



House of Commons
NOTICES OF AMENDMENTS

given on
Wednesday 25 June 2014

*For other Amendment(s) see the following page(s) of Supplement to Votes:
 247-68*

CONSIDERATION OF BILL

FINANCE BILL, AS AMENDED

Mr Chancellor of the Exchequer

NC3

To move the following Clause—

“General Block Exemption Regulation

Schedule (*General Block Exemption Regulation*) makes provision in relation to Commission Regulation (EU) No 000/2014 (General block exemption Regulation).”

Mr Chancellor of the Exchequer

NS2

To move the following Schedule—

“GENERAL BLOCK EXEMPTION REGULATION

- 1 CAA 2001 is amended as follows.
- 2 (1) Section 45DB (exclusions from allowances under section 45DA) is amended as follows.
 - (2) In subsection (3)(a), for “a firm in difficulty for the purposes of the Community Guidelines on State Aid for Rescuing and Restructuring Firms in Difficulty (2004/C 244/02)” substitute “an undertaking in difficulty for the purposes of the General Block Exemption Regulation”.
 - (3) In subsection (4)(a), for “Council Regulation (EC) No 104/2000” substitute “Regulation (EU) No 1379/2013 of the European Parliament and of the Council”.
 - (4) In subsection (11), in the definition of “General Block Exemption Regulation”, for “(EC) No 800/2008” substitute “(EU) No 000/2014”.
 - (5) In subsection (12), for paragraph (c) substitute—
 - “(c) Regulation (EU) No 1379/2013 of the European Parliament and of the Council.”.

Finance Bill, *continued*

- 3 In section 45K (expenditure on plant and machinery for use in designated assisted areas), after subsection (8) insert—
- “(8A) Condition C is met by virtue of subsection (8)(c) only if the amount of the expenditure exceeds the amount by which the relevant plant or machinery is depreciated in the period of 3 years ending immediately before the beginning of the chargeable period in which the expenditure is incurred.
- (8B) “Relevant plant or machinery” means the plant or machinery being used at the end of the period of 3 years mentioned in subsection (8A) for the purposes of the product, process or service mentioned in subsection (8)(c).”
- 4 (1) Section 45M (exemptions from allowances under section 45K) is amended as follows.
- (2) In subsection (1), for “(6) or (7)” substitute “(7) or (7A)”.
- (3) In subsection (3)(a), for “a firm in difficulty for the purposes of the Community Guidelines on State Aid for Rescuing and Restructuring Firms in Difficulty (2004/C 244/02)” substitute “an undertaking in difficulty for the purposes of the General Block Exemption Regulation”.
- (4) In subsection (4)—
- (a) in paragraph (a), for “Council Regulation (EC) No 104/2000” substitute “Regulation (EU) No 1379/2013 of the European Parliament and of the Council”, and
- (b) after paragraph (b) insert—
- “(ba) in the transport sector or related infrastructure,
 (bb) relating to energy generation, distribution or infrastructure,
 (bc) relating to the development of broadband networks.”.
- (5) After that subsection insert—
- “(4A) Expressions used in subsection (4)(b), (ba), (bb) or (bc) and in the General Block Exemption Regulation have the same meaning as in that Regulation.”
- (6) Omit subsection (6).
- (7) After subsection (7) insert—
- “(7A) Expenditure is within this subsection if—
- (a) the area by reference to which the condition in section 45K(1)(a) is met is not an area which falls within Article 107(3)(a) of the Treaty on the Functioning of the European Union,
 (b) the condition in section 45K(8)(a) is not met in relation to the expenditure, and
 (c) at the time the expenditure is incurred the company is not an SME for the purposes of the General Block Exemption Regulation.”
- (8) In subsection (12)—
- (a) in the first definition, for the words from ““coal” to “have” substitute “has”, and
- (b) in the definition of “General Block Exemption Regulation”, for “(EC) No 800/2008” substitute “(EU) No 000/2014”.
- (9) In subsection (15), for paragraph (c) substitute—

Finance Bill, continued

- “(c) Regulation (EU) No 1379/2013 of the European Parliament and of the Council.”
- 5 (1) Section 45N (effect of plant or machinery subsequently being primarily for use outside designated assisted areas) is amended as follows.
- (2) In subsection (1)—
- (a) for “designated assisted area within the meaning of section 45K” substitute “relevant area”, and
- (b) for “such a designated assisted” substitute “a relevant”.
- (3) After subsection (3) insert—
- “(3A) “Relevant area” means—
- (a) in relation to expenditure which would be within subsection (7A) of section 45M if paragraph (a) of that subsection were omitted, a designated assisted area within the meaning of section 45K which falls within Article 107(3)(a) of the Treaty on the Functioning of the European Union, and
- (b) in relation to any other expenditure, a designated assisted area within the meaning of section 45K.”
- 6 In section 212T(6) (cap on first-year allowances: zero-emission goods vehicles), in the definition of “undertaking”, for “(EC) No 800/2008” substitute “(EU) No 000/2014”.
- 7 In section 212U(5) (cap on first-year allowances: expenditure on plant and machinery for use in designated assisted areas), in the definition of “single investment project”, for “(EC) No 800/2008” substitute “(EU) No 000/2014”.
- 8 The amendments made by this Schedule have effect in relation to expenditure incurred on or after the day on which this Act is passed.”

Mr Chancellor of the Exchequer

Clause **61**, page **52**, line **12**, leave out “(EC) No 800/2008” and insert “(EU) No 000/2014” **42**

Mr Chancellor of the Exchequer

Clause **61**, page **52**, line **41**, at end insert— **43**

“() In the application of section 360L of CAA 2001 in relation to expenditure incurred before the day on which this Act is passed, the definition of “General Block Exemption Regulation” in subsection (6) of that section is to be treated as referring to Commission Regulation (EC) No 800/2008.”

Mr Chancellor of the Exchequer

To move the following Clause— **NC4**

“Co-operative societies etc

Schedule (*Taxation of co-operative societies etc*) makes provision about the tax treatment of co-operative, community benefit and industrial and provident societies and credit unions.”

Mr Chancellor of the Exchequer

To move the following Schedule— **NS3**

Finance Bill, continued

“TAXATION OF CO-OPERATIVE SOCIETIES ETC

Taxation of Chargeable Gains Act 1992 (c. 12)

- 1 In section 217D of TCGA 1992 (disposal of assets on union, amalgamation or transfer of engagements), in subsection (3), after paragraph (a) insert—
- “(aa) a society registered as a credit union under the Credit Unions (Northern Ireland) Order 1985 (S.I. 1985/1205 (N.I. 12)),”.

Co-operative and Community Benefit Societies Act 2014 (c. 14)

- 2 Schedule 4 to the Co-operative and Community Benefit Societies Act 2014 (consequential amendments) is amended as follows.
- 3 In paragraph 47 (which amends section 140E of TCGA 1992)—
- (a) in sub-paragraph (2), after “Co-operative and Community Benefit Societies Act 2014” insert “or a society registered or treated as registered under the Industrial and Provident Societies Act (Northern Ireland) 1969”, and
- (b) in sub-paragraph (3), after “Co-operative and Community Benefit Societies Act 2014” insert “, a society registered or treated as registered under the Industrial and Provident Societies Act (Northern Ireland) 1969”.
- 4 In paragraph 48 (which amends section 140F of TCGA 1992) after “Co-operative and Community Benefit Societies Act 2014” insert “or a society registered or treated as registered under the Industrial and Provident Societies Act (Northern Ireland) 1969”.
- 5 In paragraph 49 (which amends section 140G of TCGA 1992) after “Co-operative and Community Benefit Societies Act 2014” insert “or a society registered or treated as registered under the Industrial and Provident Societies Act (Northern Ireland) 1969”.
- 6 In paragraph 50 (which amends section 170 of TCGA 1992)—
- (a) in sub-paragraph (2), for “within the meaning of the Co-operative and Community Benefits Societies Act 2014” substitute “(see section 1119 of that Act)”, and
- (b) in sub-paragraph (3), for “within the meaning of the Co-operative and Community Benefits Societies Act 2014” substitute “(see section 1119 of CTA 2010)”.
- 7 In paragraph 53 (which amends Schedule 7AC of TCGA 1992) for “within the meaning of the Co-operative and Community Benefits Societies Act 2014” substitute “(see section 1119 of that Act)”.
- 8 In paragraph 82 (which amends paragraph 28 of Schedule 2 to ITEPA 2003), in the sub-paragraph (5) substituted by sub-paragraph (3)—
- (a) omit the “or” following paragraph (b), and
- (b) at the end of paragraph (c) insert “, or
- (d) an SCE formed in accordance with Council Regulation (EC) No 1435/2003 on the Statute for a European Cooperative Society.”.
- 9 In paragraph 94 (which amends section 379 of ITTOIA 2005), in the definition of “registered society” inserted by sub-paragraph (4)—
- (a) omit the “or” following paragraph (a), and
- (b) after paragraph (b) insert—
- “(c) a society registered as a credit union under the Credit Unions (Northern Ireland) Order 1985 (S.I. 1985/1205 (N.I. 12)), or

Finance Bill, continued

- (d) an SCE formed in accordance with Council Regulation (EC) No 1435/2003 on the Statute for a European Cooperative Society.”
- 10 In paragraph 105 (which amends section 151 of ITA 2007), in the definition of “registered society” inserted by sub-paragraph (3)—
- (a) omit the “or” following paragraph (a), and
- (b) at the end of paragraph (b) insert “or
- (c) an SCE formed in accordance with Council Regulation (EC) No 1435/2003 on the Statute for a European Cooperative Society.”
- 11 In paragraph 110 (which amends section 887 of ITA 2007), in the subsection (5) substituted by sub-paragraph (5)—
- (a) omit the “or” following paragraph (a), and
- (b) after paragraph (b) insert—
- “(c) a society registered as a credit union under the Credit Unions (Northern Ireland) Order 1985 (S.I. 1985/1205 (N.I. 12)), or
- (d) an SCE formed in accordance with Council Regulation (EC) No 1435/2003 on the Statute for a European Cooperative Society.”
- 12 In paragraph 158 (which amends section 90 of CTA 2010), in the definition of “registered society” inserted by sub-paragraph (3)—
- (a) omit the “or” following paragraph (a), and
- (b) at the end of paragraph (b) insert “or
- (c) an SCE formed in accordance with Council Regulation (EC) No 1435/2003 on the Statute for a European Cooperative Society.”
- 13 In paragraph 168 (which amends section 1119 of CTA 2010), in the definition of “registered society” inserted by sub-paragraph (3), for paragraph (c) and the “or” before it substitute—
- “(c) a society registered as a credit union under the Credit Unions (Northern Ireland) Order 1985 (S.I. 1985/1205 (N.I. 12)), or
- (d) an SCE formed in accordance with Council Regulation (EC) No 1435/2003 on the Statute for a European Cooperative Society.”
- 14 In paragraph 171 (which amends section 118 of TIOPA 2010)—
- (a) in sub-paragraph (2), after “Co-operative and Community Benefit Societies Act 2014” insert “or a society registered or treated as registered under the Industrial and Provident Societies Act (Northern Ireland) 1969”, and
- (b) in sub-paragraph (3), after “Co-operative and Community Benefit Societies Act 2014” insert “, a society registered or treated as registered under the Industrial and Provident Societies Act (Northern Ireland) 1969”.

Commencement

- 15 The amendments made by this Schedule come into force on 1 August 2014.”

Mr Chancellor of the Exchequer

NC5

To move the following Clause—

Finance Bill, continued**“Tax relief for theatrical production**

Schedule (*Tax relief for theatrical production*) contains provision about relief in respect of theatrical productions.”

Mr Chancellor of the Exchequer

NS4

To move the following Schedule—

“TAX RELIEF FOR THEATRICAL PRODUCTION

PART 1

AMENDMENTS OF CTA 2009

1 Before Part 16 of CTA 2009 insert—

“PART 15C

THEATRICAL PRODUCTIONS

Introduction

1217F Overview

- (1) This Part contains provision about tax relief for production companies in respect of their theatrical productions.
- (2) Sections 1217FA to 1217FC define “production company” and “theatrical production”.
- (3) Section 1217G sets out the conditions a production company must meet to qualify for relief in relation to its theatrical production.
- (4) Section 1217H provides for relief by way of additional deductions in respect of certain expenditure (and section 1217J is about the amount of the additional deduction).
- (5) This Part also contains provision—
 - (a) for a company that claims relief to be treated as carrying on a separate trade relating to the theatrical production (see section 1217H(3)), and
 - (b) about the calculation of the profits and losses of that trade (see sections 1217I to 1217IF).
- (6) Sections 1217K to 1217KC—
 - (a) provide for relief by way of payments (called “theatre tax credits”) to be made on the company’s surrender of certain losses of that trade, and
 - (b) set out an upper limit on relief, in connection with State aid legislation.
- (7) Sections 1217LA and 1217LB are about certain cases involving tax avoidance arrangements or arrangements entered into otherwise than for genuine commercial reasons.

Finance Bill, *continued*

- (8) Sections 1217M to 1217MC contain provision about the use of losses of the separate trade (including provision about relief for terminal losses).
- (9) Sections 1217N and 1217NA are concerned with the provisional nature of relief given for periods preceding the period in which the company ceases to carry on the separate theatrical trade.

1217FA “Theatrical production”

- (1) In this Part “theatrical production” means a dramatic production or a ballet (and any ballet is therefore a theatrical production, whether or not it is also a dramatic production).
But see section 1217FB.
- (2) “Dramatic production” means a production of a play, opera, musical, or other dramatic piece (whether or not involving improvisation) in relation to which the following conditions are met—
 - (a) the actors, singers, dancers or other performers are to give their performances wholly or mainly through the playing of roles,
 - (b) each performance in the proposed run of performances is to be live, and
 - (c) the presentation of live performances is the main object, or one of the main objects, of the company’s activities in relation to the production.
- (3) “Dramatic piece” may also include, for example, a show that is to be performed by a circus.
- (4) For the purposes of this section a performance is “live” if it is to an audience before whom the performers are actually present.

1217FB Productions not regarded as theatrical

- (1) A dramatic production or ballet is not regarded as a theatrical production if—
 - (a) the main purpose, or one of the main purposes, for which it is made is to advertise or promote any goods or services,
 - (b) the performances are to consist of or include a competition or contest,
 - (c) a wild animal is to be used in any performance,
 - (d) the production is of a sexual nature (see subsection (3)), or
 - (e) the making of a relevant recording is the main object, or one of the main objects, of the company’s activities in relation to the production.
- (2) For the purposes of subsection (1)(c) an animal is used in a performance if the animal performs, or is shown, in the course of the performance.
- (3) A production is of a sexual nature for the purposes of subsection (1)(d) if the performances are to include any content the nature of which is such that, ignoring financial gain, it would be reasonable to assume the content to be included solely or principally for the purpose of sexually stimulating any member of the audience (whether by verbal or other means).

Finance Bill, *continued*

- (4) “Relevant recording” means a recording of a performance—
- (a) as a film (or part of a film) for exhibition to the paying general public at the commercial cinema, or
 - (b) for broadcast to the general public.
- (5) In this section—
- “broadcast” means broadcast by any means (including television, radio or the internet);
 - “film” has the same meaning as in Part 15 (see section 1181);
 - “wild animal” means an animal of a kind which is not commonly domesticated in the British Islands (and in this definition “animal” has the meaning given by section 1(1) of the Animal Welfare Act 2006).

1217FC “Production company”

- (1) A company is the production company in relation to a theatrical production if the company (acting otherwise than in partnership)—
- (a) is responsible for producing, running and closing the theatrical production,
 - (b) is actively engaged in decision-making during the production, running and closing phases,
 - (c) makes an effective creative, technical and artistic contribution to the production, and
 - (d) directly negotiates for, contracts for and pays for rights, goods and services in relation to the production.
- (2) No more than one company can be the production company in relation to a theatrical production.
- (3) If more than one company meets the conditions in subsection (1) in relation to a theatrical production, the company that is most directly engaged in the activities mentioned in subsection (1) is the production company.
- (4) If there is no company meeting the conditions in subsection (1), there is no production company in relation to the production.

*Companies qualifying for relief***1217G How a company qualifies for relief**

- (1) A company qualifies for relief in relation to a theatrical production if—
- (a) it is the production company in relation to the production, and
 - (b) the commercial purpose condition (see section 1217GA) and the EEA expenditure condition (see section 1217GB) are met.
- (2) There is further provision relating to subsection (1) in section 1217LA (tax avoidance arrangements).

1217GA The commercial purpose condition

- (1) The “commercial purpose condition” is that at the beginning of the production phase the company intends that all, or a high proportion of, the live performances that it proposes to run will be—
- (a) to paying members of the general public, or
 - (b) provided for educational purposes.

Finance Bill, *continued*

- (2) The reference in subsection (1) to “live performances” is to be read in accordance with section 1217FA(4).
- (3) A performance is not regarded as provided for educational purposes if the production company is, or is associated with, a person who—
 - (a) has responsibility for the beneficiaries, or
 - (b) is otherwise connected with the beneficiaries (for instance, by being their employer).
- (4) For the purposes of subsection (3), a production company is associated with a person (“P”) if—
 - (a) P controls the production company, or
 - (b) P is a company which is controlled by the production company or by a person who also controls the production company.
- (5) In this section—

“the beneficiaries” means persons for whose benefit the performance will or may be provided;

“control” has the same meaning as in Part 10 of CTA 2010 (see section 450 of that Act).

1217GB The EEA expenditure condition

- (1) The “EEA expenditure condition” is that at least 25% of the core expenditure on the theatrical production incurred by the company is EEA expenditure.
- (2) In this Part “EEA expenditure” means expenditure on goods or services that are provided from within the European Economic Area.
- (3) Any apportionment of expenditure as between EEA and non-EEA expenditure for the purposes of this Part is to be made on a just and reasonable basis.
- (4) The Treasury may by regulations—
 - (a) amend the percentage specified in subsection (1);
 - (b) amend subsection (2).
- (5) See also sections 1217N and 1217NA (which are about the giving of relief provisionally on the basis that the EEA expenditure condition will be met).

1217GC “Core expenditure”

- (1) In this Part “core expenditure”, in relation to a theatrical production, means expenditure on the activities involved in—
 - (a) producing the production, and
 - (b) closing the production.
- (2) The reference in subsection (1)(a) to “expenditure on the activities involved in producing the production”—
 - (a) does not include expenditure on any matters not directly involved in producing the production (for instance, financing, marketing, legal services or storage);
 - (b) does not include expenditure on the ordinary running of the production; but expenditure incurred on or after the date of the first performance of the production to the paying general

Finance Bill, continued

public may fall within subsection (1)(a) (for instance, if it is incurred in connection with a substantial recasting or a substantial redesign of the set).

*Claim for additional deduction***1217H Claim for additional deduction**

- (1) A company which qualifies for relief in relation to a theatrical production may claim an additional deduction in relation to the production.
- (2) A claim under subsection (1) is made with respect to an accounting period.
(See Schedule 18 to FA 1998, and in particular, Part 9D, for provision about the procedure for making claims.)
- (3) Where a company has made a claim under subsection (1)—
 - (a) the company's activities in relation to the theatrical production are treated for corporation tax purposes as a trade separate from any other activities of the company (including activities in relation to any other theatrical production), and
 - (b) the company is entitled to make an additional deduction, in accordance with section 1217J, in calculating the profit or loss of the separate trade for the accounting period concerned.
- (4) The company is treated as beginning to carry on the separate trade—
 - (a) when the production phase begins, or
 - (b) if earlier, at the time of the first receipt by the company of any income from the theatrical production.
- (5) Where the company tax return in which a claim under subsection (1) is made is for an accounting period later than that in which the company begins to carry on the separate trade, the company must make any amendments of company tax returns for earlier periods that may be necessary.
- (6) Any amendment or assessment necessary to give effect to subsection (5) may be made despite any limitation on the time within which an amendment or assessment may normally be made.
- (7) If the company ceases at any time to meet the conditions in section 1217FC(1) (meaning of "production company") in relation to the production, it is treated as ceasing to carry on the separate trade at that time.

*The separate theatrical trade***1217I Introduction to sections 1217IA to 1217IF**

Where a company is treated under section 1217H(3)(a) as carrying on a separate trade ("the separate theatrical trade"), the profits or losses of the trade are calculated for corporation tax purposes in accordance with sections 1217IA to 1217IF.

Finance Bill, *continued*

1217IA Calculation of profits or losses of separate theatrical trade

- (1) For the first period of account during which the separate theatrical trade is carried on, the following are brought into account—
 - (a) as a debit, the costs of the theatrical production incurred (and represented in work done) to date;
 - (b) as a credit, the proportion of the estimated total income from the production treated as earned at the end of that period.
- (2) For subsequent periods of account the following are brought into account—
 - (a) as a debit, the difference between the amount (“C”) of the costs of the theatrical production incurred (and represented in work done) to date and the amount corresponding to C for the previous period, and
 - (b) as a credit, the difference between the proportion (“PI”) of the estimated total income from the production treated as earned at the end of that period and the amount corresponding to PI for the previous period.
- (3) The proportion of the estimated total income treated as earned at the end of a period of account is—

$$\frac{C}{T} \times I$$

where—

C is the total to date of costs incurred (and represented in work done);

T is the estimated total cost of the theatrical production;

I is the estimated total income from the theatrical production.

1217IB Income from the production

- (1) References in this Part to income from a theatrical production are to any receipts by the company in connection with the making or exploitation of the production.
- (2) This includes—
 - (a) receipts from the sale of tickets or of rights in the theatrical production;
 - (b) royalties or other payments for use of aspects of the theatrical production (for example, characters or music);
 - (c) payments for rights to produce merchandise;
 - (d) receipts by the company by way of a profit share agreement.
- (3) Receipts that (apart from this subsection) would be regarded as being of a capital nature are treated as being of a revenue nature.

1217IC Costs of the production

- (1) References in this Part to the costs of a theatrical production are to expenditure incurred by the company on—
 - (a) the activities involved in developing, producing, running and closing the production, or

Finance Bill, *continued*

- (b) activities with a view to exploiting the production.
- (2) This is subject to any provision of the Corporation Tax Acts prohibiting the making of a deduction, or restricting the extent to which a deduction is allowed, in calculating the profits of a trade.
- (3) Expenditure which, apart from this subsection, would be regarded as being of a capital nature only because it is incurred on the creation of an asset (i.e. the theatrical production) is treated as being of a revenue nature.

1217ID When costs are taken to be incurred

- (1) For the purposes of this Part, the costs that have been incurred on a theatrical production at a given time—
 - (a) are those costs of the production that are represented in the state of completion of the work in progress, but
 - (b) do not include any amount that has not been paid unless it is the subject of an unconditional obligation to pay.
- (2) In accordance with subsection (1)(a)—
 - (a) payments in advance of work to be done are ignored until the work has been carried out;
 - (b) deferred payments are recognised to the extent that the goods or services in question are represented in the state of completion of the work in progress (but this is subject to subsection (1)(b)).
- (3) Where an obligation to pay an account is linked to income being earned from the theatrical production, the obligation is not treated as having become unconditional unless an appropriate amount of income is or has been brought into account under section 1217IA.
- (4) In determining for the purposes of this Part the amount of costs incurred on a theatrical production at the end of a period of account, any amount that has not been paid 4 months after the end of that period is to be ignored.

1217IE Pre-trading expenditure

- (1) This section applies if, before the company begins to carry on the separate theatrical trade, it incurs expenditure on activities falling within section 1217IC(1)(a).
- (2) The expenditure may be treated as expenditure of the separate theatrical trade and as if incurred immediately after the company begins to carry on that trade.
- (3) If expenditure so treated has previously been taken into account for other tax purposes, the company must amend any relevant company tax return accordingly.
- (4) Any amendment or assessment necessary to give effect to subsection (3) may be made despite any limitation on the time within which an amendment or assessment may normally be made.

Finance Bill, *continued*

1217IF Estimates

Estimates for the purposes of section 1217IA must be made as at the balance sheet date for each period of account, on a just and reasonable basis taking into consideration all relevant circumstances.

Amount of additional deduction

1217J Amount of additional deduction

- (1) The amount of an additional deduction to which a company is entitled as a result of a claim under section 1217H is calculated as follows.
- (2) For the first period of account during which the separate theatrical trade is carried on, the amount of the additional deduction is E, where—
 - E is—
 - (a) so much of the qualifying expenditure incurred to date as is EEA expenditure, or
 - (b) if less, 80% of the total amount of qualifying expenditure incurred to date.
- (3) For any period of account after the first, the amount of the additional deduction is—

$$E - P$$

where—

E is—

- (a) so much of the qualifying expenditure incurred to date as is EEA expenditure, or
- (b) if less, 80% of the total amount of qualifying expenditure incurred to date, and

P is the total amount of the additional deductions given for previous periods.

- (4) The Treasury may by regulations amend the percentage specified in subsection (2) or (3).

1217JA “Qualifying expenditure”

- (1) In this Part “qualifying expenditure”, in relation to a theatrical production, means core expenditure (see section 1217GC) on the theatrical production that—
 - (a) falls to be taken into account under sections 1217IA to 1217IF in calculating the profit or loss of the separate theatrical trade for tax purposes, and
 - (b) is not excluded by subsection (2).
- (2) The following expenditure is excluded—
 - (a) expenditure in respect of which the company is entitled to an R&D expenditure credit under Chapter 6A of Part 3;
 - (b) expenditure in respect of which the company has obtained relief under Part 13 (additional relief for expenditure on research and development).

Finance Bill, continued*Theatre tax credits***1217K Theatre tax credit claimable if company has surrenderable loss**

- (1) A company which—
 - (a) is treated under section 1217H(3) as carrying on a separate trade during the whole or part of an accounting period, and
 - (b) has a surrenderable loss in that period,
 may claim a theatre tax credit for that accounting period.
- (2) Section 1217KA sets out how to calculate the amount of any surrenderable loss that the company has in the accounting period.
- (3) A company making a claim may surrender the whole or part of its surrenderable loss in the accounting period.
- (4) The amount of the theatre tax credit to which a company making a claim is entitled for the accounting period is—
 - (a) 25% of the amount of the loss surrendered if the theatrical production is a touring production, or
 - (b) 20% of the amount of the loss surrendered if the theatrical production is not a touring production.
- (5) The company's available loss for the accounting period (see section 1217KA(2)) is reduced by the amount surrendered.
- (6) A theatrical production is a "touring production" only if the company intends at the beginning of the production phase—
 - (a) that it will present performances of the production in 6 or more separate premises, or
 - (b) that it will present performances of the production in at least two separate premises and that the number of performances will be at least 14.
- (7) See Schedule 18 to FA 1998 (in particular, Part 9D) for provision about the procedure for making claims under subsection (1).

1217KA Amount of surrenderable loss

- (1) The company's surrenderable loss in the accounting period is—
 - (a) the company's available loss for the period in the separate theatrical trade (see subsections (2) and (3)), or
 - (b) if less, the available qualifying expenditure for the period (see subsections (4) and (5)).
- (2) The company's available loss for an accounting period is—

$$L + RUL$$
 where—

L is the amount of the company's loss for the period in the separate theatrical trade, and

RUL is the amount of any relevant unused loss of the company (see subsection (3)).
- (3) The "relevant unused loss" of a company is so much of any available loss of the company for the previous accounting period as has not been—
 - (a) surrendered under section 1217K, or

Finance Bill, *continued*

- (b) carried forward under section 45 of CTA 2010 and set against profits of the separate theatrical trade.
- (4) For the first period of account during which the separate theatrical trade is carried on, the available qualifying expenditure is the amount that is E for that period for the purposes of section 1217J(2).
- (5) For any period of account after the first, the available qualifying expenditure is—
 - E – S
 - where—
 - E is the amount that is E for that period for the purposes of section 1217J(3), and
 - S is the total amount previously surrendered under section 1217K.
- (6) If a period of account of the separate theatrical trade does not coincide with an accounting period, any necessary apportionments are to be made by reference to the number of days in the periods concerned.

1217KB Payment in respect of theatre tax credit

- (1) If a company—
 - (a) is entitled to a theatre tax credit for an accounting period, and
 - (b) makes a claim,
 the Commissioners for Her Majesty’s Revenue and Customs (“the Commissioners”) must pay the amount of the credit to the company.
- (2) An amount payable in respect of—
 - (a) a theatre tax credit, or
 - (b) interest on a theatre tax credit under section 826 of ICTA,
 may be applied in discharging any liability of the company to pay corporation tax.
 To the extent that it is so applied the Commissioners’ liability under subsection (1) is discharged.
- (3) If the company’s company tax return for the accounting period is enquired into by the Commissioners, no payment in respect of a theatre tax credit for that period need be made before the Commissioners’ enquiries are completed (see paragraph 32 of Schedule 18 to FA 1998).
 In those circumstances the Commissioners may make a payment on a provisional basis of such amount as they consider appropriate.
- (4) No payment need be made in respect of a theatre tax credit for an accounting period before the company has paid to the Commissioners any amount that it is required to pay for payment periods ending in that accounting period—
 - (a) under PAYE regulations,
 - (b) under section 966 of ITA 2007 (visiting performers), or
 - (c) in respect of Class 1 national insurance contributions under Part 1 of the Social Security Contributions and Benefits Act 1992 or Part 1 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992.
- (5) A payment in respect of a theatre tax credit is not income of the company for any tax purpose.

Finance Bill, continued**1217KC Limit on State aid**

- (1) The total amount of any theatre tax credits payable under section 1217KB in the case of any undertaking is not to exceed 50 million euros per year.
- (2) In this section “undertaking” has the same meaning as in the General Block Exemption Regulation.
- (3) In this section “the General Block Exemption Regulation” means any regulation that—
 - (a) is for the time being in force under Article 1 of Council Regulation (EC) No 994/98, and
 - (b) makes, in relation to aid in favour of culture and heritage conservation, the declaration provided for by that Article.

*Anti-avoidance etc***1217LA Tax avoidance arrangements**

- (1) A company does not qualify for relief in relation to a theatrical production if there are any tax avoidance arrangements relating to the production.
- (2) Arrangements are “tax avoidance arrangements” if their main purpose, or one of their main purposes, is the obtaining of a tax advantage.
- (3) In this section—

“arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable;

“tax advantage” has the meaning given by section 1139 of CTA 2010.

1217LB Transactions not entered into for genuine commercial reasons

- (1) A transaction is to be ignored for the purpose of determining a relief mentioned in subsection (2) so far as the transaction is attributable to arrangements (other than tax avoidance arrangements) entered into otherwise than for genuine commercial reasons.
- (2) The reliefs mentioned in subsection (1) are—
 - (a) any additional deduction which a company may make under this Part, and
 - (b) any theatre tax credit to be given to a company.
- (3) In this section “arrangements” and “tax avoidance arrangements” have the same meaning as in section 1217LA.

*Use of losses***1217M Application of sections 1217MA to 1217MC**

- (1) Sections 1217MA to 1217MC apply to a company that is treated under section 1217H(3) as carrying on a separate trade in relation to a theatrical production.
- (2) In those sections—

“the completion period” means the accounting period in which the company ceases to carry on the separate theatrical trade;

Finance Bill, *continued*

“loss relief” includes any means by which a loss might be used to reduce the amount in respect of which a company, or any other person, is chargeable to tax.

1217MA Restriction on use of losses before completion period

- (1) Subsection (2) applies if a loss is made by the company in the separate theatrical trade in an accounting period preceding the completion period.
- (2) The loss is not available for loss relief, except to the extent that the loss may be carried forward under section 45 of CTA 2010 to be set against profits of the separate theatrical trade in a subsequent period.

1217MB Use of losses in the completion period

- (1) Subsection (2) applies if a loss made in the separate theatrical trade is carried forward under section 45 of CTA 2010 to the completion period.
- (2) So much (if any) of the loss as is not attributable to relief under section 1217H (see subsection (4)) may be treated for the purposes of loss relief as if it were a loss made in the completion period.
- (3) If a loss is made in the separate theatrical trade in the completion period, the amount of the loss that may be—
 - (a) deducted from total profits of the same or an earlier period under section 37 of CTA 2010, or
 - (b) surrendered as group relief under Part 5 of that Act,
 is restricted to the amount (if any) that is not attributable to relief under section 1217H.
- (4) The amount of a loss in any period that is attributable to relief under section 1217H is found by—
 - (a) calculating what the amount of the loss would have been if there had been no additional deduction under that section in that or any earlier period, and
 - (b) deducting that amount from the total amount of the loss.
- (5) This section does not apply to loss surrendered, or treated as carried forward, under section 1217MC (terminal losses).

1217MC Terminal losses

- (1) This section applies if—
 - (a) the company ceases to carry on the separate theatrical trade, and
 - (b) if the company had not ceased to carry on the separate theatrical trade, it could have carried forward an amount under section 45 of CTA 2010 to be set against profits of that trade in a later period (“the terminal loss”).

Below in this section the company is referred to as “company A” and the separate theatrical trade is referred to as “trade 1”.

- (2) If company A—
 - (a) is treated under section 1217H(3) as carrying on a separate theatrical trade in relation to another theatrical production (“trade 2”), and

Finance Bill, *continued*

- (b) is carrying on trade 2 when it ceases to carry on trade 1, company A may (on making a claim) elect to transfer the terminal loss (or a part of it) to trade 2.
- (3) If company A makes an election under subsection (2), the terminal loss (or part of the loss) is treated as if it were a loss brought forward under section 45 of CTA 2010 to be set against the profits of trade 2 of the first accounting period beginning after the cessation and so on.
- (4) Subsection (5) applies if—
- (a) another company (“company B”) is treated under section 1217H(3) as carrying on a separate theatrical trade (“company B’s trade”) in relation to another theatrical production,
 - (b) company B is carrying on that trade when company A ceases to carry on trade 1, and
 - (c) company B is in the same group as company A for the purposes of Part 5 of CTA 2010 (group relief).
- (5) Company A may surrender the loss (or part of it) to company B.
- (6) On the making of a claim by company B the amount surrendered is treated as if it were a loss brought forward by company B under section 45 of CTA 2010 to be set against the profits of company B’s trade of the first accounting period beginning after the cessation and so on.
- (7) The Treasury may by regulations make administrative provision in relation to the surrender of a loss under subsection (5) and the resulting claim under subsection (6).
- (8) “Administrative provision” means provision corresponding, subject to such adaptations or other modifications as appear to the Treasury to be appropriate, to that made by Part 8 of Schedule 18 to FA 1998 (company tax returns: claims for group relief).

*Provisional entitlement to relief***1217N Provisional entitlement to relief**

- (1) In relation to a company that has made a claim under section 1217H in relation to a theatrical production, “interim accounting period” means any accounting period that—
- (a) is one in which the company carries on the separate theatrical trade, and
 - (b) precedes the accounting period in which it ceases to do so.
- (2) A company is not entitled to relief under any of the relieving provisions for an interim accounting period unless—
- (a) its company tax return for the period states the amount of planned core expenditure on the theatrical production that is EEA expenditure, and
 - (b) that amount is such as to indicate that the EEA expenditure condition (see section 1217GB) will be met in relation to the production.

If those requirements are met, the company is provisionally treated in relation to that period as if the EEA expenditure condition were met.

Finance Bill, *continued*

- (3) In this section “the relieving provisions” means—
- (a) section 1217H (additional deduction),
 - (b) section 1217K (theatre tax credits), and
 - (c) section 1217MC (terminal losses).

1217NA Clawback of provisional relief

- (1) If a statement is made under section 1217N(2) but it subsequently appears that the EEA expenditure condition will not be met on the company’s ceasing to carry on the separate theatrical trade, the company—
- (a) is not entitled to relief under any of the relieving provisions for any period for which its entitlement depended on such a statement, and
 - (b) must amend its company tax return for any such period accordingly.
- (2) When a company which has made a claim under section 1217H ceases to carry on the separate theatrical trade, the company’s company tax return for the period in which that cessation occurs must—
- (a) state that the company has ceased to carry on the separate theatrical trade, and
 - (b) be accompanied by a final statement of the amount of the core expenditure on the theatrical production that is EEA expenditure.
- (3) If that statement shows that the EEA expenditure condition is not met—
- (a) the company is not entitled to relief under any of the relieving provisions for any period,
 - (b) the company is treated for corporation tax purposes as if section 1217H(3)(a) (treatment as a separate trade) did not apply in relation to the theatrical production for any period, and
 - (c) accordingly, sections 1217MA and 1217MB (provisions about use of losses) do not apply in relation to the theatrical production for any period.
- (4) Where subsection (3) applies, the company must amend its company tax return for any period in which (or in any part of which) it was treated as carrying on a separate trade relating to the theatrical production.
- (5) Any amendment or assessment necessary to give effect to this section may be made despite any limitation on the time within which an amendment or assessment may normally be made.
- (6) In this section “the relieving provisions” has the same meaning as in section 1217N.

Interpretation

1217O Activities involved in developing, producing, running or closing a production

The Treasury may by regulations amend section 1217GC (core expenditure) or 1217IC (costs of production) for the purpose of

Finance Bill, *continued*

providing that activities of a specified description are, or are not, to be regarded as activities involved in developing or (as the case may be) producing, running or closing—

- (a) a theatrical production, or
- (b) a theatrical production of a specified description.

1217OA “Company tax return”

In this Part “company tax return” has the same meaning as in Schedule 18 to FA 1998 (see paragraph 3(1) of that Schedule).

1217OB Index

In this Part—

- “commercial purpose condition” has the meaning given by section 1217GA;
- “company tax return” has the meaning given by section 1217OA;
- “core expenditure” has the meaning given by section 1217GC;
- “costs”, in relation to a theatrical production, has the meaning given by section 1217IC;
- “EEA expenditure” has the meaning given by section 1217GB;
- “EEA expenditure condition” has the meaning given by section 1217GB;
- references to “income from a theatrical production” are to be read in accordance with section 1217IB;
- “production company” has the meaning given by section 1217FC;
- “qualifying expenditure” has the meaning given by section 1217JA;
- references to the “separate theatrical trade” are to be read in accordance with section 1217I;
- “theatrical production” has the meaning given by section 1217FA (read with section 1217FB).”

PART 2

CONSEQUENTIAL AMENDMENTS

ICTA

- 2 (1) Section 826 of ICTA (interest on tax overpaid) is amended as follows.
- (2) In subsection (1), after paragraph (fb) insert—
 - “(fc) a payment of theatre tax credit falls to be made to a company; or”.
- (3) In subsection (3C), for “or video game tax credit” substitute “, video game tax credit or theatre tax credit”.
- (4) In subsection (8A)—
 - (a) in paragraph (a) for “or (f)” substitute “(f), (fa), (fb) or (fc)”, and
 - (b) in paragraph (b)(ii), after “video game tax credit” insert “or theatre tax credit”.
- (5) In subsection (8BA), after “video game tax credit” (in both places) insert “or theatre tax credit”.

FA 1998

- 3 Schedule 18 to FA 1998 (company tax returns, assessments and related matters) is amended as follows.

Finance Bill, *continued*

- 4 In paragraph 10 (other claims and elections to be included in return), in sub-paragraph (4)—
- (a) before “claims” insert “certain”;
 - (b) for “or 15B” substitute “, 15B or 15C”.
- 5 (1) Paragraph 52 (recovery of excessive overpayments etc) is amended as follows.
- (2) In sub-paragraph (2), after paragraph (bf) insert—
- “(bg) theatre tax credit under Part 15C of that Act.”
- (3) In sub-paragraph (5)—
- (a) after paragraph (ah) insert—
 - “(ai) an amount of theatre tax credit paid to a company for an accounting period,”;
 - (b) in the words after paragraph (b), after “(ah)” insert “, (ai)”.
- 6 (1) Part 9D (certain claims for tax relief) is amended as follows.
- (2) In paragraph 83S (introduction), after paragraph (c) insert—
- “(d) an additional deduction under Part 15C of CTA 2009,
 - (e) a theatre tax credit under that Part of that Act.”
- (3) The heading of that Part becomes “CLAIMS FOR TAX RELIEF UNDER PART 15, 15A, 15B OR 15C OF THE CORPORATION TAX ACT 2009”.

CAA 2001

- 7 In Schedule A1 to CAA 2001 (first-year tax credits), in paragraph 11(4), omit the “and” at the end of paragraph (d) and after paragraph (e) insert “, and
- (f) section 1217K of that Act (theatre tax credits).”

FA 2007

- 8 In Schedule 24 to FA 2007 (penalties for errors), in paragraph 28(fa) (meaning of “corporation tax credit”), omit the “or” at the end of sub-paragraph (ivb) and after that sub-paragraph insert—
- “(ivc) a theatre tax credit under section 1217K of that Act, or”.

CTA 2009

- 9 In section 104BA of CTA 2009 (R&D expenditure credits: restrictions on claiming other tax reliefs), after subsection (3) insert—
- “(4) For provision prohibiting an R&D expenditure credit being given under this Chapter and relief being given under section 1217H or 1217K (theatrical productions: additional deduction or theatre tax credit), see section 1217JA(2).”
- 10 In Part 8 of CTA 2009 (intangible fixed assets), in Chapter 10 (excluded assets), before section 809 insert—

“808C Assets representing expenditure incurred in course of separate theatrical trade

- (1) This Part does not apply to an intangible fixed asset held by a theatrical production company so far as the asset represents expenditure on a theatrical production that is treated under Part 15C as expenditure of a separate trade (see particularly sections 1217H and 1217IE).
- (2) In this section—

Finance Bill, *continued*

- “theatrical production” has the same meaning as in Part 15C (see section 1217FA);
- “theatrical production company” means a company which, for the purposes of that Part, is the production company in relation to a theatrical production (see section 1217FC).”
- 11 In section 1040ZA of CTA 2009 (additional relief for expenditure on research and development), after subsection (3) insert—
- “(4) For provision prohibiting relief being given under this Part and under section 1217H or 1217K (theatrical productions: additional deduction or theatre tax credit), see section 1217JA(2).”
- 12 In section 1310 of CTA 2009 (orders and regulations), in subsection (4), after paragraph (ej) insert—
- “(ek) section 1217GB(4) (EEA expenditure condition),
 (el) section 1217J(4) (amount of additional deduction),
 (em) section 1217O (activities involved in developing, producing, running or closing a production),”.
- 13 In Schedule 4 to CTA 2009 (index of defined expressions) at the appropriate place insert—

“commercial purpose condition (in Part 15C)	section 1217OB”;
“company tax return (in Part 15C)	section 1217OA”;
“core expenditure (in Part 15C)	section 1217GC”;
“costs of a theatrical production (in Part 15C)	section 1217IC”;
“EEA expenditure (in Part 15C)	section 1217GB”;
“EEA expenditure condition (in Part 15C)	section 1217OB”;
“income from a theatrical production (in Part 15C)	section 1217IC”;
“production company (in Part 15C)	section 1217FC”;
“qualifying expenditure (in Part 15C)	section 1217JA”;
“the separate theatrical trade (in Part 15C)	section 1217OB”;
“theatrical production (in Part 15C)	section 1217FA”.

Finance Bill, *continued*

FA 2009

- 14 In Schedule 54A to FA 2009 (which is prospectively inserted by F(No. 3)A 2010 and contains provision about the recovery of certain amounts of interest paid by HMRC), in paragraph 2—
- (a) in sub-paragraph (2), omit the “or” at the end of paragraph (f) and after paragraph (g) insert “, or
 - (h) a payment of theatre tax credit under section 1217K of CTA 2009 for an accounting period.”;
 - (b) in sub-paragraph (4), for “(e)” substitute “(h)”.

CTA 2010

- 15 (1) Section 357CG of CTA 2010 (profits arising from the exploitation of patents etc: adjustments in calculating profits of trade) is amended as follows.
- (2) In subsection (3), omit the “and” at the end of paragraph (c) and after paragraph (d) insert “, and
- (e) the amount of any additional deduction for the accounting period obtained by the company under Part 15C of CTA 2009 in respect of qualifying expenditure on a theatrical production.”
- (3) In subsection (6)—
- (a) in the definition of “qualifying expenditure”, omit the “and” at the end of paragraph (a) and after paragraph (b) insert “, and
 - (c) in relation to a company that is the production company (as defined in section 1217FC of that Act) in relation to a theatrical production, has the same meaning as in Part 15C of that Act.”;
 - (b) omit the “and” at the end of the definition of “television production company” and after that definition insert—
 - ““theatrical production” has the same meaning as in Part 15C of CTA 2009 (see section 1217FA of that Act), and”.

PART 3

COMMENCEMENT

- 16 (1) Any power to make regulations conferred on the Treasury by virtue of this Schedule comes into force on the day on which this Act is passed.
- (2) So far as not already brought into force by sub-paragraph (1), the amendments made by this Schedule come into force in accordance with provision contained in an order made by the Treasury.
- (3) An order under sub-paragraph (2) may make different provision for different purposes.
- 17 (1) The amendments made by this Schedule have effect in relation to accounting periods beginning on or after 1 September 2014.
- (2) Sub-paragraph (3) applies where a company has an accounting period beginning before 1 September 2014 and ending on or after that date (“the straddling period”).
- (3) For the purposes of Part 15C of CTA 2009—
- (a) so much of the straddling period as falls before 1 September 2014, and so much of that period as falls on or after that date, are treated as separate accounting periods, and

Finance Bill, continued

- (b) any amounts brought into account for the purposes of calculating for corporation tax purposes the profits of a trade for the straddling period are apportioned to the two separate accounting periods on such basis as is just and reasonable.”

Mr Chancellor of the Exchequer

NC6

To move the following Clause—

“Exclusion of incentivised electricity or heat generation activities

- (1) ITA 2007 is amended as follows.
- (2) In section 192 (EIS: meaning of “excluded activities”)—
 - (a) in subsection (1), omit the “and” at the end of paragraph (ka) and after that paragraph insert—
 - “(kb) the subsidised generation of heat or subsidised production of gas or fuel, and”, and
 - (b) in subsection (2), omit the “and” at the end of paragraph (f) and after paragraph (g) insert “, and
 - (h) section 198B (subsidised generation of heat and subsidised production of gas or fuel).”
- (3) In section 198A (excluded activities: subsidised generation or export of electricity)—
 - (a) for subsection (3) substitute—
 - “(3) The generation of electricity is “subsidised” if—
 - (a) a person receives a FIT subsidy in respect of the electricity generated,
 - (b) a renewables obligation certificate is issued in connection with the generation of the electricity, or
 - (c) a scheme established in a territory outside the United Kingdom, and corresponding to that set out in a renewables obligation order under section 32 of the Electricity Act 1989, operates to incentivise the generation of the electricity.”,
 - (b) in subsection (6), omit the “or” after paragraph (c) and after paragraph (d) insert “, or
 - (e) an SCE formed in accordance with Council Regulation (EC) No 1435/2003 on the Statute for a European Cooperative Society.”, and
 - (c) in subsection (9), at the end insert—
 - ““renewables obligation certificate” means a certificate issued under section 32B of the Electricity Act 1989 or Article 54 of the Energy (Northern Ireland) Order 2003.”
- (4) After that section insert—

“198B Excluded activities: subsidised generation of heat and subsidised production of gas or fuel

- (1) This section supplements section 192(1)(kb).
- (2) The generation of heat, or production of gas or fuel, is “subsidised” if a payment is made, or another incentive is given, under—

Finance Bill, *continued*

- (a) a scheme established by regulations under section 100 of the Energy Act 2008 or section 113 of the Energy Act 2011 (renewable heat incentives), or
 - (b) a similar scheme established in a territory outside the United Kingdom,
- in respect of the heat generated, or gas or fuel produced.
- (3) But the generation of heat, or production of gas or fuel, is not to be taken to fall within section 192(1)(kb) if Condition A or B is met.
 - (4) Condition A is that the generation or production is carried on by—
 - (a) a community interest company,
 - (b) a co-operative society,
 - (c) a community benefit society,
 - (d) a NI industrial and provident society, or
 - (e) an SCE formed in accordance with Council Regulation (EC) No 1435/2003 on the Statute for a European Cooperative Society.
 - (5) Condition B is that the plant used for the generation of the heat, or production of the gas or fuel, relies wholly or mainly on anaerobic digestion.
 - (6) Section 198A(9) (definitions) applies for the purposes of this section as for the purposes of section 198A.”
- (5) In section 303 (VCTs: meaning of “excluded activities”)—
- (a) in subsection (1), omit the “and” at the end of paragraph (ka) and after that paragraph insert—
 - “(kb) the subsidised generation of heat or subsidised production of gas or fuel, and”, and
 - (b) in subsection (2), omit the “and” at the end of paragraph (f) and after paragraph (g) insert “, and
 - (h) section 309B (subsidised generation of heat and subsidised production of gas and fuel).”
- (6) In section 309A (excluded activities: subsidised generation or export of electricity)—
- (a) for subsection (3) substitute—
 - “(3) The generation of electricity is “subsidised” if—
 - (a) a person receives a FIT subsidy in respect of the electricity generated,
 - (b) a renewables obligation certificate is issued in connection with the generation of the electricity, or
 - (c) a scheme established in a territory outside the United Kingdom, and corresponding to that set out in a renewables obligation order under section 32 of the Electricity Act 1989, operates to incentivise the generation of the electricity.”,
 - (b) in subsection (6), omit the “or” after paragraph (c) and after paragraph (d) insert “, or
 - (e) an SCE formed in accordance with Council Regulation (EC) No 1435/2003 on the Statute for a European Cooperative Society.”, and
 - (c) in subsection (9), at the end insert—

Finance Bill, continued

““renewables obligation certificate” means a certificate issued under section 32B of the Electricity Act 1989 or Article 54 of the Energy (Northern Ireland) Order 2003.”

(7) After that section insert—

“309B Excluded activities: subsidised generation of heat and subsidised production of gas or fuel

- (1) This section supplements section 303(1)(kb).
- (2) The generation of heat, or production of gas or fuel, is “subsidised” if a payment is made, or another incentive is given, under—
 - (a) a scheme established by regulations under section 100 of the Energy Act 2008 or section 113 of the Energy Act 2011 (renewable heat incentives), or
 - (b) a similar scheme established in a territory outside the United Kingdom,
 in respect of the heat generated or gas or fuel produced.
- (3) But the generation of heat, or production of gas or fuel, is not to be taken to fall within section 303(1)(kb) if Condition A or B is met.
- (4) Condition A is that the generation or production is carried on by—
 - (a) a community interest company,
 - (b) a co-operative society,
 - (c) a community benefit society,
 - (d) a NI industrial and provident society, or
 - (e) an SCE formed in accordance with Council Regulation (EC) No 1435/2003 on the Statute for a European Cooperative Society.
- (5) Condition B is that the plant used for the generation of the heat, or production of the gas or fuel, relies wholly or mainly on anaerobic digestion.
- (6) Section 309A(9) (definitions) applies for the purposes of this section as for the purposes of section 309A.”
- (8) The amendments made by subsections (2) to (4) have effect in relation to shares issued on or after the day on which this Act is passed.
- (9) The amendments made by subsections (5) to (7) have effect in relation to a relevant holding issued on or after the day on which this Act is passed.”

Mr Chancellor of the Exchequer

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Schedule 33, page 559, line 35, leave out “(see sections 236J to 236L)” and insert “at the time of the disposal and continues to meet that requirement for the remainder of the tax year in which that time falls (see sections 236J to 236L and subsection (4A) of this section)”

Mr Chancellor of the Exchequer

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Schedule 33, page 560, line 1, leave out “but does meet it at the end of that year” and insert “but—

- (i) it meets that requirement at the end of that tax year, and

Finance Bill, *continued*

- (ii) if it met the requirement at an earlier time in that tax year (whether before or after the time of the disposal) it continued to meet it throughout the remainder of that tax year,”

Mr Chancellor of the Exchequer

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Schedule 33, page 560, line 7, at end insert—

“(4A) For the purposes of subsection (4)(b)—

- (a) unless the settlement met the all-employee benefit requirement by virtue of section 236L (cases in which all-employee benefit requirement treated as met) at the time of the disposal, that section does not apply for the purposes of determining whether the settlement continues to meet that requirement after the disposal, and
- (b) if, at the time of the disposal, the settlement met that requirement by virtue of section 236L and later continues to meet it otherwise than by virtue of that section, it may not again meet the requirement by virtue of that section.”

Mr Chancellor of the Exchequer

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Schedule 33, page 560, line 19, at end insert—

“(7) Section 236NA makes provision about events which prevent a claim being made under this section and circumstances in which a claim is revoked.”

Mr Chancellor of the Exchequer

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Schedule 33, page 563, line 46, leave out “is treated as meeting that requirement” and insert “at any time is treated as meeting that requirement at that time”

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Schedule 33, page 564, line 9, leave out “day of the disposal mentioned in section 236H(1)” and insert “time in question”

Mr Chancellor of the Exchequer

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Schedule 33, page 566, line 10, at end insert—

“(A1) The limited participation requirement is met if Conditions A and B are met.”

Mr Chancellor of the Exchequer

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Schedule 33, page 566, line 11, leave out “The limited participation requirement is met if” and insert “Condition A is that”

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Schedule 33, page 566, line 15, at end insert—

“(1A) Condition B is that the participator fraction does not exceed $\frac{2}{5}$ at any time in the period beginning with that disposal and ending at the end of the tax year in which it occurs.”

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Mr Chancellor of the Exchequer 53
 Schedule 33, page 566, line 18, after “(1)(b)” insert “and (1A)”

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 Schedule 33, page 567, line 7, at end insert—

“236NA No section 236H relief if disqualifying event in next tax year

- (1) This section applies where—
 - (a) a disposal is made in circumstances where paragraphs (a) and (b) of section 236H(1) are satisfied, and
 - (b) one or more disqualifying events occur in relation to the disposal in the tax year following the tax year in which the disposal occurs.
- (2) A “disqualifying event” occurs in relation to the disposal if and when—
 - (a) C ceases to meet the trading requirement,
 - (b) the settlement ceases to meet the all-employee benefit requirement,
 - (c) the settlement ceases to meet the controlling interest requirement,
 - (d) the participator fraction exceeds 2/5, or
 - (e) the trustees act in a way which the trusts, as required by the all-employee benefit requirement, do not permit.
- (3) No claim for relief under section 236H may be made in respect of the disposal on or after the day on which the disqualifying event (or, if more than one, the first of them) occurs.
- (4) Any claim for relief under section 236H made in respect of the disposal before that day is revoked, and the chargeable gains and allowable losses of any person for any chargeable period are to be calculated as if that claim had never been made.
- (5) Such adjustments must be made in relation to any person, whether by the making of assessments or otherwise, as are required to give effect to subsection (4) (regardless of any limitation on the time within which any adjustment may be made).
- (6) Section 236H(4A) (restrictions on application of section 236L) applies for the purposes of subsection (2)(b).
- (7) Section 236N(2) applies for the purposes of subsection (2)(d) as it applies in relation to section 236N(1)(b) and (1A).”

Mr Chancellor of the Exchequer 55
 Schedule 33, page 567, line 11, after “occasion” insert “, after the end of the tax year following the tax year in which the acquisition occurs, when”

Mr Chancellor of the Exchequer 56
 Schedule 33, page 567, leave out lines 13 to 25 and insert—

Finance Bill, continued

- “(2) A “disqualifying event” occurs in relation to the acquisition if and when—
- (a) C ceases to meet the trading requirement,
 - (b) the settlement ceases to meet the all-employee benefit requirement,
 - (c) the settlement ceases to meet the controlling interest requirement,
 - (d) the participator fraction exceeds 2/5, or
 - (e) the trustees act in a way which the trusts, as required by the all-employee benefit requirement, do not permit.”

Mr Chancellor of the Exchequer 57

Schedule 33, page 567, line 26, leave out “after” and insert “before”

Mr Chancellor of the Exchequer 58

Schedule 33, page 567, line 34, leave out “(2)(b)(i)” and insert “(2)(b)”

Mr Chancellor of the Exchequer 59

Schedule 33, page 567, leave out lines 44 to 48

Mr Chancellor of the Exchequer 60

Schedule 33, page 568, line 1, leave out “(2)(b)(ii) as it applies in relation to section 236N(1)(b)” and insert “(2)(b) as it applies in relation to section 236N(1)(b) and (1A)”

Mr Chancellor of the Exchequer 61

Schedule 33, page 568, line 36, at end insert—

- “(7) Section 236PA makes provision about events which prevent a claim being made under this section and circumstances in which a claim is revoked.”

Mr Chancellor of the Exchequer 62

Schedule 33, page 568, line 36, at end insert—

“236PA No section 236P relief if disqualifying event in next tax year

- (1) This section applies where—
 - (a) a deemed disposal arises in circumstances where paragraphs (a) to (c) of section 236P(1) are satisfied, and
 - (b) one or more disqualifying events occur in relation to the disposal in the tax year following the tax year in which the deemed disposal arises.
- (2) No claim for relief under section 236P may be made in respect of the deemed disposal on or after the day on which the disqualifying event (or, if more than one, the first of them) occurs.
- (3) Any claim for relief under section 236P made in respect of the deemed disposal before that day is revoked, and the chargeable gains and allowable losses of any person for any chargeable period are to be calculated as if that claim had never been made.

Finance Bill, continued

- (4) Such adjustments must be made in relation to any person, whether by the making of assessments or otherwise, as are required to give effect to subsection (3) (regardless of any limitation on the time within which any adjustment may be made).
- (5) “Disqualifying event” is to be construed in accordance with subsections (2), (6) and (7) of section 236NA except that—
 - (a) references in those subsections to the disposal are to be read as references to the deemed disposal, and
 - (b) in applying sections 236I to 236O and 236R for this purpose—
 - (i) references in those provisions to the settlement are to be read as references to the acquiring settlement (within the meaning of section 236P(1)), and
 - (ii) references in those provisions to C are to be read as references to the company mentioned in section 236P(1)(b).”

Mr Chancellor of the Exchequer

63

Schedule 33, page 570, line 17, leave out “The” and insert “Subject to paragraph 2A, the”

Mr Chancellor of the Exchequer

64

Schedule 33, page 570, line 18, at end insert—

“2A In relation to disposals made on or after 6 April 2014 but before 26 June 2014, TCGA 1992 has effect as if—

- (a) in section 236H—
 - (i) in subsection (4)(b), for the words from “at the time of the disposal” to the end there were substituted “(see sections 236J to 236L)”,
 - (ii) subsection (4)(c)(ii) (and the “and” before it) were omitted, and
 - (iii) subsections (4A) and (7) were omitted,
- (b) in section 236N—
 - (i) in subsection (A1), for “Conditions A and B are” there were substituted “Condition A is”, and
 - (ii) subsection (1A) were omitted,
- (c) section 236NA were omitted,
- (d) in section 236O—
 - (i) in subsection (1) the words “, after the end of the tax year following the tax year in which the acquisition occurs, when” were omitted,
 - (ii) for subsection (2) there were substituted—

“(2) A “disqualifying event” occurs in relation to the acquisition if and when—

- (a) at any time after that tax year—
 - (i) C ceases to meet the trading requirement, or
 - (ii) the settlement ceases to meet the controlling interest requirement, or
- (b) at any time after the acquisition—

Finance Bill, *continued*

- (i) the settlement ceases to meet the all-employee benefit requirement,
- (ii) the participator fraction exceeds 2/5, or
- (iii) the trustees act in a way which the trusts, as required by the all-employee benefit requirement, do not permit.”,
- (iii) in subsection (3) for “before” there were substituted “after”,
- (e) section 236P(7) were omitted, and
- (f) section 236PA were omitted.”

Mr Chancellor of the Exchequer

65

Schedule 33, page 575, line 36, leave out “day of the disposal mentioned in section 236H(1)” and insert “time in question”

Mr Chancellor of the Exchequer

66

Schedule 33, page 582, line 9, leave out “date of the disposal mentioned in section 236H(1)” and insert “time in question”

Mr Chancellor of the Exchequer

NC7

To move the following Clause—

“SDLT: exercise of collective rights by tenants of flats

- (1) In section 74 of FA 2003 (exercise of collective rights by tenants of flats), in subsection (1A) for “£2,000,000”, in each place it occurs, substitute “£500,000”.
- (2) The amendments made by this section have effect in relation to any chargeable transaction of which the effective date is on or after 1 July 2014.
- (3) But the amendments do not have effect in relation to a transaction—
 - (a) effected in pursuance of a contract entered into and substantially performed before 20 March 2014, or
 - (b) effected in pursuance of a contract entered into before that date and not excluded by subsection (4).
- (4) A transaction effected in pursuance of a contract entered into before 20 March 2014 is excluded by this subsection if—
 - (a) there is any variation of the contract, or assignment (or assignation) of rights under the contract, on or after 20 March 2014,
 - (b) the transaction is effected in consequence of the exercise on or after that date of any option, right of pre-emption or similar right, or
 - (c) on or after that date there is an assignment (or assignation), subsale or other transaction relating to the whole or part of the subject-matter of the contract as a result of which a person other than the purchaser under the contract becomes entitled to call for a conveyance.”

Finance Bill, continued

Ed Balls
Chris Leslie
Cathy Jamieson
Catherine McKinnell
Shabana Mahmood

NC8

To move the following Clause—

“Report on the additional rate of income tax

- (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) The report shall set out the impact upon Exchequer receipts of setting the additional rate at 50 per cent in the tax year 2015-16.
- (3) The report shall set out the impact of reducing the additional rate for 2013-14 on the amount of income tax paid by those with taxable incomes of—
 - (a) over £100,000 per year;
 - (b) over £250,000 per year; and
 - (c) over £1,000,000 per year.
- (4) The report shall set out the impact of the reduction in the additional rate for 2013-14 on the level of bonuses awarded in April 2013 to employees in the financial sector.”

Ed Balls
Chris Leslie
Cathy Jamieson
Catherine McKinnell
Shabana Mahmood

67

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.”

Ed Balls
Chris Leslie
Cathy Jamieson
Catherine McKinnell
Shabana Mahmood

NC9

To move the following Clause—

“Pension flexibility: Treasury analysis

- (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—

Finance Bill, *continued*

- (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.”

Ed Balls
Chris Leslie
Cathy Jamieson
Catherine McKinnell
Shabana Mahmood

NC10

To move the following Clause—

“Review of reform to the annual investment allowance

- (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 Allowances Act 2001 made by Finance Act 2011.
- (2) The Chancellor of the Exchequer must publish the report of the review and lay the report before the House.”

Ed Balls
Chris Leslie
Cathy Jamieson
Catherine McKinnell
Shabana Mahmood

NC11

To move the following Clause—

“Capital gains tax and employee shareholders

- (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.”

Ed Balls
Chris Leslie
Cathy Jamieson
Catherine McKinnell
Shabana Mahmood

NC12

To move the following Clause—

Finance Bill, *continued***“Report on tax advantages arising from tax arrangements that are abusive**

- (1) 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 further proposals to reduce the tax advantages arising from tax arrangements that are abusive.
 - (2) The report referred to in subsection (1) must in particular include proposals about—
 - (a) the exemption from the obligation to deduct tax on yearly interest in respect of interest received on a quoted Eurobond contained in section 882 of the Income Tax Act 2007;
 - (b) disguised employment in the construction sector; and
 - (c) the use of dormant companies as a means of tax avoidance.
 - (3) The report referred to in subsection (1) must set out the estimated impact of the proposals contained in the report on the total receipts paid to the Exchequer.”
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