



House of Commons

NOTICES OF AMENDMENTS

given up to and including

Wednesday 21 October 2015

New Amendments handed in are marked thus ★

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

Amendments tabled since the last publication: 1 to 93 and NC4 to NC11

CONSIDERATION OF BILL (REPORT STAGE)

FINANCE BILL, AS AMENDED

NOTE

This document includes all amendments tabled to date and includes any withdrawn amendments at the end. The amendments have been arranged in the order in which they relate to the Bill.

NEW CLAUSES

Mr Chancellor of the Exchequer

NC4

★ To move the following Clause—

“EIS, VCTs etc: excluded activities

- (1) In section 192 of ITA 2007 (excluded activities for the purposes of sections 181 and 189 (and, by virtue of section 257HF(2), Part 5A)), in subsection (1)—
 - (a) in paragraph (kb), omit the final “and”;
 - (b) after paragraph (kb) insert—
 - “(kc) making reserve electricity generating capacity available (or, where such capacity has been made available, using it to generate electricity), and”.
- (2) In section 303 of ITA 2007 (excluded activities for the purposes of sections 290 and 300), in subsection (1)—
 - (a) in paragraph (kb), omit the final “and”;

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- (b) after paragraph (kb) insert—
“(kc) making reserve electricity generating capacity available (or, where such capacity has been made available, using it to generate electricity), and”.
- (3) The amendment made by subsection (1) has effect in relation to shares issued on or after 30 November 2015.
- (4) The amendment made by subsection (2) has effect in relation to relevant holdings issued on or after 30 November 2015.”
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Mr Chancellor of the Exchequer

NC5

- ★ To move the following Clause—

“Corporation tax instalment payments

- (1) The Corporation Tax (Instalment Payments) (Amendment) Regulations 2014 (S.I. 2014/2409) are to be treated as always having had effect as if in regulation 1(2) (commencement) “ending” were substituted for “beginning”.
- (2) Consequently, for the purposes of the application of regulations 2(2) and 3(5B) of the Corporation Tax (Instalment Payments) Regulations 1998 (S.I. 1998/3175) to accounting periods beginning before, and ending on or after, 1 April 2015—
- (a) sections 279F and 279G of CTA 2010 are taken to have effect in relation to such periods, and
- (b) paragraph 22 of Schedule 1 to FA 2014 is to be disregarded accordingly.”
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Mr Chancellor of the Exchequer

NC6

- ★ To move the following Clause—

“Carried interest and disguised investment management fees: “arise”

- (1) In ITA 2007, after section 809EZD insert—
- “809EZDA Sums arising to connected persons other than companies**
- (1) This section applies in relation to an individual (“A”) if—
- (a) a sum arises to a person (“B”) who is connected with A,
- (b) B is not a company,
- (c) income tax is not charged on B in respect of the sum by virtue of this Chapter,
- (d) capital gains tax is not charged on B in respect of the sum by virtue of Chapter 5 of Part 3 of TCGA 1992, and
- (e) the sum does not arise to A apart from this section.
- (2) The sum referred to in subsection (1)(a) arises to A for the purposes of this Chapter.
- (3) Where a sum arises to A by virtue of this section, it arises to A at the time the sum referred to in subsection (1)(a) arises to B.

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- (4) Section 993 (meaning of “connected”) applies for the purposes of this section, but as if—
- (a) subsection (4) of that section were omitted, and
 - (b) partners in a partnership in which A is also a partner were not “associates” of A for the purposes of sections 450 and 451 of CTA 2010 (“control”).

809EZDB Sums arising to connected company or unconnected person

- (1) This section applies in relation to an individual (“A”) if—
- (a) a sum arises to—
 - (i) a company connected with A, or
 - (ii) a person not connected with A,
 - (b) any of the enjoyment conditions is met, and
 - (c) the sum does not arise to A apart from this section.
- (2) The enjoyment conditions are—
- (a) the sum, or part of the sum, is in fact so dealt with by any person as to be calculated at some time to enure for the benefit of A or a person connected with A;
 - (b) the arising of the sum operates to increase the value to A or a person connected with A of any assets which—
 - (i) A or the connected person holds, or
 - (ii) are held for the benefit of A or the connected person;
 - (c) A or a person connected with A receives or is entitled to receive at any time any benefit provided or to be provided out of the sum or part of the sum;
 - (d) A or a person connected with A may become entitled to the beneficial enjoyment of the sum or part of the sum if one or more powers are exercised or successively exercised (and for these purposes it does not matter who may exercise the powers or whether they are exercisable with or without the consent of another person);
 - (e) A or a person connected with A is able in any manner to control directly or indirectly the application of the sum or part of the sum.

In this subsection, in a case where the sum referred to in subsection (1)(a) arises to a company connected with A, references to a person connected with A do not include that company.

- (3) There arises to A for the purposes of this Chapter—
- (a) the sum referred to in subsection (1)(a), or
 - (b) if the enjoyment condition in subsection (2)(a), (c), (d) or (e) is met in relation to part of the sum, that part of that sum, or
 - (c) if the enjoyment condition in subsection (2)(b) is met, such part of that sum as is equal to the amount by which the value of the assets referred to in that condition is increased.
- (4) Where a sum (or part of a sum) arises to A by virtue of this section, it arises to A at the time it arises to the person referred to in subsection (1)(a)(i) or (ii) (whether the enjoyment condition was met at that time or at a later date).
- (5) In determining whether any of the enjoyment conditions is met in relation to a sum or part of a sum—

Finance Bill, *continued*

- (a) regard must be had to the substantial result and effect of all the relevant circumstances, and
 - (b) all benefits which may at any time accrue to a person as a result of the sum arising as specified in subsection (1)(a) must be taken into account, irrespective of—
 - (i) the nature or form of the benefits, or
 - (ii) whether the person has legal or equitable rights in respect of the benefits.
- (6) The enjoyment condition in subsection (2)(b), (c) or (d) is to be treated as not met if it would be met only by reason of A holding shares or an interest in shares in a company.
- (7) The enjoyment condition in subsection (2)(a) or (e) is to be treated as not met if the sum referred to in subsection (1)(a) arises to a company connected with A and—
- (a) the company is liable to pay corporation tax in respect of its profits and the sum is included in the computation of those profits, or
 - (b) paragraph (a) does not apply but—
 - (i) the company is a CFC and the exemption in Chapter 14 of Part 9A of TIOPA 2010 applies for the accounting period in which the sum arises, or
 - (ii) the company is not a CFC but, if it were, that exemption would apply for that period.
- In this subsection “CFC” has the same meaning as in Part 9A of TIOPA 2010.
- (8) But subsections (6) and (7) do not apply if the sum referred to in subsection (1)(a) arises to the company referred to in subsection (1)(a)(i) or the person referred to in subsection (1)(a)(ii) as part of arrangements where—
- (a) it is reasonable to assume that in the absence of the arrangements the sum or part of the sum would have arisen to A or an individual connected with A, and
 - (b) it is reasonable to assume that the arrangements have as their main purpose, or one of their main purposes, the avoidance of a liability to pay income tax, capital gains tax, inheritance tax or corporation tax.
- (9) The condition in subsection (8)(b) is to be regarded as met in a case where the sum is applied directly or indirectly as an investment in a collective investment scheme.
- (10) Section 993 (meaning of “connected”) applies for the purposes of this section, but as if—
- (a) subsection (4) of that section were omitted, and
 - (b) partners in a partnership in which A is also a partner were not “associates” of A for the purposes of sections 450 and 451 of CTA 2010 (“control”).”
- (2) In ITA 2007, in section 809EZA(3)(c), omit “directly or indirectly”.
- (3) The amendments made by this section have effect in relation to—
- (a) sums other than carried interest arising on or after 22 October 2015, (whenever the arrangements under which the sums arise were made), and

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- (b) carried interest arising on or after 22 October 2015 under any arrangements, unless the carried interest arises in connection with the disposal of an asset or assets of a partnership or partnerships before that date.
- (4) In subsection (3), “arise”, “arrangements” and “carried interest” have the same meanings as in Chapter 5E of Part 13 of ITA 2007.”

Mr Chancellor of the Exchequer

NC8

★ To move the following Clause—

“Restitution interest payments

- (1) CTA 2010 is amended as follows.
- (2) In section 1 (overview of Act), in subsection (3), after paragraph (ac) insert—
“*(ad) restitution interest (see Part 8C),”*.”
- (3) After Part 8B insert—

“PART 8C

RESTITUTION INTEREST

CHAPTER 1

AMOUNTS TAXED AS RESTITUTION INTEREST

357YA Charge to corporation tax on restitution interest

The charge to corporation tax on income applies to restitution interest arising to a company.

357YB Restitution interest chargeable as income

- (1) Profits arising to a company which consist of restitution interest are chargeable to tax as income under this Part (regardless of whether the profits are of an income or capital nature).
- (2) In this Part references to “profits” are to be interpreted in accordance with section 2(2) of CTA 2009.

357YC Meaning of “restitution interest”

- (1) In this Part “restitution interest” means profits in relation to which Conditions A to C are met.
- (2) Condition A is that the profits are interest paid or payable by the Commissioners in respect of a claim by the company for restitution with regard to either of the following matters (or alleged matters)—
 - (a) the payment of an amount to the Commissioners under a mistake of law relating to a taxation matter, or
 - (b) the unlawful collection by the Commissioners of an amount in respect of taxation.
- (3) Condition B is that—

Finance Bill, *continued*

- (a) a court has made a final determination that the Commissioners are liable to pay the interest, or
 - (b) the Commissioners and the company, have in final settlement of the claim, entered into an agreement under which the company is entitled to be paid, or is to retain, the interest.
- (4) Condition C is that the interest determined to be due, or agreed upon, as mentioned in subsection (3) is not limited to simple interest at a statutory rate (see section 357YU).
- (5) Subsection (4) does not prevent so much of an amount of interest determined to be due, or agreed upon, as represents or is calculated by reference to simple interest at a statutory rate from falling within the definition of “restitution interest”.
- (6) For the purposes of subsection (2) it does not matter whether the interest is paid or payable—
- (a) pursuant to a judgment or order of a court,
 - (b) as an interim payment in court proceedings,
 - (c) under an agreement to settle a claim, or
 - (d) in any other circumstances.
- (7) For the purposes of this section—
- (a) “interest” includes an amount equivalent to interest, and
 - (b) an amount paid or payable by the Commissioners as mentioned in subsection (2) is “equivalent to interest” so far as it is an amount determined by reference to the time value of money.
- (8) For the purposes of this section a determination made by a court is “final” if the determination cannot be varied on appeal (whether because of the absence of any right of appeal, the expiry of a time limit for making an appeal without an appeal having been brought, the refusal of permission to appeal, the abandonment of an appeal or otherwise).
- (9) Any power to grant permission to appeal out of time is to be disregarded for the purposes of subsection (8).

357YD Further provision about amounts included, or not included, in “restitution interest”

- (1) Interest paid to a company is not restitution interest for the purposes of this Part if—
- (a) Condition B was not met in relation to the interest until after the interest was paid, and
 - (b) the amount paid was limited to simple interest at a statutory rate
- (2) Subsection (1) does not prevent so much of a relevant amount of interest determined to be due, agreed upon or otherwise paid as represents or is calculated by reference to simple interest at a statutory rate from falling within the definition of “restitution interest”.
- (3) In subsection (2) “relevant amount of interest” means an amount of interest the whole of which was paid before Condition B was met in relation to it.
- (4) Section 357YC(7) applies in relation to this section as in relation to section 357YC.

Finance Bill, *continued*

357YE Period in which amounts are to be brought into account

- (1) The amounts to be brought into account as restitution interest for any period for the purposes of this Part are those that are recognised in determining the company's profit or loss for the period in accordance with generally accepted accounting practice.
- (2) If Condition A in section 357C is met, in relation to any amount, after the end of the period for which the amount is to be brought into account as restitution interest in accordance with subsection (1), any necessary adjustments are to be made; and any time limits for the making of adjustments are to be disregarded for this purpose.

357YF Companies without GAAP-compliant accounts

- (1) If a company—
 - (a) draws up accounts which are not GAAP-compliant accounts, or
 - (b) does not draw up accounts at all,
 this Part applies as if GAAP-compliant accounts had been drawn up.
- (2) Accordingly, references in this Part to amounts recognised for accounting purposes are references to amounts that would have been recognised if GAAP-compliant accounts had been drawn up for the period of account in question and any relevant earlier period.
- (3) For this purpose a period of account is relevant to a later period if the accounts for the later period rely to any extent on amounts derived from the earlier period.
- (4) In this section “GAAP-compliant accounts” means accounts drawn up in accordance with generally accepted accounting practice.

357YG Restitution interest: appeals made out of time

- (1) This section applies where—
 - (a) an amount of interest (“the interest”) arises to a company as restitution interest for the purposes of this Part,
 - (b) Condition B in section 357YC is met in relation to the interest as a result of the making by a court of a final determination as mentioned in subsection (3)(a) of that section,
 - (c) on a late appeal (or a further appeal subsequent to such an appeal) a court reverses that determination, or varies it so as to negative it, and
 - (d) the determination reversing or varying the determination by virtue of which Condition B was met is itself a final determination.
- (2) This Part has effect as if the interest had never been restitution interest.
- (3) If—
 - (a) the Commissioners for Her Majesty's Revenue and Customs have under section 357YO(2) deducted a sum representing corporation tax from the interest, or
 - (b) a sum has been paid as corporation tax in respect of the interest under section 357YQ,

that sum is treated for all purposes as if it had never been paid to, or deducted or held by, the Commissioners as or in respect of corporation tax.

Finance Bill, *continued*

- (4) Any adjustments are to be made that are necessary in accordance with this section; and any time limits applying to the making of adjustments are to be ignored.
- (5) In this section—
 - “final determination” has the same meaning as in section 357YC;
 - “late appeal” means an appeal which is made by reason of a court giving leave to appeal out of time.

357YH Countering effect of avoidance arrangements

- (1) Any restitution-related tax advantages that would (in the absence of this section) arise from relevant avoidance arrangements are to be counteracted by the making of such adjustments as are just and reasonable in relation to amounts to be brought into account for the purposes of this Part.
- (2) Any adjustments required to be made under this section (whether or not by an officer of Revenue and Customs) may be made by way of an assessment, the modification of an assessment, amendment or otherwise.
- (3) For the meaning of “relevant avoidance arrangements” and “restitution-related tax advantage” see section 357YI.

357YI Interpretation of section 357YH

- (1) This section applies for the interpretation of section 357YH (and this section).
- (2) “Arrangements” include any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).
- (3) Arrangements are “relevant avoidance arrangements” if their main purpose, or one of their main purposes, is to enable a company to obtain a tax advantage in relation to the application of the charge to tax at the restitution payments rate.
- (4) But arrangements are not “relevant avoidance arrangements” if the obtaining of any tax advantages that would (in the absence of section 357YH) arise from them can reasonably be regarded as consistent with wholly commercial arrangements.
- (5) “Tax advantage” includes—
 - (a) a repayment of tax or increased repayment of tax,
 - (b) the avoidance or reduction of a charge to tax or an assessment to tax,
 - (c) the avoidance of a possible assessment to tax,
 - (d) deferral of a payment of tax or advancement of a repayment of tax, or
 - (e) the avoidance of an obligation to deduct or account for tax.
- (6) In subsection (5)(b) and (c) the references to avoidance or reduction include an avoidance or reduction effected by receipts accruing in such a way that the recipient does not bear tax on them as restitution interest under this Part.

Finance Bill, *continued***357YJ Examples of results that may indicate exclusion not applicable**

Each of the following is an example of something which might indicate that arrangements whose main purpose, or one of whose main purposes, is to enable a company to obtain a restitution-related tax advantage are not excluded by section 357YI(4) from being “relevant avoidance arrangements” for the purposes of section 357YH—

- (a) the elimination or reduction for the purposes of this Part of amounts chargeable as restitution interest arising to the company in connection with a particular claim, if for economic purposes other or greater profits arise to the company in connection with the claim;
- (b) preventing or delaying the recognition as an item of profit or loss of an amount that would apart from the arrangements be recognised in the company’s accounts as an item of profit or loss, or be so recognised earlier;
- (c) ensuring that a receipt is treated for accounting purposes in a way in which it would not have been treated in the absence of some other transaction forming part of the arrangements.

CHAPTER 2

APPLICATION OF RESTITUTION PAYMENTS RATE

357YK Corporation tax rate on restitution interest

- (1) Corporation tax is charged on restitution interest at the restitution payments rate.
- (2) The “restitution payments rate” is 45%.

357YL Exclusion of reliefs, set-offs etc

- (1) Under subsection (3) of section 4 (amounts to which rates of corporation tax applied) the amounts to be added together to find a company’s “total profits” do not include amounts of restitution interest on which corporation tax is chargeable under this Part.
- (2) No reliefs or set-offs may be given against so much of the corporation tax to which a company is liable for an accounting period as is equal to the amount of corporation tax chargeable on the company for the period at the restitution payments rate.
- (3) In subsection (2) “reliefs and set-offs” includes, but is not restricted to, those listed in the second step of paragraph 8(1) of Schedule 18 to FA 1998.
- (4) Amounts of income tax or corporation tax, or any other amounts, which may be set off against a company’s overall liability to income tax and corporation tax for an accounting period may not be set off against so much of the corporation tax to which the company is liable for the period as is equal to the amount of corporation tax chargeable at the restitution payments rate.

Finance Bill, *continued*

CHAPTER 3

MIGRATION, TRANSFERS OF RIGHTS ETC

357YM Assignment of rights to person not chargeable to corporation tax

- (1) Subsection (4) applies if—
 - (a) a company which is within the charge to corporation tax under this Part (“the transferor”) transfers to a person who is not within the charge to corporation tax under this Part a right in respect of a claim, or possible claim, for restitution,
 - (b) the transfer is made on or after 21 October 2015, and
 - (c) conditions A and B are met.
- (2) Condition A is that the main purpose, or one of the main purposes, of the transfer is to secure a tax advantage for any person in relation to the application of the charge to tax on restitution interest under this Part.
- (3) Condition B is that as a result of that transfer (or that transfer together with further transfers of the rights) restitution interest arises to a person who is not within the charge to corporation tax under this Part.
- (4) Any restitution interest which arises as mentioned in Condition B is treated for corporation tax purposes as restitution interest arising to the transferor.
- (5) A person is “within the charge to corporation tax under this Part” if the person—
 - (a) is a UK resident company, and
 - (b) would not be exempt from corporation tax on restitution interest (were such interest to arise to it).
- (6) In this section “tax advantage” has the meaning given by section 357YI.

357YN Migration of company with claim to restitution interest

- (1) This section applies where—
 - (a) restitution interest arises to a non-UK resident company,
 - (b) the rights in respect of which the company is entitled to the restitution interest had (to any extent) accrued when the company ceased to be UK resident, and
 - (c) the company’s main purpose, or one of its main purposes, in changing its residence was to secure a tax advantage for any person in relation to the application of the charge to tax on restitution interest under this Part.
- (2) The company is treated as a UK resident company for the purposes of the application of this Part in relation to so much of that restitution interest as is attributable to relevant accrued rights.
- (3) “Relevant accrued rights” means rights which had accrued to the company when it ceased to be UK resident.
- (4) The company is to be treated for the purposes of sections 185 and 187 of TCGA 1992 as not having disposed of its assets on ceasing to be resident in the United Kingdom, so far as its assets at that time consisted of rights to receive restitution interest.

Finance Bill, *continued*

- (5) Any adjustments that are necessary as a result of subsection (4) are to be made; and any time limits for the making of adjustments are to be ignored for this purpose.

CHAPTER 4

PAYMENT AND COLLECTION OF TAX ON RESTITUTION INTEREST

357YO Duty to deduct tax from payments of restitution interest

- (1) Subsection (2) applies if the Commissioners for Her Majesty’s Revenue and Customs pay an amount of interest in relation to which Conditions 1 and 2 are met and—
- (a) the amount is (when the payment is made) restitution interest on which a company is chargeable to corporation tax under this Part, or
 - (b) a company would be chargeable to corporation tax under this Part on the interest paid if it were (at that time) restitution interest.
- (2) The Commissioners must, on making the payment—
- (a) deduct from it a sum representing corporation tax on the amount at the restitution payments rate, and
 - (b) give the company a written notice stating the amount of the gross payment and the amount deducted from it.
- (3) Condition 1 is that the Commissioners are liable to pay, or have agreed or determined to pay, the interest in respect of a company’s claim for restitution with regard to—
- (a) the payment of an amount to the Commissioners under a mistake of law relating to a taxation matter, or
 - (b) the unlawful collection by the Commissioners of an amount in respect of taxation.
- (4) Condition 2 is that the interest is not limited to simple interest at a statutory rate.
In determining whether or not this condition is met, all amounts which the Commissioners are liable to pay, or have agreed or determined to pay in respect of the claim are to be considered together.
- (5) For the purposes of Condition 1 it does not matter whether the Commissioners are liable to pay, or (as the case may be) have agreed or determined to pay, the interest—
- (a) pursuant to a judgment or order of a court,
 - (b) as an interim payment in court proceedings,
 - (c) under an agreement to settle a claim, or
 - (d) in any other circumstances.
- (6) For the purposes of subsection (2) the restitution payments rate is to be applied to the gross payment, that is to the payment before deduction of a sum representing corporation tax in accordance with this section.
- (7) For the purposes of this section—
- (a) “interest” includes an amount equivalent to interest, and

Finance Bill, *continued*

- (b) an amount which the Commissioners pay as mentioned in subsection (1) is “equivalent to interest” so far as it is an amount determined by reference to the time value of money.

357YP Treatment of amounts deducted under section 357YO

- (1) An amount deducted from an interest payment in accordance with section 357YO(2) is treated for all purposes as paid by the company mentioned in section 357YO(1) on account of the company’s liability, or potential liability, to corporation tax charged on the interest payment, as restitution interest, under this Part.
- (2) Subsections (3) and (4) apply if—
 - (a) the Commissioners have, on paying an amount which is not (when the payment is made) restitution interest, made a deduction under section 357YO(2) from the gross payment (see section 357YO(6)), and
 - (b) a company becomes liable to repay the net amount to the Commissioners, or it otherwise becomes clear that the gross amount cannot, or will not, become restitution interest.
- (3) If the condition in subsection (2)(b) is met in circumstances where the company is not liable to repay the net amount to the Commissioners, the Commissioners must—
 - (a) repay to the company the amount treated under subsection (1) as paid by the company, and
 - (b) make any other necessary adjustments;and any time limits applying to the making of adjustments are to be ignored.
- (4) If the condition in subsection (2)(b) is met by virtue of a company becoming liable to repay to the Commissioners the amount paid as mentioned in subsection (2)(a)—
 - (a) this Part has effect as if the company were liable to repay the gross payment to the Commissioners, and
 - (b) the amount deducted by the Commissioners as mentioned in subsection (2)(b) is to be treated for the purposes of this Part as money repaid by the company in partial satisfaction of its liability to repay the gross amount.
- (5) Subsections (3) and (4) have effect with the appropriate modifications if the condition in subsection (2)(b) is met in relation to part (“the repayable part”) but not the whole of the gross amount mentioned in subsection (2)(a).
- (6) In this section “the net amount”, in relation to a payment made under deduction of tax in accordance with section 357YO(2), means the amount paid after deduction of tax.

357YQ Assessment of tax chargeable on restitution interest

- (1) An officer of Revenue and Customs may make an assessment of the amounts in which, in the officer’s opinion, a company is chargeable to corporation tax under this Part for a period specified in the assessment.
- (2) Notice of an assessment under this section must be served on the company, stating the date on which the assessment is issued.

Finance Bill, *continued*

- (3) An assessment may include an assessment of the amount of restitution income arising to the company in the period and any other matters relevant to the calculation of the amounts in which the company is chargeable to corporation tax under this Part for the period.
- (4) Notice of an assessment under this section may be accompanied by notice of any determination by an officer of Revenue and Customs relating to the dates on which amounts of tax become due and payable under this section or to amounts treated under section 357YP as paid on account of corporation tax.
- (5) The company must pay the amount assessed as payable for the accounting period by the end of the period of 30 days beginning with the date on which the company is given notice of the assessment.

357YR Interest on excessive amounts withheld

- (1) If an amount deducted under section 357YO(2) in respect of an amount of interest exceeds the amount which should have been deducted, the Commissioners are liable to pay interest on the excess from the material date until date on which the excess is repaid.
- (2) The “material date” is the date on which tax was deducted from the interest.
- (3) Interest under subsection (1) is to be paid at the rate applicable under section 178 of FA 1989.

357YS Appeal against deduction

- (1) An appeal may be brought against the deduction by the Commissioners for Her Majesty’s Revenue and Customs from a payment of a sum representing corporation tax in compliance, or purported compliance, with section 357YO(2).
- (2) Notice of appeal must be given—
 - (a) in writing,
 - (b) within 30 days after the giving of the notice under section 357YO(2).

357YT Amounts taxed at restitution payments rate to be outside instalment payments regime

For the purposes of regulations under section 59E of TMA 1970 (further provision as to when corporation tax due and payable), tax charged at the restitution payments rate is to be disregarded in determining the amount of corporation tax payable by a company for an accounting period.

CHAPTER 5

SUPPLEMENTARY PROVISIONS

357YU Interpretation

- (1) In this Part “court” includes a tribunal.
- (2) In this Part “statutory rate” (in relation to interest) means a rate which is equal to a rate specified—
 - (a) for purposes relating to taxation, and

Finance Bill, *continued*

- (b) in, or in a provision made under, an Act.

357YV Relationship of Part with other corporation tax provisions

- (1) So far as restitution interest is charged to corporation tax under this Part it is not chargeable to corporation tax under any other provision.
- (2) This Part has effect regardless of section 464(1) of CTA 2009 (priority of loan relationship provisions).

357YW Power to amend

- (1) The Treasury may by regulations amend this Part (apart from this section).
- (2) Regulations under this section—
- (a) may not widen the description of the type of payments that are chargeable to corporation tax under this Part;
 - (b) may not remove or prejudice any right of appeal;
 - (c) may not increase the rate at which tax is charged on restitution interest under this Part;
 - (d) may not enable any provision of this Part to have effect in relation to the subject matter of any claim which has been finally determined before 21 October 2015.
- (3) Subject to subsection (2), regulations under this section may have retrospective effect.
- (4) For the purposes of this section a claim is “finally determined” if a court has disposed of the claim by a final determination or the claimant and the Commissioners for Her Majesty’s Revenue and Customs have entered into an agreement in final settlement of the claim.
- (5) Section 357YC(8) (which defines when a determination made by a court is final) has effect for the purposes of this section as for the purposes of section 357YC.
- (6) Regulations under this section may include incidental, supplementary or transitional provision.
- (7) A statutory instrument containing regulations under this section must be laid before the House of Commons.
- (8) The regulations cease to have effect at the end of the period of 28 days beginning with the day on which they are made unless, during that period, the regulations are approved by a resolution of the House of Commons.
- (9) In reckoning the 28-day period, no account is to be taken of any time during which—
- (a) Parliament is dissolved or prorogued, or
 - (b) the House of Commons is adjourned for more than 4 days.
- (10) Regulations ceasing to have effect by virtue of subsection (8) does not affect—
- (a) anything previously done under the regulations, or
 - (b) the making of new regulations.”
- (4) In TMA 1970, in section 59D (general rule as to when corporation tax is due and payable)—

Finance Bill, *continued*

- (a) in subsection (3) after “with” insert “the first to fourth steps of”;
- (b) in subsection (5) after “59E” insert “and section 357YQ of CTA 2010 (assessment of tax chargeable on restitution interest)”.
- (5) Paragraph 8 Schedule 18 to FA 1998 (company tax returns, assessments etc: calculation of tax payable) is amended as follows—
 - (a) in paragraph 2 of the first step, after “company” insert “(other than the restitution payments rate)”;
 - (b) After the fourth step insert—

“Fifth step

Calculate the corporation tax chargeable on any profits of the company that are charged as restitution interest.

1. Find the amount in respect of which the company is chargeable for the period under the charge to corporation tax on income under Part 8C of CTA 2010.

2. Apply the restitution payments rate in accordance with section 357YK(1) of that Act.

The amount of tax payable for the accounting period is the sum of the amounts resulting from the first to fourth steps and this step.”

- (6) Schedule 56 to FA 2009 (penalty for failure to make payments on time) is amended in accordance with subsections (7) and (8).
- (7) In paragraph 1, in the table after item 6 insert—

“6ZZA	Corporation tax	Amount payable under section 357YQ of CTA 2010	The end of the period within which, in accordance with section 357YO(6), the amount must be paid.”
-------	-----------------	--	--

- (8) In paragraph 4(1), for “or 6” substitute “, 6 or 6ZZA”.
- (9) The amendments made by subsections (1) to (8) have effect in relation to interest (whether arising before or on or after 21 October 2015) which falls within subsection (11).
- (10) Section 357YO of CTA 2010, and the amendments made by subsections (1) to (8) so far as relating to the deduction of tax under section 357YMO, have effect in relation to payments of interest made on or after 26 October 2015.
This rule is not limited by the rule in subsection (9).
- (11) Interest arising to a company falls within this subsection if—
 - (a) a determination made by a court that the Commissioners for Her Majesty’s Revenue and Customs are liable to pay the interest becomes final on or after 21 October 2015, or
 - (b) on or after 21 October 2015 the Commissioners and a company enter into an agreement in final settlement of a claim for restitution, under which the company is entitled to be paid, or to retain, the interest.
- (12) In subsections (9) to (11)—
 - (a) the reference to a determination made by a court becoming “final” is to be interpreted in accordance with section 357YC of CTA 2010;

Finance Bill, *continued*

- (b) the references to “interest” are to be interpreted in accordance with section 357YC of CTA 2010.”
-

Roger Mullin
George Kerevan
Alison Thewliss

NC1

To move the following Clause—

“VAT treatment of the Scottish Police Authority and the Scottish Fire and Rescue Service

- (1) The Treasury shall, within six months of the passing of this Act, publish and lay before the House of Commons a report on the VAT treatment of the Scottish Police Authority and the Scottish Fire and Rescue Service.
 - (2) The report must include (but need not be limited to) an analysis of the impact on the financial position of Police Scotland and by the Scottish Fire and Rescue Service arising from their VAT treatment and an estimate of the change to their financial position were they eligible for a refund of VAT under section 33 of the VAT Act 1994.”
-

Roger Mullin
George Kerevan
Alison Thewliss

NC2

To move the following Clause—

“VAT on sanitary protection products

- (1) The Treasury must, within 12 months of the passing of this Act, lay before the House of Commons a report setting out the impact of exempting women’s sanitary protection products from value added tax.
 - (2) The report must include (but need not be limited to)—
 - (a) an estimate of the impact on VAT revenue of exempting women’s sanitary protection products; and
 - (b) an assessment of the impact on the purchase of women’s sanitary protection products of exempting them from VAT, with particular reference to purchasing by women aged under 25.”
-

Roger Mullin
George Kerevan
Alison Thewliss

NC3

To move the following Clause—

Finance Bill, *continued*

“Tax treatment of private equity fund managers’ pay

- (1) The Chancellor of the Exchequer shall, within six months of the passing of this Act, publish and lay before the House of Commons a report setting out proposals for amending the law to ensure that no element of the remuneration paid to an investment fund manager may be treated as a capital gain, and that such remuneration shall be treated for tax purposes wholly as income.
 - (2) For the purposes of this section, an “investment fund manager” is a person who performs investment management services directly or indirectly.”
-

Paula Sherriff

NC7

- ★ To move the following Clause—

“VAT on sanitary protection products

- (1) Within three months of the passing of this Act, the Chancellor of the Exchequer shall lay before both Houses of Parliament a statement on his strategy to negotiate with the European Union institutions an exemption from value added tax for women’s sanitary protection products.
 - (2) A Minister of the Crown must lay before Parliament a report on progress at achieving an exemption from value added tax for women’s sanitary protection products within European Union law by 1 April 2016.”
-

John McDonnell
Seema Malhotra
Rob Marris

NC9

- ★ To move the following Clause—

“Inheritance tax review

- (1) The Chancellor of the Exchequer must, within one year of a current budget surplus being achieved, undertake a comprehensive review of the inheritance tax regime, including, but not limited to, rates, thresholds and trusts.
 - (2) The Chancellor of the Exchequer must as soon as is practicable lay a report of the review before both Houses of Parliament.”
-

John McDonnell
Seema Malhotra
Rob Marris

NC10

- ★ To move the following Clause—

Finance Bill, *continued*

“Enforcement by deduction of accounts: review

- (1) The Chancellor of the Exchequer must, within two years of the passing of this Act, undertake a review of the impact of Section 47 of, and Schedule 8 to, this Act.
- (2) The review must address, but need not be confined to:
 - (a) the number of cases in which the Direct Recovery of Debts has been used;
 - (b) the effectiveness of the safeguards; and
 - (c) the total amount recovered.
- (3) The review must include a benefit-cost analysis, including speed of recovery.
- (4) The Chancellor of the Exchequer must as soon as practicable lay a report of the review before both Houses of Parliament.”

John McDonnell
Seema Malhotra
Rob Marris

NC11

★ To move the following Clause—

“Impact of removal of CCL exemption for electricity from renewable sources

- (1) The Chancellor of the Exchequer shall within six months of the passing of this Act undertake a review of the impact of the removal of the CCL exemption for electricity from renewable sources and lay the report of the review before both Houses of Parliament.
- (2) The review must address, but need not be confined to:
 - (a) the impact on consumers and on fuel poverty;
 - (b) the impact on energy-intensive industries and on employment in those industries;
 - (c) the level of carbon leakage in the energy-intensive industry;
 - (d) the effect on investment in new renewable power generation and on investment in new nuclear power generation;
 - (e) any effective subsidy provided to, or additional profits accruing to, operators of existing and new nuclear power stations;
 - (f) what additional measures will be enacted to mitigate the impact on energy-intensive industries of the removal of the section; and
 - (g) the impact on business investment.”

Mr Chancellor of the Exchequer

9

★ Clause 3, page 2, line 25, leave out “adult” and insert “relevant”

Mr Chancellor of the Exchequer

10

★ Clause 3, page 2, line 30, leave out “adult” and insert “relevant”

Finance Bill, *continued*

Mr Chancellor of the Exchequer 11

- ★ Clause 3, page 2, line 38, leave out “adult” and insert “relevant”

Mr Chancellor of the Exchequer 12

- ★ Clause 3, page 2, line 39, leave out from “is” to the end of line 40 and insert—
 - “(h) the hourly rate prescribed under section 3(2)(b) of the National Minimum Wage Act 1998 in relation to persons aged 21, or
 - (i) if no hourly rate is so prescribed in relation to such persons, the single hourly rate prescribed under section 1(3) of that Act.”

Mr Chancellor of the Exchequer 13

- ★ Clause 3, page 3, line 1, leave out “adult” and insert “relevant”

Mr Chancellor of the Exchequer 14

- ★ Clause 3, page 3, line 4, leave out “adult” and insert “relevant”

Mr Chancellor of the Exchequer 15

- ★ Clause 4, page 3, line 18, leave out “adult” and insert “relevant”

Mr Chancellor of the Exchequer 16

- ★ Clause 4, page 3, line 22, leave out subsection (4) and insert—
 - “(4) In this section—
 - “person paid the relevant national minimum wage” means a person who works for 30 hours a week for a year at the relevant national minimum wage;
 - “relevant national minimum wage” means—
 - (a) the hourly rate prescribed under section 3(2)(b) of the National Minimum Wage Act 1998 in relation to persons aged 21, or
 - (b) if no hourly rate is so prescribed in relation to such persons, the single hourly rate prescribed under section 1(3) of that Act.”

John McDonnell
Seema Malhotra
Rob Marris

★ Page 4, line 20, leave out Clause 9. 89

Finance Bill, *continued*

- Mr Chancellor of the Exchequer 1
- ★ Clause 18, page 18, line 40, leave out “or may”
- Mr Chancellor of the Exchequer 2
- ★ Clause 18, page 19, line 2, at end insert—
- “(1A) A disclosure in a relevant document is to be disregarded for the purposes of paragraph (a) of subsection (1) if the disclosure is concerned with liability to pay compensation to or for the benefit of one (and only one) customer of the company concerned in respect of a single error in the conduct of the company concerned.
- (1B) In subsection (1A) “the company concerned” means company A or a company which is associated with company A (see section 133L).”
- Mr Chancellor of the Exchequer 3
- ★ Clause 18, page 19, line 6, leave out “or may”
- Mr Chancellor of the Exchequer 4
- ★ Clause 18, page 19, line 30, leave out “not later than” and insert “in the period of 5 years ending at”
- Mr Chancellor of the Exchequer 5
- ★ Clause 18, page 19, line 36, after “which” insert “begins not more than 5 years before, and”
- Mr Chancellor of the Exchequer 6
- ★ Clause 18, page 26, line 7, leave out “section 133A” and insert “sections 133A and 133C”
- Mr Chancellor of the Exchequer 7
- ★ Clause 18, page 27, line 20, leave out “section 133A” and insert “sections 133A and 133C”
-
- Mr Chancellor of Exchequer 8
- ★ Clause 24, page 41, line 13, at end insert—
- “(11) In this section “property business” means a UK property business or an overseas property business.”
-

Finance Bill, *continued*

- Mr Chancellor of the Exchequer 71
- ★ Clause 40, page 52, leave out lines 39 to 42 and insert—
 “(a) a chargeable gain equal to the amount of the carried interest less any permitted deductions (and no other chargeable gain or loss) is to be treated as accruing to A on the disposal, and”
- Mr Chancellor of the Exchequer 72
- ★ Clause 40, page 53, line 29, after “(1)(a)”, insert “(but not an amount counting as income of A in respect of co-investments)”
- Mr Chancellor of the Exchequer 73
- ★ Clause 40, page 53, line 34, leave out “individual” and insert “person”
- Mr Chancellor of the Exchequer 74
- ★ Clause 40, page 54, line 3, after “disposal,”, insert “variation,”
- Mr Chancellor of the Exchequer 75
- ★ Clause 40, page 54, line 5, after “disposal,”, insert “variation,”
- Mr Chancellor of the Exchequer 76
- ★ Clause 40, page 54, leave out lines 9 to 47
- Mr Chancellor of the Exchequer 77
- ★ Clause 40, page 55, leave out lines 18 to 22 and insert “and
 (b) Condition A or Condition B is met.
 (1A) Condition A is that—
 (a) at any time, tax (whether income tax or another tax) charged on the individual in relation to the carried interest has been paid by the individual (and has not been repaid), and
 (b) the amount on which tax is charged as specified in subsection (1)(a) is not a permissible deduction under section 103KA(6)(b) or (c).
 (1B) Condition B is that at any time tax (whether income tax or another tax) charged on another person in relation to the carried interest has been paid by that other person (and has not been repaid).”
- Mr Chancellor of the Exchequer 78
- ★ Clause 40, page 55, line 33, leave out “(1)(b)” and insert “(1A)(a) or (1B)”
- Mr Chancellor of the Exchequer 79
- ★ Clause 40, page 55, line 38, at end insert—
 “(6) Where—
 (a) an individual makes a claim under this section in respect of a year of assessment, and

Finance Bill, continued

- (b) apart from this subsection, an amount falls to be deducted under section 2(2)(b) from the total amount of chargeable gains accruing to the individual in that year,
the individual may elect that the amount to be so deducted be reduced by any amount not exceeding the amount on which tax is charged as specified in subsection (1A)(a) or (1B).”

Mr Chancellor of the Exchequer

80

★ Clause 40, page 55, line 38, at end insert—

“103KEA Relief for external investors on disposal of partnership asset

- (1) If—
- (a) a chargeable gain accrues to an external investor in an investment scheme on the disposal of one or more partnership assets, and
 - (b) the external investor makes a claim for relief under this section, then subsection (2) applies in relation to the disposal.
- (2) The amount of the chargeable gain is to be reduced by an amount equal to—

I – C

where—

- (a) I is an amount equal to such part of the sum invested in the fund by the external investor which on a just and reasonable basis is referable to the asset or assets disposed of, and
- (b) C is the amount deducted under section 38(1)(a) in respect of consideration given wholly and exclusively for the acquisition of the asset or assets.”

Mr Chancellor of the Exchequer

81

★ Clause 40, page 55, line 38, at end insert—

“103KEB Meaning of “arise” in Chapter 5

- (1) For the purposes of this Chapter, carried interest “arises” to an individual (“A”) if, and only if, it arises to him or her for the purposes of Chapter 5E of Part 13 of ITA 2007.
- (2) But section 809EZDB of ITA 2007 (sums arising to connected company or unconnected person) does not apply in relation to a sum of carried interest arising to—
- (a) a company connected with A, or
 - (b) a person not connected with A,
- where the sum is deferred carried interest in relation to A.
- (3) In this section, “deferred carried interest”, in relation to A—
- (a) means a sum of carried interest where the provision of the sum to A or a person connected with A is deferred (whether pending the meeting of any conditions (including conditions which may never be met) or otherwise), and
 - (b) includes A’s share (as determined on a just and reasonable basis) of any carried interest the provision of which to A and one or more other persons, taken together, has been deferred (whether pending the meeting of any conditions (including conditions which may never be met) or otherwise).

Finance Bill, *continued*

In this subsection, in a case where the sum referred to in subsection (2) arises to a company connected with A, the reference to a person connected with A does not include that company.

- (4) Where—
 - (a) section 809EZDB of ITA 2007 has been disapplied in relation to a sum of deferred carried interest by virtue of subsection (2),
 - (b) the sum ceases to be deferred carried interest in relation to A, and
 - (c) the sum does not in any event arise to A apart from this subsection,
 the sum is to be regarded as arising to A at the time it ceases to be deferred carried interest.
- (5) But subsection (4) does not apply if—
 - (a) none of the enjoyment conditions is met in relation to the sum when it ceases to be deferred carried interest, and
 - (b) there is no reasonable likelihood that any of those conditions will ever be met in relation to the sum.
- (6) The enjoyment conditions are—
 - (a) the sum, or part of the sum, is in fact so dealt with by any person as to be calculated at some time to enure for the benefit of A or a person connected with A;
 - (b) the sum's ceasing to be deferred carried interest in relation to A operates to increase the value to A or a person connected with A of any assets which—
 - (i) A or the connected person holds, or
 - (ii) are held for the benefit of A or the connected person;
 - (c) A or a person connected with A receives or is entitled to receive at any time any benefit provided or to be provided out of the sum or part of the sum;
 - (d) A or a person connected with A may become entitled to the beneficial enjoyment of the sum or part of the sum if one or more powers are exercised or successively exercised (and for these purposes it does not matter who may exercise the powers or whether they are exercisable with or without the consent of another person);
 - (e) A or a person connected with A is able in any manner to control directly or indirectly the application of the sum or part of the sum.

In this subsection, in a case where the sum referred to in subsection (2) arises to a company connected with A, references to a person connected with A do not include that company.

- (7) In determining whether any of the enjoyment conditions is met in relation to a sum or part of a sum—
 - (a) regard must be had to the substantial result and effect of all the relevant circumstances, and
 - (b) all benefits which may at any time accrue to a person as a result of the sum ceasing to be deferred carried interest in relation to A must be taken into account, irrespective of—
 - (i) the nature or form of the benefits, or
 - (ii) whether the person has legal or equitable rights in respect of the benefits.
- (8) The enjoyment condition in subsection (6)(b), (c) or (d) is to be treated as not met if it would be met only by reason of A holding shares or an interest in shares in a company.
- (9) The enjoyment condition in subsection (6)(a) or (e) is to be treated as not met if the sum referred to in subsection (2) arises to a company connected with A and—

Finance Bill, *continued*

- (a) the company is liable to pay corporation tax in respect of its profits and the sum is included in the computation of those profits, or
- (b) paragraph (a) does not apply but—
 - (i) the company is a CFC and the exemption in Chapter 14 of Part 9A of TIOPA 2010 applies for the accounting period in which the sum arises, or
 - (ii) the company is not a CFC but, if it were, that exemption would apply for that period.

In this subsection “CFC” has the same meaning as in Part 9A of TIOPA 2010.

- (10) But subsections (8) and (9) do not apply if the sum referred to in subsection (2) arises to the company referred to in subsection (2)(a) or the person referred to in subsection (2)(b) as part of arrangements where—
 - (a) it is reasonable to assume that in the absence of the arrangements the sum or part of the sum would have arisen to A or an individual connected with A, and
 - (b) it is reasonable to assume that the arrangements have as their main purpose, or one of their main purposes, the avoidance of a liability to pay income tax, capital gains tax, inheritance tax or corporation tax.
- (11) The condition in subsection (10)(b) is to be regarded as met in a case where the sum is applied directly or indirectly as an investment in a collective investment scheme.
- (12) Subsection (2) does not apply in relation to any sum in relation to which the condition in subsection (8)(b) of section 809EZDB is met by virtue of subsection (9) of that section.
- (13) Subsection (2) also does not apply if—
 - (a) it is reasonable to assume that the deferral referred to in subsection (3)(a) or (b) is not the effect of genuine commercial arrangements, or
 - (b) that deferral is the effect of such arrangements but it is reasonable to assume that the arrangements have as their main purpose, or one of their main purposes, the avoidance of a liability to pay income tax, capital gains tax, corporation tax or inheritance tax.
- (14) In subsection (13), “genuine commercial arrangements” means arrangements involving A (alone or jointly with others performing investment management services) and external investors in the investment scheme.
- (15) Section 993 of ITA 2007 (meaning of “connected”) applies for the purposes of this section but as if—
 - (a) subsection (4) of that section were omitted, and
 - (b) partners in a partnership in which A is also a partner were not “associates” of A for the purposes of sections 450 and 451 of CTA 2010 (“control”).”

Mr Chancellor of the Exchequer

82

- ★ Clause 40, page 55, leave out lines 40 to 42

Mr Chancellor of the Exchequer

83

- ★ Clause 40, page 56, line 4, at end insert “and “external investor””

Mr Chancellor of the Exchequer

84

- ★ Clause 40, page 56, line 10, at end insert—

Finance Bill, *continued*

- “(2A) But section 103KB(1) of TCGA 1992 (as inserted by subsection (1)) does not have effect in relation to a variation of a right to carried interest occurring on or after 8 July 2015 and before 22 October 2015.
- (2B) And section 103KEB(2) to (15) of TCGA 1992 (as inserted by subsection (1)) has effect in relation to carried interest arising on or after 22 October 2015 under any arrangements, unless the carried interest arises in connection with the disposal of an asset or assets of a partnership or partnerships before that date.”

Mr Chancellor of the Exchequer

85

- ★ Clause 40, page 56, line 11, leave out subsection (3)

Mr Chancellor of the Exchequer

86

- ★ Clause 40, page 56, line 14, leave out “subsection (2)” and insert “subsections (2) to (2B)”

Mr Chancellor of the Exchequer

87

- ★ Clause 41, page 56, line 29, at end insert—
 “(1A) In section 809EZG of ITA 2007 (avoidance of double taxation), in subsection (1)(b), after “the individual” insert “or another person”.

Mr Chancellor of the Exchequer

88

- ★ Clause 41, page 56, line 30, leave out “amendment made by this section has” and insert “amendments made by this section have”

John McDonnell
 Seema Malhotra
 Rob Marris

91

- ★ Clause 42, page 57, leave out lines 26 and 27

John McDonnell
 Seema Malhotra
 Rob Marris

92

- ★ Clause 42, page 57, leave out lines 30 to 41

John McDonnell
 Seema Malhotra
 Rob Marris

93

- ★ Clause 42, page 58, leave out from beginning of line 1 to end of line 37 on page 60 and insert—

“Graduated rates of duty payable on first vehicle licence

Finance Bill, continued

For the purpose of determining the rate at which vehicle excise duty is to be paid on each of the first three years of vehicle licence for a vehicle to which this Part of this Schedule applies, the annual rate of duty applicable to the vehicle shall be determined in accordance with the following table by reference to the applicable CO2 emissions figure.

TABLE

<i>Carbon Dioxide emissions</i>		<i>Rate</i>		
(1)	(2)	(3)	(4)	(5)
Exceeding g/km	Not exceeding g/km	First full year (£)	Second full year (£)	Third full year (£)
0	0	0	0	0
0	50	10	10	10
50	75	25	25	25
75	90	100	100	100
90	100	120	120	120
100	110	140	140	140
110	130	160	160	160
130	150	200	200	200
150	170	500	500	500
170	190	800	800	800
190	225	1,200	1,200	1,200
225	255	1,700	1,700	1,700
255	-	2,000	2,000	2,000

Rates of duty payable on any other vehicle licence

1GD For the purpose of determining the rate at which vehicle excise duty is to be paid on any other vehicle licence for a vehicle to which this Part of this Schedule applies, the annual rate of vehicle excise applicable to the vehicle shall be determined in accordance with the following table by reference to the applicable CO2 emissions figure.

Finance Bill, *continued*

TABLE

<i>Carbon Dioxide emissions</i>		<i>Rate</i>
(1)	(2)	(3)
Exceeding g/km	Not exceeding g/km	Standard rate (£)
0	0	20
0	50	40
50	75	60
75	90	80
90	100	100
100	110	120
110	130	140
130	150	160
150	170	180
170	190	200
190	225	220
225	255	240
255	-	260 ^a

John McDonnell
Seema Malhotra
Rob Marris

90

★ Page 62, line 2, leave out Clause 45.

Mr Chancellor of the Exchequer

17

★ Schedule 3, page 75, line 20, at end insert—

“() Section 269DCA defines “relevant transferred-out gain” and “non-banking transferred-in gain” for the purposes of calculating a company’s surcharge profits.”

Mr Chancellor of the Exchequer

18

★ Schedule 3, page 75, line 31, after “section 269B” insert “(read with section

Finance Bill, *continued*

269DN(2) to (7))”

Mr Chancellor of the Exchequer

- ★ Schedule 3, page 76, line 10, at end insert “+ RTOG - NBTIG - RDEC”

19

Mr Chancellor of the Exchequer

- ★ Schedule 3, page 76, line 18, at end insert—

20

““RTOG” means the sum of any relevant transferred-out gains (see section 269DCA);

“NBTIG” means the sum of any non-banking transferred-in gains (see section 269DCA);

“RDEC” means any amount brought into account by the company under Chapter 6A of Part 3 of CTA 2009 (trade profits: R&D expenditure credits) as a receipt in calculating the profits of a trade for the chargeable accounting period.”

Mr Chancellor of the Exchequer

- ★ Schedule 3, page 80, line 4, after “period” insert “or as a result of a non-banking loss transfer”

21

Mr Chancellor of the Exchequer

- ★ Schedule 3, page 80, line 8, at end insert—

22

“(13A) A “non-banking loss transfer” is a transfer to the company of the whole or any part of an allowable loss, by an election under section 171A of TCGA 1992 (reallocation within group), from a non-banking company.

(13B) In subsection (13A) “non-banking company” means a company that is not a banking company at the time that the allowable loss, or such part of it as the election transfers, is treated as accruing by virtue of the election (see, in particular, section 171B(3) of TCGA 1992).”

Mr Chancellor of the Exchequer

- ★ Schedule 3, page 81, line 6, at end insert—

23

“Transferred gains

269DCA Meaning of “relevant transferred-out gain” and “non-banking transferred-in gain”

- (1) This section has effect for the purposes of section 269DA(2).
- (2) A “relevant transferred-out gain” means a chargeable gain, or any part of a chargeable gain, that—
 - (a) is transferred from the company, by an election under section 171A of TCGA 1992 (reallocation within group), to a non-banking company, and
 - (b) would have accrued to the company in the chargeable accounting period but for that election.
- (3) A “non-banking transferred-in gain” means a chargeable gain, or any part of a chargeable gain, that—

Finance Bill, *continued*

- (a) is transferred to the company, by an election under section 171A of TCGA 1992, from a non-banking company, and
 - (b) accrues to the company in the chargeable accounting period as a result of the election.
- (4) In this section “non-banking company” means a company that is not a banking company at the time that the chargeable gain, or such part of it as the election transfers, is treated as accruing by virtue of the election (see, in particular, section 171B(3) of TCGA 1992).”

Mr Chancellor of the Exchequer

- 24**
- ★ Schedule 3, page 91, line 5, after “company” insert “, subject to subsections (2) to (7),”

Mr Chancellor of the Exchequer

- 25**
- ★ Schedule 3, page 91, line 24, at end insert—
- “(2) Subsections (3) to (7) apply for the purposes of determining whether a company is a banking company for the purposes of this Chapter.
 - (3) Condition D in section 269B(5) is not met by reason of the relevant entity accepting deposits in a period if—
 - (a) the liabilities shown in the relevant entity’s balance sheet for that period, so far as they result from it accepting deposits, do not amount to a substantial proportion of the entity’s total liabilities and equity shown in that balance sheet, and
 - (b) if the company is a member of a group at any time in that period, no other company is a member of the group, and a UK deposit-taker, at any time in the period.
 - (4) In subsection (3)(b) “UK deposit-taker” means—
 - (a) a UK resident company that accepts deposits, or
 - (b) a non-UK resident company that accepts deposits in the course of carrying on a trade in the United Kingdom through a permanent establishment in the United Kingdom.
 - (5) For the purposes of section 269BA(1)(e) (exclusion of entities carrying on only asset management activities), an entity does not carry on a relevant regulated activity other than asset management activities by accepting deposits if—
 - (a) accepting deposits is ancillary to asset management activities the entity carries on, and
 - (b) the entity would not accept deposits but for the fact that it carries on asset management activities.
 - (6) In subsection (5) “asset management activities” has the meaning given by section 269BC(2).
 - (7) For the purposes of subsections (3) to (5) references to accepting deposits are to carrying on activity which is (or, if it were carried on in the United Kingdom, would be) a regulated activity for the purposes of FISMA 2000 by virtue of article 5 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544) (accepting deposits).”

Mr Chancellor of the Exchequer

- 26**
- ★ Schedule 3, page 93, line 5, leave out “this section” and insert “subsections (2) to (5)”

Finance Bill, *continued*

Mr Chancellor of the Exchequer

27

★ Schedule 3, page 93, line 34, at end insert—

- “(5A) Subsections (5B) to (5D) apply in relation to an accounting period of a CFC (“the relevant CFC accounting period”) where—
- (a) a company (“C”)—
 - (i) has an accounting period for corporation tax purposes during which the relevant CFC accounting period ends, and
 - (ii) is a banking company for that accounting period,
 - (b) there are arrangements that—
 - (i) do not result in a relevant transfer, but
 - (ii) disregarding subsections (5B) to (5D), would result in some or all of the CFC’s chargeable profits for the relevant CFC accounting period being apportioned to one or more non-banking companies at step 3 in section 371BC(1) instead of being apportioned to C, and
 - (c) the main purpose, or one of the main purposes, of the arrangements is to avoid, or reduce, a sum being charged on C at step 5 in section 371BC(1) in consequence of subsection (2) (whether in relation to the relevant CFC accounting period or any other accounting period of the CFC).
- (5B) If the arrangements would otherwise result in C not having a relevant interest in the CFC, C is to be treated as having the relevant interest in the CFC.
- (5C) The CFC’s chargeable profits and creditable tax for the relevant CFC accounting period are to be apportioned in accordance with section 371QC(2) (and not section 371QD if that section would otherwise apply).
- (5D) The apportionments must (in particular) be made in a way which, so far as practicable, counteracts the result of the arrangements mentioned in subsection (5A)(b)(ii).”

Mr Chancellor of the Exchequer

28

★ Schedule 3, page 93, line 42, leave out “Part 7A of CTA 2010 (see section 269B” and insert “Chapter 4 of Part 7A of CTA 2010 (see section 269DN”

Mr Chancellor of the Exchequer

29

★ Schedule 3, page 94, line 15, after “subsection (3)” insert “or (as the case may be) (5A)”

Mr Chancellor of the Exchequer

30

★ Schedule 3, page 94, line 31, after “meaning of” insert “Chapter 4 of”

Mr Chancellor of the Exchequer

31

★ Schedule 5, page 111, line 31, leave out “and” and insert—

- “(aa) any other relevant investment made in a company to the extent that the money raised by the investment has been employed for the purposes of a trade carried on by another company that has at any time in that year been a 51% subsidiary of the issuing company (but, if it is not such a

Finance Bill, *continued*

subsidiary at the end of that year, ignoring any money so employed after it last ceased to be such a subsidiary), and”

Mr Chancellor of the Exchequer

32

★ Schedule 5, page 113, line 16, leave out “and” and insert—

“(aa) any other relevant investment made in a company to the extent that the money raised by the investment has been employed for the purposes of a trade carried on by another company that has at any time before the issue date been a 51% subsidiary of the issuing company (but, if it is not such a subsidiary at that date, ignoring any money so employed after it last ceased to be such a subsidiary), and”

Mr Chancellor of the Exchequer

33

★ Schedule 5, page 114, line 38, leave out “and” and insert—

“(aa) any other relevant investment made in a company to the extent that the money raised by the investment has been employed for the purposes of a trade carried on by another company that has at any time before the relevant time been a 51% subsidiary of the issuing company (but, if it is not such a subsidiary at the relevant time, ignoring any money so employed after it last ceased to be such a subsidiary), and”

Mr Chancellor of the Exchequer

34

★ Schedule 5, page 116, line 32, leave out “or B” and insert “, B or C”

Mr Chancellor of the Exchequer

35

★ Schedule 5, page 117, line 1, after “that” insert “—
(a) ”

Mr Chancellor of the Exchequer

36

★ Schedule 5, page 117, line 4, at end insert “, and
(b) the money raised by those investments is employed for the purpose of entering a new product or geographical market.”

Mr Chancellor of the Exchequer

37

★ Schedule 5, page 117, line 4, at end insert—

“(4A) Condition C is that—
(a) condition B in subsection (4) or condition B in section 294A(4) (VCT: permitted company age requirement) was previously met in relation to one or more relevant investments made in the issuing company, and
(b) some or all of the money raised by those investments was employed for the purposes of the relevant qualifying business activity.”

Mr Chancellor of the Exchequer

38

★ Schedule 5, page 117, leave out lines 43 to 51 and insert—

“(6) “The average turnover amount” means one fifth of the total relevant turnover amount for the five year period which ends—

Finance Bill, *continued*

- (a) immediately before the beginning of the last accounts filing period, or
- (b) if later, 12 months before the issue date.”

Mr Chancellor of the Exchequer

39

★ Schedule 5, page 118, line 1, at end insert—

““entering a new product or geographical market” has the same meaning as in Commission Regulation (EU) No 651/2014 (General block exemption Regulation);”

Mr Chancellor of the Exchequer

40

★ Schedule 5, page 118, leave out lines 19 to 23 and insert—

““the total relevant turnover amount” for a period is—

(c) if the issuing company is a single company at the issue date, the sum of—

- (i) the issuing company’s turnover for that period,
- (ii) if all or part of the money raised by the issue of the relevant shares is employed for the purposes of an activity carried on by a company which becomes a 51% subsidiary of the issuing company after the issue date, the turnover for that period of that subsidiary (or, if there is more than one, each of them), and

(iii) if all or part of the money raised by the issue of the relevant shares is employed for the purposes of a transferred trade, the turnover of that trade for so much of that period as falls before the trade became a transferred trade (except to the extent that it is already included in calculating the amounts within subparagraphs (i) and (ii));

(d) if the issuing company is a parent company at the issue date, the sum of—

- (i) the issuing company’s turnover for that period,
- (ii) the turnover for that period of each company which at the issue date is a qualifying subsidiary of the issuing company,
- (iii) if all or part of the money raised by the issue of the relevant shares is employed for the purposes of an activity carried on by a company which becomes a 51% subsidiary of the issuing company after the issue date, the turnover for that period of that subsidiary (or, if there is more than one, each of them), and
- (iv) if all or part of the money raised by the issue of the relevant shares is employed for the purposes of a transferred trade, the turnover of that trade for so much of that period as falls before the trade became a transferred trade (except to the extent that it is already included in calculating the amounts within subparagraphs (i) to (iii));

“transferred trade” means a trade which has been transferred to the company which is carrying on the trade at the time the money raised by the issue of the relevant shares is employed or to a partnership of which that company is a member.”

Finance Bill, *continued*

Mr Chancellor of the Exchequer

41

- ★ Schedule 5, page 118, line 24, after ““turnover”” insert “—
(a) in relation to a company,”

Mr Chancellor of the Exchequer

42

- ★ Schedule 5, page 118, line 29, at end insert—
 - “(b) in relation to any other person carrying on a trade, also has the meaning given by section 474(1) of that Act (reading references in that provision to a company as references to the person) and is to be determined by reference to the accounts of the person and amounts recognised for accounting purposes (and such apportionments of those amounts as are just and reasonable are to be made for the purpose of determining a person’s turnover for a period);
 - (c) in relation to a transferred trade carried on by a company or other person, means such proportion of the turnover of the company or other person as it is just and reasonable to attribute to the transferred trade.”

Mr Chancellor of the Exchequer

43

- ★ Schedule 5, page 119, line 14, at end insert—

“Information to be provided by issuing company etc

- 15A In section 241 (information to be provided by the issuing company etc), in subsection (1), before paragraph (a) insert—
 - “(za) a requirement of any of the following provisions is not met in respect of the shares included in the issue, or would not be met if EIS relief had been obtained in respect of those shares—
 - (i) section 173A (the maximum amount raised annually through risk finance investments),
 - (ii) section 173AA (the maximum amount raised through risk finance investments at the issue date),
 - (iii) section 173AB (the maximum amount raised through finance investments during period B),
 - (iv) section 175A (the permitted maximum age requirement),”

Acquisition of issuing company

- 15B In section 247 (continuing of EIS relief where issuing company is acquired by new company), after subsection (3) insert—
 - “(3A) In section 173AB(2)(a) and in the definition of “the total relevant turnover amount” in section 175A(7), references to a company becoming a 51% subsidiary of the issuing company after the issue date do not include a company becoming such a subsidiary as a result of an exchange of shares as mentioned in subsection (1).”

Mr Chancellor of the Exchequer

44

- ★ Schedule 5, page 119, line 34, at end insert—

Finance Bill, *continued*

- “() Regulations under this section may, so long as they do not increase any person’s liability to any tax, be made to have retrospective effect in relation to any time in the tax year in which they are made or the previous tax year.”

Mr Chancellor of the Exchequer

45

- ★ Schedule 5, page 123, line 43, after “13” insert “, 15A, 15B”.

Mr Chancellor of the Exchequer

46

- ★ Schedule 6, page 124, line 30, leave out sub-paragraph (3) and insert—

“(3) In subsection (3)—

- (a) omit the “and” at the end of paragraph (e),
- (b) in paragraph (f), after “by” insert “subsection (3A) and by”, and
- (c) after that paragraph insert—

“(g) the permitted maximum age condition by subsection (3A) and by section 280C, and

(h) the no business acquisition condition by subsection (3A) and by section 280D.

(4) After that subsection insert—

“(3A) In the second column of the table in subsection (2), in the entries for the investment limits condition, the permitted maximum age condition and the no business acquisition condition, any reference to an investment made by the company (“the investor”) in a company does not include any of the following investments—

- (a) shares or units in an AIF (within the meaning given by regulation 3 of the Alternative Investment Fund Managers Regulations 2013) which may be repurchased or redeemed on 7 days’ notice given by the investor;
- (b) shares or units in a UCITS (within the meaning given by section 363A(4) of TIOPA 2010) which may be repurchased or redeemed on 7 days’ notice given by the investor;
- (c) ordinary shares or securities in a company which are acquired by the company on a regulated market.”

(5) For subsection (5) substitute—

“(5) The Treasury may by regulations—

- (a) amend the first entry in the table in subsection (2) (the listing condition),
- (b) add, remove or amend an entry in the list of investments in subsection (3A),
- (c) amend this section so as to make provision to restrict the period for which an investment made by the company is excluded by subsection (3A), or
- (d) amend subsection (4).”

Mr Chancellor of the Exchequer

47

- ★ Schedule 6, page 125, line 11, leave out “applies” and insert “is met”.

Finance Bill, *continued*

Mr Chancellor of the Exchequer

48

★ Schedule 6, page 126, line 44, leave out from “means” to the end of line 3 on page 127 and insert “—

- (a) a relevant investment—
 - (i) which is made in a company at a qualifying time, and
 - (ii) the money raised by which is employed for the purposes of a trade carried on by another company that is, at a qualifying time, a 51% subsidiary of the relevant company (but, if at the latest possible qualifying time it has ceased to be such a subsidiary, ignoring any money so employed after it last ceased to be such a subsidiary), or
- (b) a relevant investment—
 - (i) which is made in a company at a qualifying time, and
 - (ii) the money raised by which is employed for the purposes of a trade carried on by that company or another person,

where, at a qualifying time but after that investment was made, that trade (or a part of it) became a relevant transferred trade (see subsection (3F)).”

Mr Chancellor of the Exchequer

49

★ Schedule 6, page 128, line 23, leave out “neither condition A nor B” and insert “none of conditions A to C”

Mr Chancellor of the Exchequer

50

★ Schedule 6, page 128, leave out lines 37 to 42 and insert—

- “(5) Condition B is that—
 - (a) the sum of—
 - (i) the amount of the current investment, and
 - (ii) the total amount of any other relevant investments made in the relevant company in a period of 30 consecutive days which includes the investment date,

is at least 50% of the average turnover amount, and
 - (b) the money raised by the current investment and the investments mentioned in paragraph (a)(ii) is employed for the purpose of entering a new product or geographical market.
- (5A) Condition C is that—
 - (a) condition B in subsection (5) or condition B in section 175A(4) (EIS: permitted company age requirement) was previously met in relation to one or more relevant investments made in the relevant company, and
 - (b) some or all of the money raised by those investments was employed for the purposes of the same activities as the money raised by the current investment.”

Mr Chancellor of the Exchequer

51

★ Schedule 6, page 129, leave out lines 38 to 47 and insert—

- “(7) “The average turnover amount” means one fifth of the total relevant turnover amount for the five year period which ends—
 - (a) immediately before the beginning of the last accounts filing period, or
 - (b) if later, 12 months before the investment date.”

Finance Bill, *continued*

Mr Chancellor of the Exchequer

52

★ Schedule 6, page 129, line 48, at end insert—

““entering a new product or geographical market” has the same meaning as in Commission Regulation (EU) No 651/2014 (General block exemption Regulation);”

Mr Chancellor of the Exchequer

53

★ Schedule 6, page 130, leave out lines 10 to 14 and insert—

““the total relevant turnover amount” for a period is—

(a) if the relevant company is a single company at the investment date, the sum of—

(i) the relevant company’s turnover for that period,

(ii) if all or part of the money raised by the current investment is employed for the purposes of an activity carried on by a company which becomes a 51% subsidiary of the relevant company after the investment date, the turnover for that period of that subsidiary (or, if there is more than one, each of them), and

(iii) if all or part of the money raised by the current investment is employed for the purposes of a transferred trade, the turnover of that trade for so much of that period as falls before the trade became a transferred trade (except to the extent that it is already included in calculating the amounts within sub-paragraphs (i) and (ii));

(b) if the relevant company is a parent company at the investment date, the sum of—

(i) the relevant company’s turnover for that period,

(ii) the turnover for that period of each company which at the investment date is a 51% subsidiary of the relevant company,

(iii) if all or part of the money raised by the issue of the current investment is employed for the purposes of an activity carried on by a company which becomes a 51% subsidiary of the relevant company after the investment date, the turnover for that period of that subsidiary (or, if there is more than one, each of them), and

(iv) if all or part of the money raised by the current investment is employed for the purposes of a transferred trade, the turnover of that trade for so much of that period as falls before the trade became a transferred trade (except to the extent that it is already included in calculating the amounts within sub-paragraphs (i) to (iii));

““transferred trade” means a trade which has been transferred to the company which is carrying on the trade at the time the money raised by the current investment is employed or to a partnership of which that company is a member;”

Finance Bill, *continued*

- Mr Chancellor of the Exchequer 54
- ★ Schedule 6, page 130, line 15, after ““turnover”” insert “—
(a) in relation to a company,”
- Mr Chancellor of the Exchequer 55
- ★ Schedule 6, page 130, line 20, at end insert—
“(b) in relation to any other person carrying on a trade, also has the meaning given by section 474(1) of that Act (reading references in that provision to a company as references to the person) and is to be determined by reference to the accounts of the person and amounts recognised for accounting purposes (and such apportionments of those amounts as are just and reasonable are to be made for the purpose of determining a person’s turnover for a period);
(c) in relation to a transferred trade carried on by a company or other person, means such proportion of the turnover of the company or other person as it is just and reasonable to attribute to the transferred trade.”
- Mr Chancellor of the Exchequer 56
- ★ Schedule 6, page 130, line 36, leave out “previously”
- Mr Chancellor of the Exchequer 57
- ★ Schedule 6, page 131, line 40, leave out “and” and insert—
“(aa) any other relevant investment made in a company to the extent that the money raised by the investment has been employed for the purposes of a trade carried on by another company that has at any time in that year been a 51% subsidiary of the relevant company (but, if it is not such a subsidiary at the end of that year, ignoring any money so employed after it last ceased to be such a subsidiary), and”
- Mr Chancellor of the Exchequer 58
- ★ Schedule 6, page 133, line 17, leave out “and” and insert—
“(aa) any other relevant investment made in a company to the extent that the money raised by the investment has been employed for the purposes of a trade carried on by another company that has at any time on or before the investment date been a 51% subsidiary of the relevant company (but, if it is not such a subsidiary at the investment date, ignoring any money so employed after it last ceased to be such a subsidiary), and”
- Mr Chancellor of the Exchequer 59
- ★ Schedule 6, page 135, line 3, leave out “and” and insert—
“(aa) any other relevant investment made in a company to the extent that the money raised by the investment has been employed for the purposes of a trade carried on by another company that has at any time before the relevant time been a 51% subsidiary of the relevant company (but, if it is not such a subsidiary at the relevant time, ignoring any money so employed after it last ceased to be such a subsidiary), and”

Finance Bill, *continued*

- Mr Chancellor of the Exchequer
- ★ Schedule 6, page 136, line 40, leave out “or B” and insert “, B or C” 60
- Mr Chancellor of the Exchequer
- ★ Schedule 6, page 137, line 9, after “that” insert “—
(a) ” 61
- Mr Chancellor of the Exchequer
- ★ Schedule 6, page 137, line 12, at end insert “, and
(b) the money raised by those investments is employed for the purpose of entering a new product or geographical market.” 62
- Mr Chancellor of the Exchequer
- ★ Schedule 6, page 137, line 12, at end insert—
“(4A) Condition C is that—
(a) condition B in subsection (4) or condition B in section 175A(4) (EIS: permitted company age requirement) was previously met in relation to one or more relevant investments made in the relevant company, and
(b) some or all of the money raised by those investment was employed for the purposes of the relevant qualifying activity.” 63
- Mr Chancellor of the Exchequer
- ★ Schedule 6, page 138, leave out lines 3 to 12 and insert—
“(6) “The average turnover amount” means one fifth of the total relevant turnover amount for the five year period which ends—
(a) immediately before the beginning of the last accounts filing period, or
(b) if later, 12 months before the investment date.” 64
- Mr Chancellor of the Exchequer
- ★ Schedule 6, page 138, line 13, at end insert—
““entering a new product or geographical market” has the same meaning as in Commission Regulation (EU) No 651/2014 (General block exemption Regulation);” 65
- Mr Chancellor of the Exchequer
- ★ Schedule 6, page 138, leave out lines 31 to 35 and insert—
““the total relevant turnover amount” for a period is—
(a) if the relevant company is a single company at the investment date, the sum of—
(i) the relevant company’s turnover for that period,
(ii) if all or part of the money raised by the issue of the relevant shares is employed for the purposes of an activity carried on by a company which becomes a 51% subsidiary of the relevant company after the investment 66

Finance Bill, *continued*

- date, the turnover for that period of that subsidiary (or, if there is more than one, each of them), and
- (iii) if all or part of the money raised by the issue of the relevant shares is employed for the purposes of a transferred trade, the turnover of that trade for so much of that period as falls before the trade became a transferred trade (except to the extent that it is already included in calculating the amounts within subparagraphs (i) and (ii));
- (b) if the relevant company is a parent company at the investment date, the sum of—
- (i) the relevant company’s turnover for that period,
 - (ii) the turnover for that period of each company which at the investment date is a 51% subsidiary of the relevant company,
 - (iii) if all or part of the money raised by the issue of the relevant holding is employed for the purposes of an activity carried on by a company which becomes a 51% subsidiary of the relevant company after the investment date, the turnover for that period of that subsidiary (or, if there is more than one, each of them), and
 - (iv) if all or part of the money raised by the issue of the relevant shares is employed for the purposes of a transferred trade, the turnover of that trade for so much of that period as falls before the trade became a transferred trade (except to the extent that it is already included in calculating the amounts within subparagraphs (i) to (iii));

“transferred trade” means a trade which has been transferred to the company which is carrying on the trade at the time the money raised by the issue of the relevant holding is employed or to a partnership of which that company is a member;”

Mr Chancellor of the Exchequer

67

- ★ Schedule 6, page 138, line 36, after ““turnover”” insert “—
(a) in relation to a company;”

Mr Chancellor of the Exchequer

68

- ★ Schedule 6, page 138, line 41, at end insert—
“(b) in relation to any other person carrying on a trade, also has the meaning given by section 474(1) of that Act (reading references in that provision to a company as references to the person) and is to be determined by reference to the accounts of the person and amounts recognised for accounting purposes (and such apportionments of those amounts as are just and reasonable are to be made for the purpose of determining a person’s turnover for a period);
(c) in relation to a transferred trade carried on by a company or other person, means such proportion of the turnover of the company or other person as it is just and reasonable to attribute to the transferred trade;”

Finance Bill, *continued*

Mr Chancellor of the Exchequer

69

★ Schedule 6, page 139, line 42, at end insert—

“Acquisitions for restructuring purposes

- 15A (1) Section 326 (restructuring to which section 327 applies) is amended as follows.
- (2) In subsection (1), for “Section 327 applies” substitute “Sections 326A and 327 apply”.
- (3) In subsection (4) for the words from the beginning to “as being met” substitute “Nothing in section 326A treats any of the requirements of Chapter 3 as being met, and nothing in section 327 treats any of the requirement of Chapter 4 as being met”.
- (4) In subsection (5), before “327” insert “326A does not treat any requirement of Chapter 3 as being met and section”.
- 15B After section 326 insert—

“326A Certain requirements of Chapter 3 to be treated as met

- (1) If this section applies, subsections (2) to (6) have effect to determine the extent to which, and the time for which, the following conditions in Chapter 3 are met in relation to the old shares and the new shares—
- the investment limits condition (see section 280B);
 - the permitted maximum age condition (see section 280C);
 - the no business acquisition condition (see section 280D).
- (2) If—
- (a) there is an exchange under the arrangements of any new shares for any old shares, and
 - (b) those old shares are an investment in relation to which the investment limits condition, the permitted maximum age condition or the no business acquisition condition is (or is treated as being) met to any extent,
- those conditions are to be treated as met to the same extent in relation to the matching new shares.
- See subsections (3) to (6) for further provision about when those conditions are treated as met in relation to the old shares.
- (3) If—
- (a) the exchange occurs during the period of 5 years beginning with the day after the day on which the old shares were issued, and
 - (b) those old shares are shares in relation to which section 280B(2)(c) applies,
- section 280B(2)(c) is to be treated as applying in relation to the matching new shares.
- (4) In determining whether section 280B(2)(c) applies in relation to the old shares—
- (a) condition A is treated as met if it would be met if the reference in section 280B(3B)(a)(i) to a company which becomes a 51% subsidiary of the relevant company during the 5-year post-investment period included a reference to a company which

Finance Bill, *continued*

- becomes a 51% subsidiary of the new company during that period otherwise than as a result of the exchange, and
- (b) in relation to investments made or trades transferred at or after the time of the exchange, references to the relevant company in section 280B(3C)(b) and (3F)(a) are to be read as references to the new company.
- (5) The permitted maximum age condition is met in relation to the old shares if (and only if) it would be met if—
- (a) in section 280C(5)(a)(ii) and (5A)(a) the references to relevant investments made in the relevant company included a reference to the relevant investments made in the new company,
- (b) in section 280C(6)(d) and (f) the references to the relevant company included a reference to the new company,
- (c) in paragraphs (a)(ii) and (b)(iii) of the definition of “the total relevant turnover amount” in section 280C(8) the reference to a company which becomes a 51% subsidiary of the relevant company after the investment date included a reference to a company which becomes a 51% subsidiary of the new company after that date otherwise than as a result of the exchange.
- (6) The no business acquisition condition is met in relation to the old shares if (and only if) it would be met if, in section 280D(2), references to the relevant company were read as including a reference to the new company.”
- 15C (1) Section 327 (certain requirements of Chapter 4 to be treated as met) is amended as follows.
- (2) In subsection (1)—
- (a) after the entry for section 291 insert—
 “section 292A (the maximum amount raised annually through risk finance investments requirement),
 section 292AA (the maximum amount raised through risk finance investments when relevant holding is issued requirement),
 section 292AB (the maximum risk finance investments during the 5-year post-investment period requirement),”
- (b) after the entry for section 294 insert—
 “section 294A (the permitted company age requirement),” and
- (c) omit the “and” at the end of the entry for section 297, and after the entry for section 297A insert “, and
 section 297B (the proportion of skilled employees requirement).”
- (3) In subsection (4)—
- (a) after “sections” insert “292A, 292AA, 292AB”
- (b) after “294” insert “, 294A”, and
- (c) for “and 297A” substitute “, 297A and 297B”.
- (4) After subsection (4) insert—
- (4A) If—
- (a) there is an exchange under the arrangements of any new shares for any old shares,

Finance Bill, *continued*

- (b) that exchange occurs during the period of 5 years beginning with the day after the day on which the old shares were issued, and
- (c) those old shares are shares in relation to which the requirement of section 292AB (maximum risk finance investments during 5-year post-investment period) applies and is met,

that requirement is to be treated as applying and met in relation to the matching new shares.

- (4B) But, where that requirement applies in relation to the old shares, it is met in relation to those shares if (and only if) it would be met were—
- (a) the first reference to the relevant company in section 292AB(4), and
 - (b) the references to the relevant company in section 292AB(5) and (7)(a)(i),

read, in relation to times in that 5 year period which fall at or after the time of the exchange, as references to the new company.

- (4C) For the purposes of subsections (4A) and (4B), the requirement in section 292AB is treated as applying in relation to the old shares if condition A or B in that section would be met if references in section 292AB(5) and (7)(a)(i) to the relevant company were read as references to the new company.

- (4D) The requirement in section 293 (the use of money raised) is met in relation to the old shares if (and only if) it would be met if references to the relevant company in section 293(5ZA) were read as including a reference to the new company.

- (4E) The requirement of section 294A (permitted company age) is met in relation to the old shares if (and only if) it would be met if—
- (a) in section 294A(4) the reference to relevant investments made in the relevant company included a reference to relevant investments made in the new company,
 - (b) in section 294A(5)(d) and (f) the references to the relevant company included a reference to the new company,
 - (c) in paragraphs (a)(ii) and (b)(iii) of the definition of “the total turnover amount” in section 294A(7) the reference to a company which becomes a 51% subsidiary of the relevant company after the investment date included a reference to a company which becomes a 51% subsidiary of the new company after that date otherwise than as a result of the exchange.

- (4F) If—
- (a) there is an exchange under the arrangements of any new shares for any old shares,
 - (b) that exchange occurs during the period of 3 years beginning with the issue of the old shares, and
 - (c) those old shares are shares in relation to which the requirement of section 297B (proportion of skilled employees requirement) is met,

that requirement is to be treated as met in relation to the matching new shares.

Finance Bill, *continued*

- (4G) The requirement of section 297B is met in relation to the old shares if (and only if) it would be met in relation to those shares were references to the relevant company, in subsections (1) and (3) of that section (and, in the definitions of the terms mentioned in subsection (4) as they apply for the purposes of those subsections), read as references to the new company in relation to times in that 3 year period which fall at or after the exchange.”

Mr Chancellor of the Exchequer

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★ Schedule 6, page 140, line 13, at end insert—

- “() Regulations under this section may, so long as they do not increase any person’s liability to any tax, be made to have retrospective effect in relation to any time in the tax year in which they are made or the previous tax year.”

ORDER OF THE HOUSE [21 JULY 2015]

That the following provisions shall apply to the Finance Bill:

Committal

1. The following shall be committed to a Committee of the whole House—
 - (a) clauses 16, 17, 43 and 45;
 - (b) Schedules 2 and 3;
 - (c) any new clauses, and any new Schedules, relating to the subject matter of those clauses or Schedules.
2. The remainder of the Bill shall be committed to a Public Bill Committee.

Proceedings in committee

3. Proceedings in Committee of the whole House shall be completed at one day’s sitting.
4. Those proceedings shall be taken in the order shown in the first column of the following Table.
5. Each part of the proceedings shall (so far as not previously concluded) be brought to a conclusion at the time specified in relation to it in the second column of the Table.

TABLE

<i>Proceedings</i>	<i>Time for conclusion of proceedings</i>
Clause 43 and any new clauses or new Schedules relating to the subject matter of that clause	Two hours after the commencement of proceedings on the Bill
Clause 45 and any new clauses or new Schedules relating to the subject matter of that clause	Four hours after the commencement of proceedings on the Bill
Clauses 16 and 17 and Schedules 2 and 3, and any new clauses or new Schedules relating to the subject matter of those clauses and Schedules	Six hours after the commencement of proceedings on the Bill

Finance Bill, *continued*

6. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 20 October 2015.
7. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.
8. When the provisions of the Bill considered, respectively, by the Committee of the whole House and by the Public Bill Committee have been reported to the House, the Bill shall be proceeded with as if it had been reported as a whole to the House from the Public Bill Committee.

Consideration and Third Reading

9. Proceedings on Consideration and on Third Reading shall be completed at one day's sitting.
10. Proceedings on Consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.
11. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

Programming committee

12. Standing Order No. 83B (Programming committees) shall not apply to proceedings in Committee of the whole House or to proceedings on Consideration or Third Reading.
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