



# House of Commons

**Thursday 30 June 2016**

## **PUBLIC BILL COMMITTEE PROCEEDINGS**

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### **FINANCE BILL**

*[FIRST AND SECOND SITTINGS]*

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David Gauke

*Agreed to*

That—

- (1) the Committee shall (in addition to its first meeting at 11.30am on Thursday 30 June) meet—
    - (a) at 2.00 pm on Thursday 30 June;
    - (b) at 9.25 am and 2.00 pm on Tuesday 5 July;
    - (c) at 11.30 am and 2.00 pm on Thursday 7 July;
    - (d) at 9.25 am and 2.00 pm on Tuesday 12 July;
    - (e) at 11.30 am and 2.00 pm on Thursday 14 July;
  - (2) the proceedings shall be taken in the following order: Clauses 1 to 5, Schedule 1, Clause 6, Clause 19, Schedule 4, Clauses 20 to 22, Schedule 5, Clauses 23 to 39, Schedule 6, Clause 40, Clause 45, Schedule 7, Clauses 46 to 50, Schedule 8, Clauses 51 to 60, Schedule 9, Clauses 61 and 62, Schedule 10, Clauses 63 and 64, Clause 82, Schedule 15, Clauses 83 to 122, Schedule 16, Clauses 123 to 128, Clauses 130 and 131, Clauses 137 to 141, Schedule 17, Clauses 142 and 143, Clause 155, Schedule 23, Clauses 156 to 168, Schedule 24, Clauses 169 to 172, Schedule 25, Clauses 173 to 179, new Clauses, new Schedules, remaining proceedings on the Bill;
  - (3) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Thursday 14 July.
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Mr David Gauke

To move, That, subject to the discretion of the Chair, any written evidence received by the Committee shall be reported to the House for publication.

*Agreed to*

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Finance Bill, *continued*

Rob Marris  
 John McDonnell  
 Richard Burgon  
 Rebecca Long Bailey

*Negatived on division* 6

Clause 1, page 1, line 9, at end insert—

- “(3) The Chancellor of the Exchequer shall, within three months of the passing of this Act, publish a report on the impact of setting the additional rate of income tax at 45% and at 50%.
- (4) The report must estimate the impact of setting the additional rate for 2016-17 at 45% on the amount of income tax currently paid by someone with a taxable income of—
- (a) £150,000 per year;
  - (b) £500,000 per year; and
  - (c) £1,000,000 per year.
- (5) The report must estimate the impact of setting the additional rate for 2016-17 at 50% on the amount of income tax currently paid by someone with a taxable income of—
- (a) £150,000 per year;
  - (b) £500,000 per year; and
  - (c) £1,000,000 per year.”

*Clause agreed to.*

Roger Mullin

*Withdrawn* 3

Clause 2, page 2, line 4, at end add—

- “(3) The Chancellor shall assess the effect on taxation revenue of increasing the basic rate limit in line with the Consumer Prices Index for 2017-18 and by no more than increases in that index until 2021-22.”

*Clause agreed to.*

*Clauses 3 and 4 agreed to.*

Roger Mullin  
 Caroline Lucas

*Withdrawn* 4

Clause 5, page 8, line 28, at end add—

- “(12) The Chancellor of the Exchequer shall commission a review of how the changes to the tax on dividend income implemented by this Act affect directors of micro-business companies, to include—
- (a) the impacts across the distribution of directors’ net income;
  - (b) whether company failure rates have been affected; and
  - (c) whether the law could be amended to minimise the impact on directors with low income.

**Finance Bill, continued**

- (13) The Chancellor shall report to Parliament about his findings within six months of the passing of this Act.”

*Clause agreed to.*

Mr David Gauke

*Agreed to 127*

Schedule 1, page 259, line 20, at end insert—

“ In section 651 (meaning of “UK estate” and “foreign estate”)—

- (a) in subsection (4), for “680(3) or (4) (sums” substitute “664(2)(c) or (d) or 680(4) (sums not liable to tax and sums”, and
- (b) in subsection (5), for “680(3) or (4)” substitute “664(2)(c) or (d) or 680(4)”.

In section 657 (tax charged on estate income from foreign estates), for “680(3) or (4)”, in both places, substitute “680(4)”.

In section 663 (applicable rate for purposes of grossing-up under sections 656 and 657), after subsection (4) insert—

- “(5) The aggregate income of the estate, so far as it consists of income within section 664(2)(c) or (d), is treated for the purposes of this section as bearing income tax at 0%.”

In section 670 (applicable rate for purposes of Step 2 in section 665(1)), after subsection (4) insert—

- “(4A) The aggregate income of the estate, so far as it consists of income within section 664(2)(c) or (d), is treated for the purposes of this section as bearing income tax at 0%.”

In section 680 (income of an estate that is treated as bearing income tax)—

- (a) in subsection (2) omit “(3) or”, and
- (b) omit subsection (3) (sums treated as bearing tax at the dividend ordinary rate).

In section 680A (estate income treated as dividend income), in each of subsections (1)(a) and (4)(a), after “at the dividend ordinary rate” insert “or as bearing tax at 0% because of section 663(5)”.

Mr David Gauke

*Agreed to 128*

Schedule 1, page 259, line 20, at end insert—

“ In section 854(6) (carrying on by partner of notional business: meaning of “untaxed income”)—

- (a) omit the “or” at the end of paragraph (b), and
- (b) after paragraph (c) insert—
  - “(d) income chargeable under Chapter 5 of Part 4 (stock dividends from UK resident companies), or
  - (e) income chargeable under Chapter 6 of Part 4 (release of loan to participator in closed company).”

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**Finance Bill, continued**

Mr David Gauke

*Agreed to* **129**Schedule **1**, page **265**, line **31**, at end insert—

“( ) in paragraph (b), for “680(3)(b) or (4)” substitute “680(4)”, and”

Mr David Gauke

*Agreed to* **130**Schedule **1**, page **265**, line **39**, at end insert—

“( ) In section 498 (discretionary payments by trustees: types of tax to be included in trustees’ tax pool)—

(a) in subsection (1)—

(i) in Type 1 (tax at special rates for trustees on income not attracting tax credits), omit “2, 3 or”, and

(ii) omit Types 2 and 3 (tax at dividend trust rate on income attracting dividend tax credits), and

(b) omit subsection (2) (interpretation of Types 2 and 3).”

Mr David Gauke

*Agreed to* **131**Schedule **1**, page **269**, line **8**, at end insert—

“( ) the amendments in section 854(6) of ITTOIA 2005,”

Mr David Gauke

*Agreed to* **132**Schedule **1**, page **269**, line **9**, leave out “sections 425,” and insert “section 425 except the amendment in section 425(5)(b), and the amendments in sections 498,”

Mr David Gauke

*Agreed to* **133**Schedule **1**, page **269**, line **33**, at end insert—

“( ) The amendments in sections 651 to 680A of ITTOIA 2005 (but not the repeal of section 680(3)(a) of that Act) and the amendment in section 425(5)(b) of ITA 2007—

(a) so far as they relate to income within section 664(2)(c) of ITTOIA 2005 (stock dividends), have effect in relation to stock dividend income treated as arising in the tax year 2016-17 or at any later time, and

(b) so far as they relate to income within section 664(2)(d) of ITTOIA 2005 (release of loans), have effect in relation to amounts released or written off in the tax year 2016-17 or at any later time.”

*Schedule, as amended, agreed to.*


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*Clauses 6 and 19, Schedule 4 and Clauses 20 to 22 agreed to.*

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Finance Bill, *continued*

Mr David Gauke

Schedule 5, page 299, line 9, after “immediately”, insert “after”

*Agreed to* 134

*Schedule, as amended, agreed to.*

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*Clauses 23 to 27 agreed to.*

Rob Marris  
John McDonnell  
Richard Burgon  
Rebecca Long Bailey

Clause 28, page 2, line 42, at end add—

“(7) The Chancellor of the Exchequer shall, within one year of the passing of this Act, publish a report giving the Treasury’s assessment of the effect of excluding energy generation from EIS/SEIS/VCT schemes on—

- (a) the renewable energy sector,
- (b) community energy projects, and
- (c) the energy sector”.

*Withdrawn* 135

*Clause agreed to.*

*Clauses 29 to 34 agreed to.*

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Rob Marris  
John McDonnell  
Richard Burgon  
Rebecca Long Bailey

Clause 35, page 57, line 2, at end add—

“(4) The Chancellor of the Exchequer shall, within one year of the passing of this Act, publish a report on the impact of this section on deterring tax avoidance during the procedure of distributions during a winding up.”

*Not moved* 7

*Clause agreed to.*

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*Clause 36 agreed to.*

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**Finance Bill, continued**

Rob Marris  
 John McDonnell  
 Richard Burgon  
 Rebecca Long Bailey

*Not called* 8

Clause 37, page 58, line 26, leave out from “is” to end of subsection and insert “100%”

Mr David Gauke

*Agreed to* 43

Clause 37, page 67, line 45, leave out “value” and insert “amount”

Mr David Gauke

*Agreed to* 44

Clause 37, page 68, line 41, leave out “company” and insert “underlying scheme”

Mr David Gauke

*Agreed to* 45

Clause 37, page 68, line 43, leave out “a company” and insert “an underlying scheme”

Mr David Gauke

*Agreed to* 46

Clause 37, page 68, line 47, leave out “value” and insert “amount”

Mr David Gauke

*Agreed to* 47

Clause 37, page 70, line 15, leave out “company” and insert “underlying scheme”

Mr David Gauke

*Agreed to* 48

Clause 37, page 70, line 21, leave out “value” and insert “amount”

Mr David Gauke

*Agreed to* 49

Clause 37, page 70, line 34, at end insert “, or the acquisition of portfolios of investments from.”

*Clause, as amended, agreed to.*

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*Clauses 38 and 39 and Schedule 6 agreed to.*

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**Finance Bill, continued**

Mr David Gauke

*Agreed to* **20**Clause **40**, page **80**, leave out lines 33 to 39 and insert—

““intellectual property royalty payment” means a payment referred to in section 906(2)(a) or (3)(a);”.

Mr David Gauke

*Agreed to* **21**Clause **40**, page **81**, line **12**, at end insert—

“(3) In relation to payments made (under any such arrangements) on or after 17 March 2016 and on or before the day on which this Act is passed, section 917A of ITA 2007 as inserted by subsection (1) has effect as if the definition of “intellectual property royalty payment” in that section were as follows—

““intellectual property royalty payment” means—

- (a) a payment of a royalty or other sum in respect of the use of a patent,
  - (b) a payment specified in section 906(1)(a) (as originally enacted), or
  - (c) a payment which is a “qualifying annual payment” for the purposes of Chapter 6 by virtue of section 899(3)(a)(ii) (royalties etc from intellectual property);”.
- (4) In relation to payments made (under any such arrangements) on or after 28 June 2016 and on or before the day on which this Act is passed, section 917A of ITA 2007 as inserted by subsection (1) has effect as if “intellectual property royalty payment” also included (so far as it would not otherwise do so) any payments referred to in section 906(2)(a) or (3)(a) of ITA 2007 as substituted by section (*deduction of income tax at source: intellectual property*).”

*Clause agreed to.*


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*Clause 45 agreed to.*

Rob Marris  
John McDonnell  
Richard Burgon  
Rebecca Long Bailey

*Not called* **9**

Schedule **7**, page **305**, line **3**, leave out “the preceding provisions of this section” and insert “Part 4 of TIOPA 2010”

Rob Marris  
John McDonnell  
Richard Burgon  
Rebecca Long Bailey

*Not called* **10**

Schedule **7**, page **305**, line **9**, leave out “the preceding provisions of this section” and insert “Part 4 of TIOPA 2010”

**Finance Bill, *continued***

*Schedule agreed to.*

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*Clauses 46 to 49 agreed to.*

[Adjourned until Tuesday 5 July at 9.25 am

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