



SUPPLEMENT TO THE VOTES AND PROCEEDINGS

Tuesday 6 September 2016
REPORT STAGE PROCEEDINGS

FINANCE BILL, AS AMENDED

[SECOND DAY]

*NEW CLAUSES, NEW SCHEDULES AND AMENDMENTS TO CLAUSES AND SCHEDULES
RELATING TO CAPITAL GAINS TAX*

John McDonnell
Rebecca Long Bailey
Peter Dowd

Withdrawn **NC14**

To move the following Clause—

“Entrepreneur’s Relief: value for money

- (1) The Chancellor of the Exchequer shall, within six months of the passing of this Act, publish a report giving HM Treasury’s assessment of the value for money provided by Entrepreneur’s Relief.
 - (2) The report shall have particular reference to—
 - (a) the cost to the Exchequer of the Relief;
 - (b) the number of individuals who have benefited from the Relief;
 - (c) the average tax deduction received by an individual as a result of the Relief; and
 - (d) the number of new business start-ups since introduction of the Relief.”
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John McDonnell
Rebecca Long Bailey
Tim Farron
Tom Brake
Peter Dowd

Negatived on division **174**

Page **167**, line **40**, leave out Clause 82

Mr Chancellor of the Exchequer

Agreed to **149**

Clause **82**, page **167**, line **42**, leave out “(11)” and insert “(11A)”

Finance Bill, as amended, *continued*

Mr Chancellor of the Exchequer

Agreed to **150**

Clause **82**, page **168**, leave out line 14 and insert—
 “(c) carried interest gains (see subsections (12) and (13)).”

Mr Chancellor of the Exchequer

Agreed to **151**

Clause **82**, page **169**, line **4**, at end insert—
 “(11A) After subsection (11) insert—

“(12) In subsection (2A)(c) “carried interest gains” means—

- (a) gains treated as accruing under section 103KA(2) or (3), and
- (b) gains accruing to an individual as a result of carried interest arising to the individual where—
 - (i) the individual performs investment management services directly or indirectly in respect of an investment scheme under arrangements not involving a partnership,
 - (ii) the carried interest arises to the individual under the arrangements, and
 - (iii) the carried interest does not constitute a co-investment repayment or return.

(13) For the purposes of subsection (12)(b)—

- (a) “carried interest”, in relation to any arrangements, has the same meaning as in section 809EZB of ITA 2007 (see sections 809EZC and 809EZD of that Act);
- (b) carried interest “arises” to an individual if it arises to him or her for the purposes of Chapter 5E of Part 13 of ITA 2007;
- (c) “arrangements”, “investment management services” and “investment scheme” have the same meanings as in that Chapter (see sections 809EZA(6) and 809EZE of that Act);
- (d) “co-investment repayment or return” has the same meaning as in section 103KA.”

John McDonnell
 Rebecca Long Bailey
 Peter Dowd

Not called **175**

Schedule **14**, page **481**, line **36**, at end insert—

“(12) Section 169Z makes provision about the expiration of this Chapter.”

Finance Bill, as amended, continued

John McDonnell
Rebecca Long Bailey
Peter Dowd

Not called 176

Schedule 14, page 499, line 15, at end insert—

“169VZ Expiration of Chapter 5 provisions

- (1) The provisions of this Chapter shall remain in force until six years after their commencement and shall then expire, unless continued in force by an order under subsection (2).
- (2) The Secretary of State may by order made by statutory instrument provide—
 - (a) that all or any of those provisions which are in force shall continue in force for a period not exceeding 12 months from the coming into operation of the order; or
 - (b) that all or any of those provisions which are for the time being in force shall cease to be in force.
- (3) No order shall be made under subsection (2) unless—
 - (a) a draft of the order has been laid before and approved by a resolution of both Houses of Parliament,
 - (b) the Secretary of State has commissioned a review of the operation of Investor’s Relief and laid the report of the review before both Houses of Parliament.”

*NEW CLAUSES, NEW SCHEDULES AND AMENDMENTS TO CLAUSES RELATING TO
INSURANCE PREMIUM TAX; REMAINING NEW CLAUSES, NEW SCHEDULES AND
AMENDMENTS TO CLAUSES AND SCHEDULES; REMAINING PROCEEDINGS ON
CONSIDERATION*

Mr Chancellor of the Exchequer

Added NC9

To move the following Clause—

“Tax treatment of supplementary welfare payments: Northern Ireland

- (1) In this section “supplementary welfare payment” means a payment made under regulations under—
 - (a) Article 135(1)(a) of the Welfare Reform (Northern Ireland) Order 2015 (S.I. 2015/2006 (N.I. 1)) (“the Order”) (discretionary support),
 - (b) Article 137 of the Order (payments to persons suffering financial disadvantage), or
 - (c) any provision (including future provision) of the Order which enables provision to be made for payments to persons who suffer financial disadvantage as a result of relevant housing benefit changes.
- (2) In subsection (1)(c) “relevant housing benefit changes” means changes to social security benefits consisting of or including changes contained in the Housing Benefit (Amendment) Regulations (Northern Ireland) 2016 (S.R. (N.I.) 2016 No. 258).
- (3) The Treasury may by regulations amend any provision of Chapters 1 to 5 of Part 10 of ITEPA 2003 so as to—
 - (a) provide that no liability to income tax arises on supplementary welfare payments of a specified description;

Finance Bill, as amended, *continued*

- (b) impose a charge to income tax under Part 10 of ITEPA 2003 on payments of a specified description made under regulations under Article 137 of the Order (payments to persons suffering financial disadvantage).
- (4) The regulations may make—
 - (a) different provision for different cases;
 - (b) incidental or supplementary provision;
 - (c) consequential provision (which may include provision amending any provision made by or under the Income Tax Acts).
- (5) Regulations made before 6 April 2017 may, so far as relating to the tax year 2016-17, have effect in relation to times before they are made.
- (6) Regulations under this section are to be made by statutory instrument.
- (7) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of the House of Commons.
- (8) In section 655(2) of ITEPA 2003 (other provisions about the taxation of social security payments) after the entry relating to section 782 of ITTOIA 2005 insert “; section (*Tax treatment of supplementary welfare payments: Northern Ireland*) of FA 2016 (tax treatment of supplementary welfare payments: Northern Ireland).””

Mr David Burrowes
Dr Sarah Wollaston
Fiona Bruce

Not called NC2

To move the following Clause—

“Review of the impact of the duty regime for high-strength cider

- (1) The Chancellor of the Exchequer must carry out a review of the impact of the rate of duty charged on sparkling cider of a strength exceeding 5.5%, and lay the report of the review before both Houses of Parliament within 12 months of this Act receiving Royal Assent.
 - (2) The review must address (though need not be limited to) the impact of the duty regime on tax revenues and on the consumption of alcohol.”
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Finance Bill, as amended, *continued*

Mr David Burrowes
Derek Thomas
Fiona Bruce
Steve Double
Michael Tomlinson
Jeremy Lefroy

Mr David Nuttall
Mr Philip Hollobone
Mr Gary Streeter
Dr Julian Lewis

Tim Loughton
Mr Peter Bone
Maria Caulfield

Martin Vickers
Caroline Ansell
Ian Duncan Smith

Not called NC3

To move the following Clause—

“Review of the operation of the transferable tax allowance for married couples and civil partners

- (1) The Chancellor of the Exchequer must carry out a review of the operation of the transferable tax allowance for married couples and civil partners under Chapter 3A of Part 3 of the Income Tax Act 2007 and lay the report of the review before both Houses of Parliament within 12 months of this Act receiving Royal Assent.
- (2) The review must address (though need not be limited to)—
 - (a) levels of take-up of the allowance;
 - (b) the impact of the allowance on individuals with children aged five years or under;
 - (c) the impact of the allowance on low-income households; and
 - (d) ways in which the allowance could be changed to target low-income families with young children.”

Roger Mullin
Kirsty Blackman
Philip Boswell

Not called NC6

To move the following Clause—

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

The Chancellor of the Exchequer must commission a review of the VAT treatment of the Scottish Police Authority and the Scottish Fire and Rescue Service, including but not limited to an analysis of the impact on the financial position of Police Scotland and 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, and must publish the report of the review within six months of the passing of this Act.”

Finance Bill, as amended, *continued*

Roger Mullin
Kirsty Blackman
Philip Boswell

Negated on division NC8

To move the following Clause—

“Review of changes to tax on dividend income

- (1) The Chancellor of the Exchequer must 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 such directors’ net income;
 - (b) the impact on company failure rates; and
 - (c) options for amending the law to minimise the impact on such directors who are on low incomes.
- (2) The Chancellor must lay a report of the review before both Houses of Parliament within six months of the passing of this Act.”

Barry Gardiner
John McDonnell
Rebecca Long Bailey

Negated on division NC15

To move the following Clause—

“VAT on Installation of Energy Saving Materials

- (1) No order shall be made under the Value Added Tax Act 1994 which would have the effect of raising the rate of VAT on installation of energy saving materials, or any individual category thereof.
- (2) No order shall be made under the Value Added Tax Act 1994 to vary Schedule 7A of that Act by deleting or varying any description of supply within Group 2 (Installation of Energy Saving Materials).
- (3) “Installation of energy saving materials” has the meaning given in Schedule 7A of the Value Added Tax Act 1994.””

Tim Farron
Tom Brake

Not called NC16

To move the following Clause—

“Review of impact of tax measures on intergenerational fairness

- (1) Within six months of the passage of this Act the Secretary of State must lay before Parliament a report assessing the impact of —
 - (a) Sections 1 to 3,
 - (b) Sections 19 to 22,
 - (c) Section 82,
 - (d) Sections 92 to 96, and

Finance Bill, as amended, *continued*

- (e) Section 140
on the burden of taxation by age demographic.
- (2) A report under this section must include an analysis of the proportion of taxation paid by working age people under the age of 35.”

Roger Mullin
Kirsty Blackman
Philip Boswell

Not selected **NC17**

To move the following Clause—

“Review of income tax treatment of workers providing services through intermediaries

The Chancellor of the Exchequer must conduct a strategic review of the impact on workers defined as providing services through intermediaries of their treatment for income tax purposes, including the differential impact on different types of worker, and must publish the report of the review within six months of the passing of this Act.”

Roger Mullin
Kirsty Blackman
Philip Boswell

Not called **NC18**

To move the following Clause—

“Impact of section 24 of Finance (No 2) Act 2015 on availability of affordable housing

The Chancellor of the Exchequer must commission a review of the impact of changes relating to income tax made by Section 24 of the Finance Act 2015 on the availability of affordable housing, and lay the report of the review before both Houses of Parliament within six months of the passing of this Act.”

Finance Bill, as amended, *continued*

Wes Streeting
 Rachel Reeves
 Dan Jarvis
 Chris Leslie
 Tristram Hunt
 Liz Kendall

Ian Murray
 Angela Smith
 Joan Ryan
 Jonathan Reynolds
 Mr David Lammy
 Seema Malhotra

Ruth Smeeth
 Stella Creasy
 Mr David Hanson
 Phil Wilson
 Rebecca Long Bailey

Tom Blenkinsop
 Ian Austin
 Graham Jones
 Caroline Flint
 John McDonnell

Not called **NC19**

To move the following Clause—

“Distributional analysis of the impact of taxation measures

- (1) The Chancellor of the Exchequer must review the impact of the measures introduced by this Act on households at different levels of income, and lay before each House of Parliament the report of that review within six months of this Act coming into force.
- (2) The Chancellor of the Exchequer must review the impact of government fiscal measures on households at different levels of income at least once in each calendar year, and lay before each House of Parliament a report on each review.”

Mr Chancellor of the Exchequer

Agreed to **132**

Clause **18**, page **26**, line **25**, leave out “December 2016” and insert “April 2017”

Mr Chancellor of the Exchequer

Agreed to **133**

Clause **18**, page **26**, line **30**, leave out “December 2016” and insert “April 2017”

Mr Chancellor of the Exchequer

Agreed to **134**

Clause **18**, page **26**, line **32**, leave out “December 2016” and insert “April 2017”

Mr Chancellor of the Exchequer

Agreed to **146**

Clause **19**, page **27**, line **7**, leave out “(4)” and insert “(4A)”

Finance Bill, as amended, continued

Mr Chancellor of the Exchequer

Agreed to 147

Clause 19, page 28, line 2, at end insert—

“(4A) After subsection (5E) insert—

“(5F) Where—

(a) benefit crystallisation event 5C occurs by reason of the designation on or after 6 April 2015 of sums or assets held for the purposes of an arrangement relating to the individual, and

(b) the individual died before 6 April 2012,

the standard lifetime allowance at the time of the benefit crystallisation event is £1,800,000.

(5G) Where—

(a) benefit crystallisation event 5C occurs by reason of the designation on or after 6 April 2015 of sums or assets held for the purposes of an arrangement relating to the individual, and

(b) the individual died in the period consisting of the tax year 2012-13 and the tax year 2013-14,

the standard lifetime allowance at the time of the benefit crystallisation event is £1,500,000.

(5H) Where—

(a) benefit crystallisation event 5C occurs by reason of the designation on or after 6 April 2016 of sums or assets held for the purposes of an arrangement relating to the individual, and

(b) the individual died in the period consisting of the tax year 2014-15 and the tax year 2015-16,

the standard lifetime allowance at the time of the benefit crystallisation event is £1,250,000.

(5I) Where—

(a) benefit crystallisation event 5D occurs by reason of a person becoming entitled on or after 6 April 2016 to an annuity in respect of the individual, and

(b) the individual died in the period beginning with 3 December 2014 and ending with 5 April 2016,

the standard lifetime allowance at the time of the benefit crystallisation event is £1,250,000.””

Mr Chancellor of the Exchequer

Agreed to 148

Clause 19, page 28, line 10, at end insert—

“() The amendment made by subsection (4A)—

(a) so far as it consists of the insertion of new subsections (5F) and (5G)—

(i) is to be treated as having come into force on 6 April 2015, and

(ii) has effect in relation to benefit crystallisation events occurring on or after that date, and

(b) so far as it consists of the insertion of new subsections (5H) and (5I)—

(i) is to be treated as having come into force on 6 April 2016, and

Finance Bill, as amended, *continued*

- (ii) has effect in relation to benefit crystallisation events occurring on or after that date.”
-

Mr Chancellor of the Exchequer

Agreed to **135**

Clause **31**, page **45**, line **20**, leave out subsections (5) and (6) and insert—

“(5) In subsection (3A)—

- (a) for the words from “In the second” to “does not include” substitute “An investment made by a company (“the investor”) falls within this subsection if it is”;
- (b) in paragraph (c) for “the company” substitute “the investor”;
- (c) after paragraph (c) insert—
 - “(d) money in the investor’s possession;
 - (e) a sum owed to the investor which—
 - (i) under section 285(4)(b) (read with section 285(5) and (6)) is to be regarded as an investment of the investor, and
 - (ii) is such that the investor’s right mentioned in section 285(5)(a) may be exercised on 7 days’ notice given by the investor.”

(5A) After subsection (3A) insert—

- “(3B) In subsection (3A), any reference to a thing which may be done on 7 days’ notice includes a case where that thing may be done—
- (a) on less than 7 days’ notice, or
 - (b) without notice.”

(6) In subsection (5)—

- (a) after paragraph (b) insert—
 - “(ba) amend or repeal subsection (3B) in consequence of any provision made under paragraph (b),”;
 - (b) in paragraph (c) for the words from “made by” to “(3A)” substitute “falling within subsection (3A) may be held by the company”.
-

Tim Farron
Tom Brake

Not called **179**

Clause **99**, page **185**, line **20**, at end insert—

- “(c) “earning” do not include any amounts that constitute qualifying bonus payments within the meaning of section 312B of the Income Tax (Earnings and Pensions) Act 2003.”
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Finance Bill, as amended, continued

Mr Chancellor of the Exchequer

Agreed to **138**

Schedule 1, page 323, line 35, at end insert—

“(iii) in Type 4 (tax charged at basic rate as a result of section 491), omit “at the basic rate”, and”

Jonathan Reynolds
 Rob Marris
 John Mann
 Dan Jarvis
 Stella Creasy
 Helen Goodman

Rebecca Long Bailey

John McDonnell

Seema Malhotra

Not called **141**

Schedule 3, page 337, line 17, at end insert—

“Provision for small amounts of partnership share money repayable to employees to be exempt from tax if instead applied charitably

- 10 In section 503 of ITEPA 2003 (charge on partnership share money paid over to employee), after “paragraph 55(3) (partnership share money paid over on withdrawal from partnership share agreement),” insert—
- “paragraph 55(3A)(a) or (b)(i) (partnership share money paid over on withdrawal from partnership share agreement),”
- 11 (1) In Schedule 2 to ITEPA 2003 (share incentive plans), Part 6 (partnership shares) is amended as follows.
- (2) In paragraph 55 (withdrawal from partnership share agreement)—
- (a) in sub-paragraph (3) after “as soon as practicable” insert—
- “, unless the plan includes provision authorised by sub-paragraph (3A)”
- (b) after sub-paragraph (3) insert—
- “(3A) The plan may provide that, where an employee withdraws from a partnership share agreement—
- (a) if the employee does not agree to an arrangement in accordance with sub-paragraph (b), any partnership share money held on behalf of the employee is to be paid over to the employee as soon as practicable, and
- (b) with the employee’s agreement—
- (i) if the partnership share money held on behalf of the employee exceeds a threshold amount of not more than £ 10 specified in the plan, the full amount must be paid over to the employee as soon as practicable, and

Finance Bill, as amended, *continued*

- (ii) if the partnership share money held on behalf of the employee is equal to or less than the threshold amount referred to in sub-paragraph (b)(i), as soon as reasonably practicable, the full amount must either—
- be paid over to a charity specified in the plan, or become held for a reasonable period, in order to be accumulated with any other amounts that may arise in that period in the same way, and then paid over to a charity specified in the plan.
- (3B) Partnership share money paid over to a charity or accumulated for that purpose under sub-paragraph (3A)(b) shall not count as employment income by reason of section 503.
- (3C) While the plan includes any provision authorised by sub-paragraph (3A), the company and trustees shall make available to participants and qualifying employees at least annually an account of the total amount of partnership share money that would have been returned to employees were it not for that provision and of the related charitable donations made.
- (3D) The Treasury may by order amend sub-paragraph (3A)(b)(i) by substituting for any amount for the time being specified there an amount specified in the order.””

Mr Chancellor of the Exchequer

Agreed to **139**

Schedule **17**, page **547**, line **31**, leave out “1 October” and insert “14 November”

Wes Streeting
 John Mann
 Rachel Reeves
 Helen Goodman
 John McDonnell
 Rebecca Long Bailey

Not called **180**

Schedule **25**, page **642**, line **2**, at end insert—

“(4A) The Chancellor of the Exchequer may not appoint the Chair of the OTS without the consent of the Treasury Committee of the House of Commons.

(4B) The Chancellor of the Exchequer may not appoint the Tax Director of the OTS without the consent of the Treasury Committee of the House of Commons.”

Finance Bill, as amended, *continued*

Wes Streeting
John Mann
Rachel Reeves
Helen Goodman
John McDonnell
Rebecca Long Bailey

Not called 181

Schedule 25, page 642, line 40, at end insert—

- “(2A) The Chancellor of the Exchequer may not terminate the appointment of the Chair of the OTS without the consent of the Treasury Committee of the House of Commons.
- (2B) The Chancellor of the Exchequer may not terminate the appointment of the Tax Director of the OTS without the consent of the Treasury Committee of the House of Commons.”

Wes Streeting
John Mann
Rachel Reeves
Helen Goodman
John McDonnell
Rebecca Long Bailey

Not called 182

Schedule 25, page 643, line 3, at end insert—

“References to Treasury Committee

- 5A (1) Any reference in this Schedule to the Treasury Committee of the House of Commons—
- (a) if the name of that Committee is changed, is to be treated as a reference to that Committee by its new name, and
 - (b) if the functions of that Committee (or substantially corresponding functions) become functions of a different Committee of the House of Commons, is to be treated as a reference to the Committee by which those functions are exercisable.
- (2) Any question arising under sub-paragraph (1) is to be determined by the Speaker of the House of Commons.”

Legislative consent motion (England, Wales and Northern Ireland) agreed to.

Bill read the third time on division and passed.
