in respect of a loss incurred by the contractor may not be given under section 37 (relief for trade losses against total profits) against the contractor's ring fence profits except so far as the loss arises from oil contractor activities.

356NF Group relief

- (1) On a claim for group relief made by a claimant company in relation to a surrendering company, group relief may not be allowed against the

Finance Bill, continued

claimant company’s contractor’s ring fence profits except so far as the claim relates to losses incurred by the surrendering company that arose from oil contractor activities.

- (2) In section 105 (restriction on surrender of losses etc within section 99(1)(d) to (g)) the references to the surrendering company’s gross profits of the surrender period do not include the company’s relevant contractor’s ring fence profits for that period.
- (3) The company’s “relevant contractor’s ring fence profits” for that period are—
 - (a) if for that period there are no qualifying charitable donations made by the company that are allowable under Part 6 (charitable donations relief), the company’s contractor’s ring fence profits for that period, or
 - (b) otherwise, so much of the contractor’s ring fence profits of the company for that period as exceeds the amount of the qualifying charitable donations made by the company that are allowable under section 189 for that period.
- (4) In this section “claimant company” and “surrendering company” are to be read in accordance with Part 5 (group relief) (see section 188).

356NG Capital allowances

A capital allowance may not to any extent be given effect under section 259 or 260 of CAA 2001 (special leasing) by deduction from the contractor’s ring fence profits.”

- 5 In Schedule 4 (index of defined expressions), insert the following entries at the appropriate places—

“associated person (in Part 8ZA)	section 356LB”
----------------------------------	----------------

“contractor (in Part 8ZA)	section 356L(2)”
---------------------------	------------------

“contractor’s ring fence profits (in Part 8ZA)	section 356LD”
--	----------------

“exploration or exploitation activities (in Part 8ZA)	section 356L(4)”
---	------------------

Finance Bill, continued

“lease (in Part 8ZA)	section 356LC”
----------------------	----------------

“oil contractor activities (in Part 8ZA)	section 356L(2)”
--	------------------

“relevant asset (in Part 8ZA)	section 356LA”
-------------------------------	----------------

“relevant offshore area (in Part 8ZA)	section 356L(5)”
---------------------------------------	------------------

“relevant offshore service (in Part 8ZA)	section 356L(3)”
--	------------------

Commencement etc

- 6 This Schedule is to be treated as having come into force on 1 April 2014 (“the commencement date”).
- 7 Section 356L of CTA 2010 has effect in relation to activities carried out on or after the commencement date.
- 8 (1) If, on the commencement date, a company was carrying on a trade that consisted of, or included, carrying out oil contractor activities, an accounting period ends (if it would not otherwise do so) with 31 March 2014.
- (2) Sub-paragraph (3) applies if—
- (a) but for sub-paragraph (1), a company would have had an accounting period that began before the commencement date and ended on or after that date (“the split accounting period”), and
 - (b) the company’s accounting period beginning with 1 April 2014 ends when the split accounting period would have ended but for that sub-paragraph.
- (3) For the purposes of Chapter 4 of Part 22 of CTA 2010 (surrender of tax refund within group)—
- (a) the company is to be treated as having the split accounting period,
 - (b) any tax refund due to the company for—
 - (i) the accounting period ending with 31 March 2014, or
 - (ii) the accounting period beginning with 1 April 2014,
 is to be treated as if it were a tax refund due to the company for the split accounting period, and
 - (c) if the company surrenders a tax refund that is so treated (or part of such a refund), the references in section 964(6) of CTA 2010 to the date on which corporation tax became due and payable are to be treated as

Finance Bill, continued

references to the date on which corporation tax would have become due and payable had the company had the split accounting period.

- 9 (1) A company may be given relief under section 45 of CTA 2010 (carry forward of trade loss against subsequent trade profits) for a loss made in an accounting period ending before the commencement date against profits of a ring fence trade so far as (and only so far as) the loss would have been a loss of the ring fence trade had section 356L of that Act had effect in relation to activities carried out before the commencement date and Part 8ZA therefore applied.
- (2) In sub-paragraph (1) “ring fence trade” means oil contractor activities that constitute a separate trade (whether by virtue of section 356M of that Act or otherwise).”

Mr Chancellor of the Exchequer

NC2

To move the following Clause—

“Determination of beneficial entitlement for purposes of group relief

- (1) CTA 2010 is amended as follows.
- (2) In section 169 (interpretation of provisions to determine proportion of beneficial entitlement)—
- (a) in subsection (2), for the definition of “arrangements” substitute—
- ““arrangements”—
- (a) means arrangements of any kind (whether or not in writing), but
- (b) does not include a condition or requirement imposed by, or agreed with, a Minister of the Crown, the Scottish Ministers, a Northern Ireland department or a statutory body,” and
- (b) after that subsection insert—
- “(3) In subsection (2) “statutory body” means a body (other than a company as defined by section 1(1) of the Companies Act 2006) established by or under a statutory provision for the purpose of carrying out functions conferred on it by or under a statutory provision, except that the Treasury may, by order, specify that a body is or is not to be a statutory body for this purpose.”
- (3) In section 188 (other definitions for Part 5), in subsection (1), in the definition of “company” for “section 156(2A)” substitute “sections 156(2A) and 169(3)”.
- (4) The amendments made by this section have effect in relation to accounting periods ending on or after 1 January 2015.”

Mr Chancellor of the Exchequer

15

Schedule 9, page 328, line 20, after “charity,” insert—

“() an accredited social impact contractor (see section 257JD),”

Mr Chancellor of the Exchequer

16

Schedule 9, page 330, line 33, after “Part” insert “(except section 257JD)”

Mr Chancellor of the Exchequer

17

Schedule 9, page 330, line 34, at end insert—

Finance Bill, *continued***“257JD Accreditation as a social impact contractor**

- (1) In this Part “accredited social impact contractor” means a company limited by shares that is accredited under this section as a social impact contractor.
- (2) Applications for accreditation as a social impact contractor must be made to a Minister of the Crown in the form and manner specified by a Minister of the Crown.
- (3) A Minister of the Crown is to accredit a company if, but only if, that Minister is satisfied that—
 - (a) the company has entered into a social impact contract (see section 257JE),
 - (b) the company is, and at all times since its incorporation has been, established—
 - (i) for the purpose of entering into and carrying out a social impact contract, or for that purpose and purposes incidental to it, but
 - (ii) for no other purpose, and
 - (c) the activities of the company in carrying out that contract will not consist wholly, or as to a substantial part, in excluded activities (see section 257MQ).
- (4) If a Minister of the Crown is satisfied that the condition in subsection (3)(b) or (c) has ceased to be met in relation to a company that is an accredited social impact contractor, that Minister is to withdraw the company’s accreditation with effect from the time the condition ceased to be met or a later time.

257JE Meaning of “social impact contract”

- (1) In this Part “social impact contract” means a contract that meets such criteria as may be specified in regulations made by the Treasury.
- (2) The criteria which may be specified under subsection (1) include, in particular, criteria as to a party to the contract other than the company seeking accreditation.
- (3) Criteria may be specified in regulations under subsection (1) by reference to material published by, or on behalf of, a Minister of the Crown after the making of the regulations (as well as by reference to material published before the making of the regulations).
- (4) Regulations under subsection (1) may make different provision for different cases or circumstances or in relation to different areas.

257JF Accreditations: supplementary provisions

- (1) An accreditation must be made so as to be conditional on compliance with—
 - (a) any requirements imposed by or under regulations, and
 - (b) any other requirements considered appropriate by the Minister of the Crown who is accrediting the company concerned.
- (2) The requirements that may be imposed by virtue of subsection (1) include requirements relating to the provision of information.

Finance Bill, *continued*

- (3) Regulations may—
- (a) make further provision about applications for accreditation,
 - (b) make provision for the variation of an accreditation (including its provisions as to its duration),
 - (c) make provision which, in a case where a company is or has been an accredited social impact contractor, imposes or authorises the imposition of requirements on the company, or on any other party to the social impact contract concerned, to provide information,
 - (d) make provision about the consequences of a failure to comply with any requirement of an accreditation imposed by virtue of subsection (1) or with any requirement imposed by virtue of paragraph (c), including in particular—
 - (i) provision for the withdrawal of the accreditation concerned with effect from the time of the failure or a later time, and
 - (ii) provision for the imposition of penalties,
 - (e) make provision for publication of information about an accreditation or accredited social impact contractor, and
 - (f) make provision for reviews of, or for appeals to the tribunal against, any of the following—
 - (i) a refusal to grant or vary an accreditation,
 - (ii) the imposition of a requirement under subsection (1)(b),
 - (iii) the withdrawal of an accreditation (whether under section 257JD(4) or by virtue of provision made under paragraph (d)(i)), and
 - (iv) the imposition or amount of a penalty imposed by virtue of provision made under paragraph (d)(ii).
- (4) Regulations under subsection (1) or (3) may—
- (a) make provision for the making of decisions by a Minister of the Crown as to any matter required to be decided for the purposes of the regulations,
 - (b) be framed by reference to material published by, or on behalf of, a Minister of the Crown after the making of the regulations (as well as by reference to material published before the making of the regulations),
 - (c) make different provision for different cases or circumstances or in relation to different areas, and
 - (d) contain incidental, supplemental, consequential and transitional provision and savings.
- (5) In this section—
- “accreditation” means accreditation under section 257JD, and
 - “regulations” means regulations made by the Treasury.

257JG Period of accreditation as a social impact contractor

- (1) An accreditation under section 257JD has effect for a period—
- (a) beginning with the day specified in the accreditation, and
 - (b) of a length specified in, or determined in accordance with, the accreditation.

Finance Bill, *continued*

- (2) The day specified under subsection (1)(a) in an accreditation may not be earlier than 6 April 2014 but subject to that—
- (a) may be, or be earlier than, the day it is decided to grant the accreditation (and in particular may be, or be earlier than, the day the application for the accreditation is made), and
 - (b) may be earlier than the day section 257JD comes into force.
- (3) This section has effect subject to sections 257JD(4) and 257JF(3)(d)(i) (withdrawal of accreditations).

257JH Functions of Ministers of the Crown under sections 257JD to 257JG

- (1) A Minister of the Crown may delegate any function given to a Minister of the Crown by or under sections 257JD to 257JG other than a power of the Treasury to make regulations.
- (2) In those sections and this section “Minister of Crown” has the meaning given by section 8(1) of the Ministers of the Crown Act 1975.”

Mr Chancellor of the Exchequer

18

Schedule 9, page 331, line 1, at end insert—

- “() Subsection (1)(b) is subject to the provisions in sections 257LB and 257MJ to 257MN which provide for conditions set out in those sections not to apply where the social enterprise is an accredited social impact contractor.”

Mr Chancellor of the Exchequer

19

Schedule 9, page 334, line 44, at end insert—

- “() Subsections (2) to (4) do not apply if the social enterprise is an accredited social impact contractor.”

Mr Chancellor of the Exchequer

20

Schedule 9, page 335, line 12, after “257MJ(2)(c)” insert “or is a parent company that is an accredited social impact contractor”

Mr Chancellor of the Exchequer

21

Schedule 9, page 339, line 23, at end insert—

“257M The continuing to be a social enterprise requirement

The social enterprise must be a social enterprise throughout the shorter applicable period.”

Mr Chancellor of the Exchequer

22

Schedule 9, page 343, line 11, after “period” insert “, but this does not apply if the social enterprise is an accredited social impact contractor”

Finance Bill, *continued*

Mr Chancellor of the Exchequer	23
Schedule 9, page 343, line 15, after “business” insert “— (i) ”	
Mr Chancellor of the Exchequer	24
Schedule 9, page 343, line 17, leave out “non-qualifying” and insert “non-trade activities, and (ii) does not consist wholly, or as to a substantial part, in the carrying-on of excluded”	
Mr Chancellor of the Exchequer	25
Schedule 9, page 344, line 14, at end insert “, and “non-trade activities” means activities which are neither of the following— (c) activities carried on in the course of a trade, and (d) activities carried on in the course of preparing to carry on a trade.”	
Mr Chancellor of the Exchequer	26
Schedule 9, page 345, line 26, at end insert— “() This section does not apply if the social enterprise is an accredited social impact contractor.”	
Mr Chancellor of the Exchequer	27
Schedule 9, page 346, line 19, at end insert— “() If the social enterprise is an accredited social impact contractor, the preceding provisions of this section apply with the following modifications— (a) in subsection (1), for “28 months” substitute “24 months”, (b) in that subsection, for “the funded purpose” substitute “the carrying out of the social impact contract concerned”, and (c) omit subsections (2), (3), (5) and (6).”	
Mr Chancellor of the Exchequer	28
Schedule 9, page 347, line 7, at end insert— “() This section does not apply if the social enterprise is an accredited social impact contractor.”	
Mr Chancellor of the Exchequer	29
Schedule 9, page 347, line 20, at end insert “257JD,”	

Finance Bill, *continued*

- Mr Chancellor of the Exchequer **30**
- Schedule 9, page 353, line 10, at end insert—
- “() If the social enterprise is an accredited social impact contractor, subsection (1) applies with the omission of its paragraph (a).”
- Mr Chancellor of the Exchequer **31**
- Schedule 9, page 354, line 8, at end insert—
- “() If the social enterprise is an accredited social impact contractor, subsection (3) applies with the omission of its paragraph (a).”
- Mr Chancellor of the Exchequer **32**
- Schedule 9, page 355, line 8, at end insert—
- “() An order under this section may make different provision for different cases or purposes.”
- Mr Chancellor of the Exchequer **33**
- Schedule 9, page 372, line 31, leave out “257MA” and insert “257M”
- Mr Chancellor of the Exchequer **34**
- Schedule 9, page 373, line 24, after “sections” insert “257M,”
- Mr Chancellor of the Exchequer **35**
- Schedule 9, page 374, line 13, at end insert—
- “(7) If the event mentioned in subsection (1) is one whose occurrence results in the requirement in section 257M not being met in respect of the investment, the references in subsections (2) and (3) to the social enterprise are to—
- (a) the body concerned even though it has ceased to be a social enterprise, or
- (b) the body into which the social enterprise has been converted.”
- Mr Chancellor of the Exchequer **36**
- Schedule 9, page 376, line 11, after “prevent” insert “—
- (a) ”
- Mr Chancellor of the Exchequer **37**
- Schedule 9, page 376, line 12, at end insert—
- “(b) disclosure to a Minister of the Crown for the purposes of functions of a Minister of the Crown under sections 257JD to 257JG, or
- (c) disclosure to a person for the purposes of functions delegated to the person under section 257JH(1).”

Finance Bill, *continued*

Mr Chancellor of the Exchequer

38

Schedule 9, page 376, line 18, after “Information” insert “originally disclosed in reliance on subsection (2)(a)”

Mr Chancellor of the Exchequer

39

Schedule 9, page 376, line 19, at end insert—

- “(5) Information originally disclosed in reliance on subsection (2)(b) or (c) may be disclosed in reliance on subsection (3)(a) only for the purposes of—
 - (a) functions of a Minister of the Crown under sections 257JD to 257JG, or
 - (b) functions delegated to a person under section 257JH(1).
- (6) If, in contravention of subsections (3) to (5), any revenue and customs information relating to a person is disclosed and the identity of the person—
 - (a) is specified in the disclosure, or
 - (b) can be deduced from it,

section 19 of the Commissioners for Revenue and Customs Act 2005 (offence of wrongful disclosure) applies as it applies in relation to a disclosure of such information in contravention of section 20(9) of that Act.
- (7) In subsection (6) “revenue and customs information relating to a person” has the meaning given by section 19(2) of that Act.
- (8) Subject to subsections (3) and (5), no obligation as to confidentiality or other restriction on disclosure, whether imposed by an enactment or otherwise, prevents disclosure of relevant information—
 - (a) to a Minister of the Crown for the purposes of functions of a Minister of the Crown under sections 257JD to 257JG,
 - (b) to a person for the purposes of functions delegated to the person under section 257JH(1), or
 - (c) to an officer of Revenue and Customs for the purpose of assisting Her Majesty’s Revenue and Customs to discharge their functions under the Income Tax Acts so far as relating to matters arising under this Part.
- (9) In subsection (8) “relevant information” means information obtained—
 - (a) by a Minister of the Crown, or
 - (b) by a person to whom functions have been delegated under section 257JH(1),

in the course of discharging functions under sections 257JD to 257JG.
- (10) In this section “Minister of the Crown” has the meaning given by section 8(1) of the Ministers of the Crown Act 1975.”

Mr Chancellor of the Exchequer

40

Schedule 9, page 381, line 20, leave out “by way of, or amounts” and insert “not by way of, and does not amount”

Finance Bill, *continued*

Mr Chancellor of the Exchequer

41Schedule **10**, page **387**, line **5**, at end insert—

“(8) A reference in this paragraph to a social enterprise is a reference to a body that is a social enterprise for the purposes of Part 5B of ITA 2007 (see section 257J of that Act).”
