



House of Commons

Wednesday 25 March 2015

COMMITTEE OF THE WHOLE HOUSE

New Amendments handed in are marked thus ★

FINANCE (NO. 2) BILL

NOTE

The Amendments have been arranged in accordance with paragraph (4) of the Business of the House (24, 25 and 26 March) Order of 24 March 2015.

NEW CLAUSE RELATING TO VALUE ADDED TAX

Ed Balls
Chris Leslie
Shabana Mahmood
Cathy Jamieson

NC1

★ To move the following Clause—

“Report on impact of value added tax

- (1) The Chancellor of the Exchequer shall, within three months of the passing of this Act, publish a report on the impact of the increase in the standard rate of VAT which took effect from 4 January 2011.
 - (2) The report must estimate the impact of the increase in the standard rate of value added tax on—
 - (a) living standards;
 - (b) small businesses;
 - (c) the fairness of the taxation system; and
 - (d) economic growth.”
-

Finance (No. 2) Bill, continued

Ed Balls
Chris Leslie
Shabana Mahmood
Cathy Jamieson
Caroline Lucas

1

- ★ Clause 1, page 2, line 1, at end insert—
- “(3) The Chancellor of the Exchequer shall, within three months of the passing of this Act, publish a report on the impact of setting the additional rate of income tax at 50 per cent.
- (4) The report must estimate the impact of setting the additional rate for 2015-16 at 45 per cent and at 50 per cent on the amount of income tax currently paid by someone with a taxable income of—
- (a) £150,000 per year; and
 - (b) £1,000,000 per year.”
-

Ed Balls
Chris Leslie
Shabana Mahmood
Cathy Jamieson

2

- ★ Clause 6, page 3, line 39, at end insert—
- “(3) The Chancellor of the Exchequer shall undertake a review, within six months of the passing of this Act, of the impact of a cut of one per cent to the main rate of Corporation Tax for financial year 2016, with particular reference to—
- (a) the impact on businesses with fewer than 50 employees;
 - (b) the impact on investment by businesses with fewer than 50 employees; and
 - (c) alternative tax measures, including non-domestic rates, which would have a greater benefit for businesses with fewer than 50 employees.
- (4) The Chancellor of the Exchequer must publish the report of the review and lay the report before the House.”
-

Finance (No. 2) Bill, continued

Caroline Lucas
Andrew George

3

★ Clause 21, page 24, line 46, at end insert—

“809EZI Commencement

This Part shall not come into force until the Chancellor of the Exchequer has published a report on the impact of including “carried interest” in the definition of “management fee” in section 809EZA.”

Member’s explanatory statement

This Amendment would delay implementation of changes to legislation that would allow private equity fund managers who have formed Limited Liability Partnerships to avoid “carried interest” being taxed as ordinary income until the Chancellor of the Exchequer has published a report on the impact of including “carried interest” in the definition of “management fee”.

Caroline Lucas
Andrew George

NC2

★ To move the following Clause—

“Income tax treatment of private equity fund securities

- (1) The Chancellor of the Exchequer shall, within three months of the passing of this Act, publish a report on the impact of changing the income tax treatment of employment-related securities where the employment relates to the operations of a collective investment scheme the sole or main purpose of which is to invest in unquoted shares or securities.
- (2) The report mentioned in subsection (1) must in particular assess the impact of treating as employment income of the employee for the tax year in which it arises any sum arising in respect of such a security (being a sum not otherwise charged to income tax) which (whether in connection with a disposal or otherwise) directly or indirectly represents profits or gains on investments made for the purposes of the scheme.
- (3) For the purposes of subsections (1) and (2) “employment-related securities”, “the employment” and “the employee” have the meanings indicated in section 421B(8) of the Income Tax (Earnings and Pensions) Act 2003 and “collective investment scheme” has the meaning given in section 420(2) of the Income Tax (Earnings and Pensions) Act 2003.”

Member’s explanatory statement

This New Clause would require the Chancellor to report on the impact of changing the law so that ‘carried interest’ is taxed as ordinary income, and therefore at a higher rate, for private equity fund managers.

BUSINESS OF THE HOUSE (24, 25 AND 26 MARCH) ORDER
(EXTRACT)

- (4) Proceedings on Second Reading and in Committee, any proceedings on Consideration, and proceedings on Third Reading on the Finance (No. 2) Bill shall be completed at the sitting on Wednesday 25 March, as follows—
 - (a) proceedings on Second Reading shall be brought to a conclusion (unless already concluded) two hours after their commencement;

Finance (No. 2) Bill, *continued*

- (b) when the Bill has been read a second time, it shall stand committed to a Committee of the whole House and, subject to sub-paragraph (c), the House shall immediately resolve itself into a Committee of the whole House on the Bill;
 - (c) where relevant, when the Bill has been read a second time—
 - (i) proceedings on the Bill shall stand postponed while the Question is put on any Procedure Resolution relating to the Bill and, in accordance with Standing Order No. 52(1) (financial resolutions in connection with bills), on any Money Resolution or Ways and Means Resolution relating to the Bill;
 - (ii) on the conclusion of proceedings on any Procedure Resolution, Money Resolution or Ways and Means Resolution relating to the Bill, proceedings on the Bill shall be resumed and the House shall immediately resolve itself into a Committee of the whole House on the Bill;
 - (d) proceedings in the Committee of the whole House shall be taken in the following order: clauses 66 and 67 and new Clauses and new Schedules relating to value added tax; clauses 1 to 5 and new Clauses and new Schedules relating to the charge to, the rates of and the limits and allowances for income tax; clause 6 and new Clauses and new Schedules relating to the charge to, and the main rate of, corporation tax; remaining proceedings in Committee;
 - (e) if, on conclusion of proceedings in Committee, the Bill is reported with amendments, the House shall proceed to consider the Bill as amended without any Question being put;
 - (f) proceedings in Committee, any proceedings on Consideration and proceedings on Third Reading shall be brought to a conclusion (unless already concluded) six hours after the commencement of proceedings on Second Reading.
-