



House of Commons

NOTICES OF AMENDMENTS

given up to and including
Thursday 21 July 2016

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: 140, NC1-NC2

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This document includes all amendments tabled to date and includes any withdrawn amendments at the end.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 accordance with the Finance Bill Programme (No. 2) Motion to be proposed by Mr Chancellor of the Exchequer.

NEW CLAUSES, NEW SCHEDULES AND AMENDMENTS TO CLAUSES AND SCHEDULES RELATING TO CORPORATION TAX

Mr Chancellor of the Exchequer

Schedule **10**, page **393**, line **26**, leave out “permanent establishment of a multinational company” and insert “multinational company’s permanent establishment in the United Kingdom”

1

Mr Chancellor of the Exchequer

Schedule **10**, page **402**, line **24**, at end insert—

“() Section 259CBA contains definitions of certain terms used in section 259CB.”

2

Finance Bill, *continued*

- Mr Chancellor of the Exchequer 3
- Schedule 10, page 404, line 12, at end insert—
 “(2A) So far as the excess arises by reason of a relevant debt relief provision, it is to be taken not to arise by reason of the terms, or any other feature, of the financial instrument (whether or not it would have arisen by reason of the terms, or any other feature, of the financial instrument regardless of the relevant debt relief provision).”
- Mr Chancellor of the Exchequer 4
- Schedule 10, page 404, line 13, leave out “For” and insert “Subject to that and subsection (6A), for”
- Mr Chancellor of the Exchequer 5
- Schedule 10, page 404, line 15, after “well” insert “as the terms, or any other feature, of the financial instrument”
- Mr Chancellor of the Exchequer 6
- Schedule 10, page 404, line 22, leave out “subsection (4)” insert “subsections (4) and (4A)”
- Mr Chancellor of the Exchequer 7
- Schedule 10, page 404, line 48, at end insert—
 “(4A) Where the relevant assumption in subsection (4)(c) applies in relation to a payee the following provisions are to be disregarded in relation to that payee for the purposes of subsection (3)(b)—
 (a) section 441 of CTA 2009 (loan relationships for unallowable purposes);
 (b) section 690 of that Act (derivative contracts for unallowable purposes);
 (c) Part 4 (transfer pricing);
 (d) this Part;
 (e) Part 7 (tax treatment of financing costs and income).”
- Mr Chancellor of the Exchequer 8
- Schedule 10, page 405, line 5, leave out “For” and insert “Subject to subsection (6A), for”
- Mr Chancellor of the Exchequer 9
- Schedule 10, page 405, line 6, at end insert “as the terms, or any other feature, of the financial instrument”

Finance Bill, *continued*

- Mr Chancellor of the Exchequer 10
- Schedule 10, page 405, line 9, at end insert—
 “(6A) For the purposes of this section disregard—
 (a) any excess or part of an excess mentioned in subsection (2), and
 (b) any under-taxed amount,
 that arises as a result of a payee being a relevant investment fund (see section 259NZA).”
- Mr Chancellor of the Exchequer 11
- Schedule 10, page 405, leave out lines 10 to 35
- Mr Chancellor of the Exchequer 12
- Schedule 10, page 406, line 7, at end insert—
 “() See section 259CBA for the meaning of “permitted taxable period”, “relevant debt relief provision” and “under taxed”.”
- Mr Chancellor of the Exchequer 13
- Schedule 10, page 406, line 7, at end insert—

“259CBA Interpretation of section 259CB

- (1) This section has effect for the purposes of section 259CB.
- (2) A taxable period of a payee is “permitted” in relation to an amount of ordinary income that arises as a result of the payment or quasi-payment if—
 - (a) the period begins before the end of 12 months after the end of the payment period, or
 - (b) where the period begins after that—
 - (i) a claim has been made for the period to be a permitted period in relation to the amount of ordinary income, and
 - (ii) it is just and reasonable for the amount of ordinary income to arise for that taxable period rather than an earlier period.
- (3) Each of these is a “relevant debt relief provision”—
 - (a) section 322 of CTA 2009 (release of debts: cases where credits not required to be brought into account),
 - (b) section 357 of that Act (insolvent creditors),
 - (c) section 358 of that Act (exclusion of credits on release of connected companies’ debts: general),
 - (d) section 359 of that Act (exclusion of credits on release of connected companies’ debts during creditor’s insolvency),
 - (e) section 361C of that Act (the equity-for-debt exception),
 - (f) section 361D of that Act (corporate rescue: debt released shortly after acquisition), and
 - (g) section 362A of that Act (corporate rescue: debt released shortly after connection arises).
- (4) An amount of ordinary income of a payee, for a permitted taxable period, is “under taxed” if the highest rate at which tax is charged on the taxable profits of the payee in which the amount is included, taking into account on a just and

Finance Bill, *continued*

reasonable basis the effect of any credit for underlying tax, is less than the payee's full marginal rate for that period.

- (5) The payee's "full marginal rate" means the highest rate at which the tax that is chargeable on the taxable profits mentioned in subsection (4) could be charged on taxable profits, of the payee for the permitted taxable period, which include ordinary income that arises from, or in connection with, a financial instrument.
- (6) A "credit for underlying tax" means a credit or relief given to reflect tax charged on profits that are wholly or partly used to fund (directly or indirectly) the payment or quasi-payment."

Mr Chancellor of the Exchequer

14

Schedule 10, page 407, line 42, at end insert—

“() Section 259DCA contains definitions of certain terms used in section 259DC.”

Mr Chancellor of the Exchequer

15

Schedule 10, page 410, line 31, leave out “For” and insert “Subject to subsection (8), for”

Mr Chancellor of the Exchequer

16

Schedule 10, page 410, line 40, leave out “subsection (4)” and insert “subsections (4) and (4A)”

Mr Chancellor of the Exchequer

17

Schedule 10, page 411, line 16, at end insert—

“(4A) Where the relevant assumption in subsection (4)(c) applies in relation to a payee the following provisions are to be disregarded in relation to that payee for the purposes of subsection (3)(b)—

- (a) section 441 of CTA 2009 (loan relationships for unallowable purposes);
- (b) Part 4 (transfer pricing);
- (c) this Part;
- (d) Part 7 (tax treatment of financing costs and income).”

Mr Chancellor of the Exchequer

18

Schedule 10, page 411, line 22, leave out “For” and insert “Subject to subsection (8), for”

Mr Chancellor of the Exchequer

19

Schedule 10, page 411, line 32, after “any” insert “excess or”

Mr Chancellor of the Exchequer

20

Schedule 10, page 411, line 35, at end insert “or that arises as a result of a payee being a relevant investment fund (see section 259NZA)”

Finance Bill, *continued*

Mr Chancellor of the Exchequer 21
 Schedule 10, page 411, line 36, leave out from beginning to end of line 12 on page 412

Mr Chancellor of the Exchequer 22
 Schedule 10, page 412, line 31, at end insert—
 “() See section 259DCA for the meaning of “permitted taxable period” and “under taxed”.”

Mr Chancellor of the Exchequer 23
 Schedule 10, page 412, line 31, at end insert—

“259DCA Interpretation of section 259DC

- (1) This section has effect for the purposes of section 259DC.
- (2) A taxable period of a payee is “permitted” in relation to an amount of ordinary income that arises as a result of the payment or quasi-payment if—
 - (a) the period begins before the end of 12 months after the end of the payment period, or
 - (b) where the period begins after that—
 - (i) a claim has been made for the period to be a permitted period in relation to the amount of ordinary income, and
 - (ii) it is just and reasonable for the amount of ordinary income to arise for that taxable period rather than an earlier period.
- (3) An amount of ordinary income of a payee, for a permitted taxable period, is “under taxed” if the highest rate at which tax is charged on the taxable profits of the payee in which the amount is included, taking into account on a just and reasonable basis the effect of any credit for underlying tax, is less than the payee’s full marginal rate for that period.
- (4) The payee’s “full marginal rate” means the highest rate at which the tax that is chargeable on the taxable profits mentioned in subsection (3) could be charged on taxable profits, of the payee for the permitted taxable period, which include ordinary income that arises from, or in connection with, a financial instrument.
- (5) A “credit for underlying tax” means a credit or relief given to reflect tax charged on profits that are wholly or partly used to fund (directly or indirectly) the payment or quasi-payment.”

Mr Chancellor of the Exchequer 24
 Schedule 10, page 412, line 43, leave out “not so treated for the purposes of tax charged on” and insert “brought into account by”

Mr Chancellor of the Exchequer 25
 Schedule 10, page 412, line 44, leave out “because that person brings the substitute payment into account”

Mr Chancellor of the Exchequer 26
 Schedule 10, page 417, leave out lines 21 to 32

Finance Bill, *continued*

- Mr Chancellor of the Exchequer 27
 Schedule 10, page 418, line 15, after “income” insert “of the payer for an accounting period”
- Mr Chancellor of the Exchequer 28
 Schedule 10, page 418, line 18, after “payer” insert “for that period”
- Mr Chancellor of the Exchequer 29
 Schedule 10, page 418, line 20, after “payer” insert “for a permitted taxable period”
- Mr Chancellor of the Exchequer 30
 Schedule 10, page 418, line 21, at end insert—
 “() A taxable period of the payer is “permitted” for the purposes of paragraph (b) of subsection (4) if—
 (a) the period begins before the end of 12 months after the end of the accounting period mentioned in paragraph (a) of that subsection, or
 (b) where the period begins after that—
 (i) a claim has been made for the period to be a permitted period in relation to the amount of ordinary income, and
 (ii) it is just and reasonable for the amount of ordinary income to arise for that taxable period rather than an earlier period.”
- Mr Chancellor of the Exchequer 31
 Schedule 10, page 419, line 45, after “payer” insert “for a permitted taxable period”
- Mr Chancellor of the Exchequer 32
 Schedule 10, page 419, line 47, at end insert—
 “() A taxable period of the payer is “permitted” for the purposes of subsection (9) if—
 (a) the period begins before the end of 12 months after the end of the payment period, or
 (b) where the period begins after that—
 (i) a claim has been made for the period to be a permitted period in relation to the amount of ordinary income, and
 (ii) it is just and reasonable for the amount of ordinary income to arise for that taxable period rather than an earlier period.”
- Mr Chancellor of the Exchequer 33
 Schedule 10, page 420, line 8, leave out “permanent establishment of a multinational company” and insert “multinational company’s permanent establishment in the United Kingdom”

Finance Bill, *continued*

Mr Chancellor of the Exchequer	34
Schedule 10, page 420, line 10, leave out from “counteracts” to “by” in line 11 and insert “such deductions”	
Mr Chancellor of the Exchequer	35
Schedule 10, page 420, line 15, leave out “, “the parent jurisdiction” and “the PE jurisdiction”” and insert “and “the parent jurisdiction””	
Mr Chancellor of the Exchequer	36
Schedule 10, page 420, line 19, leave out from “deduction” to end of line 23	
Mr Chancellor of the Exchequer	37
Schedule 10, page 420, line 28, leave out “D” and insert “C”	
Mr Chancellor of the Exchequer	38
Schedule 10, page 420, line 32, after “territory” insert “outside the United Kingdom”	
Mr Chancellor of the Exchequer	39
Schedule 10, page 420, leave out lines 34 to 37 and insert— “(b) it is within the charge to corporation tax because it carries on a business in the United Kingdom through a permanent establishment in the United Kingdom.”	
Mr Chancellor of the Exchequer	40
Schedule 10, page 420, line 39, leave out “under the law of the PE jurisdiction,”	
Mr Chancellor of the Exchequer	41
Schedule 10, page 421, line 3, leave out “a taxable period” and insert “an accounting period”	
Mr Chancellor of the Exchequer	42
Schedule 10, page 421, line 3, after “period”)” insert “for corporation tax purposes”	
Mr Chancellor of the Exchequer	43
Schedule 10, page 421, line 5, leave out “PE jurisdiction” and insert “United Kingdom”	
Mr Chancellor of the Exchequer	44
Schedule 10, page 421, line 8, after “for” insert “corporation”	

Finance Bill, *continued*

- Mr Chancellor of the Exchequer 45
 Schedule 10, page 421, leave out lines 14 to 22
- Mr Chancellor of the Exchequer 46
 Schedule 10, page 421, line 23, leave out “D” and insert “C”
- Mr Chancellor of the Exchequer 47
 Schedule 10, page 421, leave out lines 25 to 33 and insert—
 “(a) the circumstances giving rise to the PE deduction will not result in—
 (i) an increase in the taxable profits of the company for any permitted taxable period, or
 (ii) a reduction of a loss made by the company for any permitted taxable period,
 for the purposes of a tax charged under the law of the parent jurisdiction, or
 (b) those circumstances will result in such an increase or reduction for one or more permitted taxable periods, but the PE deduction exceeds the aggregate effect on taxable profits.
 (7A) “The aggregate effect on taxable profits” is the sum of—
 (a) any increases, resulting from the circumstances giving rise to the PE deduction, in the taxable profits of the company, for a permitted taxable period, for the purposes of a tax charged under the law of the parent jurisdiction, and
 (b) any amounts by which a loss made by the company, for a permitted taxable period, for the purposes of a tax charged under the law of the parent jurisdiction, is reduced as a result of the circumstances giving rise to the PE deduction.”
- Mr Chancellor of the Exchequer 48
 Schedule 10, page 421, leave out line 39 and insert “the aggregate effect on taxable profits.”
- Mr Chancellor of the Exchequer 49
 Schedule 10, page 421, line 40, leave out “subsection (7)” and insert “subsections (7) and (7A)”
- Mr Chancellor of the Exchequer 50
 Schedule 10, page 421, line 46, leave out from beginning to end of line 3 on page 422 and insert—
 “(i) a claim has been made for the period to be a permitted period for the purposes of subsections (7) and (7A), and
 (ii) it is just and reasonable for the circumstances giving rise to the PE deduction to affect the profits or loss made for that period rather than an earlier period.”

Finance Bill, *continued*

Mr Chancellor of the Exchequer	51
Schedule 10, page 422, leave out lines 4 to 7 and insert— “(10) Section 259FB contains provision for counteracting the excessive PE deduction.”	
Mr Chancellor of the Exchequer	52
Schedule 10, page 422, line 9, leave out from “where the United Kingdom is the PE jurisdiction” and insert “of the excessive PE deduction”	
Mr Chancellor of the Exchequer	53
Schedule 10, page 422, leave out lines 10 and 11	
Mr Chancellor of the Exchequer	54
Schedule 10, page 422, line 24, after “income” insert “of the company for an accounting period”	
Mr Chancellor of the Exchequer	55
Schedule 10, page 422, line 26, after “company” insert “for that period”	
Mr Chancellor of the Exchequer	56
Schedule 10, page 422, line 28, after “company” insert “for a permitted taxable period”	
Mr Chancellor of the Exchequer	57
Schedule 10, page 422, line 29, at end insert— “() A taxable period of the company is “permitted” for the purposes of paragraph (b) of subsection (4) if— (a) the period begins before the end of 12 months after the end of the accounting period mentioned in paragraph (a) of that subsection, or (b) where the period begins after that— (i) a claim has been made for the period to be a permitted period in relation to the amount of ordinary income, and (ii) it is just and reasonable for the amount of ordinary income to arise for that taxable period rather than an earlier period.”	
Mr Chancellor of the Exchequer	58
Schedule 10, page 422, line 30, leave out from beginning to end of line 31 on page 423	
Mr Chancellor of the Exchequer	59
Schedule 10, page 425, line 42, leave out from beginning to end of line 30 on page 426	

Finance Bill, *continued*

- Mr Chancellor of the Exchequer 60
- Schedule 10, page 426, line 30, at end insert—
- “(4A) A relevant amount of the excess is to be taken (so far as would not otherwise be the case) to arise as mentioned in subsection (1)(b) where—
- (a) a payee is a hybrid entity,
 - (b) there is no territory—
 - (i) where that payee is resident for the purposes of a tax charged under the law of that territory, or
 - (ii) under the law of which ordinary income arises to that payee, by reason of the payment or quasi-payment, for the purposes of a tax that is charged on that payee by virtue of that payee having a permanent establishment in that territory, and
 - (c) that payee is neither—
 - (i) a CFC for the purposes of the CFC charge, nor
 - (ii) a foreign CFC for the purposes of a foreign CFC charge.
- (4B) For the purposes of subsection (4A), the “relevant amount” of the excess is the lesser of—
- (a) the amount of the excess, and
 - (b) an amount equal to the amount of ordinary income that it is reasonable to suppose would, by reason of the payment or quasi-payment, arise to the payee, if—
 - (i) the payee were a company, and
 - (ii) the payment or quasi-payment were made in connection with a business carried on by the payee in the United Kingdom through a permanent establishment in the United Kingdom.”
- Mr Chancellor of the Exchequer 61
- Schedule 10, page 430, line 7, after “quasi-payments” insert “, where the payer is within the charge to corporation tax,”
- Mr Chancellor of the Exchequer 62
- Schedule 10, page 430, line 10, leave out “or a payee”
- Mr Chancellor of the Exchequer 63
- Schedule 10, page 430, leave out lines 19 to 25
- Mr Chancellor of the Exchequer 64
- Schedule 10, page 431, line 7, leave out from “period” to end of line 10
- Mr Chancellor of the Exchequer 65
- Schedule 10, page 431, leave out lines 38 to 43 and insert—
- “(11) Section 259HC contains provision for the counteraction of the multinational payee deduction/non-inclusion mismatch.”

Finance Bill, *continued*

Mr Chancellor of the Exchequer	66
Schedule 10, page 432, line 10, after “subsection (1)(b)” insert “—	
(a) where the law of a PE jurisdiction in relation to a payee that is a multinational company makes no provision for charging tax on any companies, so much of the excess as arises as a result is to be taken not to arise by reason of that payee being a multinational company, but	
(b) subject to that,”	
Mr Chancellor of the Exchequer	67
Schedule 10, page 432, line 11, after “well” insert “as one or more payees being multinational companies”	
Mr Chancellor of the Exchequer	68
Schedule 10, page 432, line 27, leave out from “Counteraction” to end of line 28 and insert “of the multinational payee deduction/non-inclusion mismatch”	
Mr Chancellor of the Exchequer	69
Schedule 10, page 432, leave out lines 29 and 30	
Mr Chancellor of the Exchequer	70
Schedule 10, page 432, line 35, leave out from beginning to end of line 48 on page 433	
Mr Chancellor of the Exchequer	71
Schedule 10, page 436, line 27, after “is” insert “(in substance)”	
Mr Chancellor of the Exchequer	72
Schedule 10, page 436, line 30, after “income” insert “of the investor for an accounting period”	
Mr Chancellor of the Exchequer	73
Schedule 10, page 436, line 38, after “income” insert “of the investor for an accounting period”	
Mr Chancellor of the Exchequer	74
Schedule 10, page 436, line 40, leave out “in the hybrid entity” and insert “for that period”	
Mr Chancellor of the Exchequer	75
Schedule 10, page 436, line 42, after “entity” insert “for a permitted taxable period”	

Finance Bill, *continued*

Mr Chancellor of the Exchequer	76
Schedule 10, page 436, line 43, at end insert—	
“() A taxable period of the hybrid entity is “permitted” for the purposes of paragraph (b) of subsection (8) if—	
(a) the period begins before the end of 12 months after the end of the accounting period of the investor mentioned in paragraph (a) of that subsection, or	
(b) where the period begins after that—	
(i) a claim has been made for the period to be a permitted period in relation to the amount of ordinary income, and	
(ii) it is just and reasonable for the amount of ordinary income to arise for that taxable period rather than an earlier period.”	
Mr Chancellor of the Exchequer	77
Schedule 10, page 437, line 7, after “income” insert “of the hybrid entity for the hybrid entity deduction period”	
Mr Chancellor of the Exchequer	78
Schedule 10, page 437, line 25, after “income” insert “of the hybrid entity for the hybrid entity deduction period”	
Mr Chancellor of the Exchequer	79
Schedule 10, page 438, line 10, after “is” insert “(in substance)”	
Mr Chancellor of the Exchequer	80
Schedule 10, page 438, line 13, after “income” insert “of the hybrid entity for an accounting period”	
Mr Chancellor of the Exchequer	81
Schedule 10, page 438, line 21, after “income” insert “of the hybrid entity for an accounting period”	
Mr Chancellor of the Exchequer	82
Schedule 10, page 438, line 23, after “entity” insert “for that period”	
Mr Chancellor of the Exchequer	83
Schedule 10, page 438, line 25, after “entity” insert “for a permitted taxable period”	

Finance Bill, *continued*

- Mr Chancellor of the Exchequer 84
- Schedule 10, page 438, line 27, at end insert—
- “() A taxable period of an investor is “permitted” for the purposes of paragraph (b) of subsection (10) if—
- (a) the period begins before the end of 12 months after the end of the accounting period mentioned in paragraph (a) of that subsection, or
 - (b) where the period begins after that—
 - (i) a claim has been made for the period to be a permitted period in relation to the amount of ordinary income, and
 - (ii) it is just and reasonable for the amount of ordinary income to arise for that taxable period rather than an earlier period.”
- Mr Chancellor of the Exchequer 85
- Schedule 10, page 439, line 5, leave out from second “company” to end of line 7
- Mr Chancellor of the Exchequer 86
- Schedule 10, page 439, line 7, at end insert—
- “() Section 259JBA contains provision that counteracts the mismatch where the company is a multinational company and the United Kingdom is the parent jurisdiction.”
- Mr Chancellor of the Exchequer 87
- Schedule 10, page 439, line 10, leave out “fully”
- Mr Chancellor of the Exchequer 88
- Schedule 10, page 439, line 12, leave out “section 259JB” and insert “section 259JBA”
- Mr Chancellor of the Exchequer 89
- Schedule 10, page 440, leave out lines 10 to 15 and insert—
- “(6) The following provisions provide for the counteraction of the dual territory double deduction amount—
- (a) section 259JB (cases where a company is dual resident),
 - (b) section 259JBA (cases where a company is a relevant multinational and the United Kingdom is the parent jurisdiction), and
 - (c) section 259JC (cases where a company is a relevant multinational, the United Kingdom is the PE jurisdiction and the amount is not counteracted in the parent jurisdiction).”
- Mr Chancellor of the Exchequer 90
- Schedule 10, page 440, line 18, leave out “or the UK is the parent jurisdiction”
- Mr Chancellor of the Exchequer 91
- Schedule 10, page 440, line 20, leave out “as a result” and insert “by reason”

Finance Bill, *continued*

Mr Chancellor of the Exchequer	92
Schedule 10, page 440, line 21, leave out from second “company” to end of line 24	
Mr Chancellor of the Exchequer	93
Schedule 10, page 440, line 39, leave out “or relevant multinational company”	
Mr Chancellor of the Exchequer	94
Schedule 10, page 440, line 45, leave out “or relevant multinational company”	
Mr Chancellor of the Exchequer	95
Schedule 10, page 441, line 2, leave out “or relevant multinational company”	
Mr Chancellor of the Exchequer	96
Schedule 10, page 441, line 8, after “is” insert “(in substance)”	
Mr Chancellor of the Exchequer	97
Schedule 10, page 441, line 11, after “company” insert “for an accounting period”	
Mr Chancellor of the Exchequer	98
Schedule 10, page 441, line 19, after “income” insert “of the company for an accounting period”	
Mr Chancellor of the Exchequer	99
Schedule 10, page 441, line 21, after “company” insert “for that period”	
Mr Chancellor of the Exchequer	100
Schedule 10, page 441, line 23, after “company” insert “for a permitted taxable period”	
Mr Chancellor of the Exchequer	101
Schedule 10, page 441, line 25, at end insert—	
“() A taxable period of the company is “permitted” for the purposes of paragraph (b) of subsection (8) if—	
(a) the period begins before the end of 12 months after the end of the accounting period mentioned in paragraph (a) of that subsection, or	
(b) where the period begins after that—	
(i) a claim has been made for the period to be a permitted period in relation to the amount of ordinary income, and	
(ii) it is just and reasonable for the amount of ordinary income to arise for that taxable period rather than an earlier period.”	

Finance Bill, *continued*

Mr Chancellor of the Exchequer

102

Schedule 10, page 441, line 25, at end insert—

“259JBA Counteraction where mismatch arises because of a relevant multinational and the UK is the parent jurisdiction

- (1) This section applies where—
 - (a) the dual territory double deduction amount arises by reason of the company being a relevant multinational company, and
 - (b) the United Kingdom is the parent jurisdiction.
- (2) If some or all of the dual territory double deduction amount is (in substance) deducted (“the impermissible overseas deduction”), for the purposes of a tax under the law of a territory outside the United Kingdom, from the income of any person, for any taxable period, that is not dual inclusion income of the company—
 - (a) the dual territory double deduction amount that may be deducted, for corporation tax purposes, from the company’s income for the deduction period is reduced by the amount of the impermissible overseas deduction, and
 - (b) such just and reasonable adjustments (if any) as are required to give effect to that reduction, for corporation tax purposes, are to be made.
- (3) Any adjustment required to be made under subsection (2) may be made (whether or not by an officer of Revenue and Customs)—
 - (a) by way of an assessment, the modification of an assessment, amendment or disallowance of a claim, or otherwise, and
 - (b) despite any time limit imposed by or under any enactment.
- (4) In this section “dual inclusion income” of the company means an amount that is both—
 - (a) ordinary income of the company for an accounting period for corporation tax purposes, and
 - (b) ordinary income of the company for a permitted taxable period for the purposes of a tax charged under the law of a territory outside the United Kingdom.
- (5) A taxable period is “permitted” for the purposes of paragraph (b) of subsection (4) if—
 - (a) the period begins before the end of 12 months after the end of the accounting period of the company mentioned in paragraph (a) of that subsection, or
 - (b) where the period begins after that—
 - (i) a claim has been made for the period to be a permitted period in relation to the amount of ordinary income, and
 - (ii) it is just and reasonable for the amount of ordinary income to arise for that taxable period rather than an earlier period.”

Mr Chancellor of the Exchequer

103

Schedule 10, page 441, line 26, leave out from “of” to end of line 27 and insert “a relevant multinational and is not counteracted in the parent jurisdiction”

Finance Bill, *continued*

- Mr Chancellor of the Exchequer **104**
- Schedule 10, page 441, leave out lines 32 to 48 and insert—
“(c) it is reasonable to suppose that no provision of the law of the parent jurisdiction that is equivalent to section 259JBA applies.”
- Mr Chancellor of the Exchequer **105**
- Schedule 10, page 442, line 1, leave out “restricted deduction” and insert “dual territory double deduction amount”
- Mr Chancellor of the Exchequer **106**
- Schedule 10, page 442, line 5, leave out “restricted deduction” and insert “dual territory double deduction amount”
- Mr Chancellor of the Exchequer **107**
- Schedule 10, page 442, line 15, leave out “restricted deduction” and insert “dual territory double deduction amount”
- Mr Chancellor of the Exchequer **108**
- Schedule 10, page 442, line 31, after “is” insert “(in substance)”
- Mr Chancellor of the Exchequer **109**
- Schedule 10, page 442, line 34, at end insert “of the company for an accounting period”
- Mr Chancellor of the Exchequer **110**
- Schedule 10, page 442, line 42, after “income” insert “of the company for an accounting period”
- Mr Chancellor of the Exchequer **111**
- Schedule 10, page 442, line 44, after “company” insert “for that period”
- Mr Chancellor of the Exchequer **112**
- Schedule 10, page 442, line 46, after “company” insert “for a permitted taxable period”
- Mr Chancellor of the Exchequer **113**
- Schedule 10, page 442, line 48, at end insert—
“() A taxable period of the company is “permitted” for the purposes of paragraph (b) of subsection (9) if—
(a) the period begins before the end of 12 months after the end of the accounting period mentioned in paragraph (a) of that subsection, or

Finance Bill, *continued*

- (b) where the period begins after that—
 - (i) a claim has been made for the period to be a permitted period in relation to the amount of ordinary income, and
 - (ii) it is just and reasonable for the amount of ordinary income to arise for that taxable period rather than an earlier period.”

Mr Chancellor of the Exchequer **114**
 Schedule **10**, page **443**, line **11**, at end insert—
 “() Section 259KAA defines “dual territory double deduction” and “excessive PE deduction”.”

Mr Chancellor of the Exchequer **115**
 Schedule **10**, page **444**, line **7**, leave out “subsection (7)” and insert “section 259KAA”

Mr Chancellor of the Exchequer **116**
 Schedule **10**, page **444**, line **11**, leave out “section 259FA(8)” and insert “section 259KAA”

Mr Chancellor of the Exchequer **117**
 Schedule **10**, page **444**, leave out lines 14 to 19

Mr Chancellor of the Exchequer **118**
 Schedule **10**, page **445**, line **20**, at end insert—

“259KAA Meaning of “dual territory double deduction” and “excessive PE deduction”

- (1) This section has effect for the purposes of this Chapter.
- (2) A “dual territory double deduction” means an amount that can be deducted by a company both—
 - (a) from income for the purposes of a tax charged under the law of one territory, and
 - (b) from income for the purposes of a tax charged under the law of another territory.
- (3) A “PE deduction” is—
 - (a) an amount that may (in substance) be deducted from a company’s income for the purposes of calculating the company’s taxable profits, for a taxable period, for the purposes of a tax that is charged on the company, under the law of a territory (“the PE jurisdiction”), by virtue of the company having a permanent establishment in that territory, and
 - (b) is in respect of a transfer of money or money’s worth, from the company in the PE jurisdiction to the company in another territory (“the parent jurisdiction”) in which it is resident for the purposes of a tax, that—
 - (i) is actually made, or
 - (ii) is (in substance) treated as being made for tax purposes.

Finance Bill, *continued*

- (4) A PE deduction is “excessive” so far as it exceeds the sum of—
- (a) any increases, resulting from the circumstances giving rise to the PE deduction, in the taxable profits of the company, for a permitted taxable period, for the purposes of a tax charged under the law of the parent jurisdiction, and
 - (b) any amounts by which a loss made by the company, for a permitted taxable period, for the purposes of a tax charged under the law of the parent jurisdiction, is reduced as a result of the circumstances giving rise to the PE deduction.
- (5) A taxable period of the company is “permitted” for the purposes of subsection (4) if—
- (a) the period begins before the end of 12 months after the end of the taxable period mentioned in subsection (3)(a), or
 - (b) where the period begins after that—
 - (i) a claim has been made for the period to be a permitted period for the purposes of subsection (4), and
 - (ii) it is just and reasonable for the circumstances giving rise to the PE deduction to affect the profits or loss made for that period rather than an earlier period.”

Mr Chancellor of the Exchequer

119

Schedule 10, page 445, line 45, leave out “section 259FA(4)(b)” and insert “section 259KAA(3)(b)”

Mr Chancellor of the Exchequer

120

Schedule 10, page 446, line 4, leave out “section 259FA(4)(b)” and insert “section 259KAA(3)(b)”

Mr Chancellor of the Exchequer

121

Schedule 10, page 446, line 28, leave out “section 259FA(4)(b)” and insert “section 259KAA(3)(b)”

Mr Chancellor of the Exchequer

122

Schedule 10, page 446, line 32, leave out “section 259FA(4)(b)” and insert “section 259KAA(3)(b)”

Mr Chancellor of the Exchequer

123

Schedule 10, page 450, line 19, at end insert—

“Relevant investment funds

259NZA Meaning of “relevant investment fund”

- (1) “Relevant investment fund” means—
- (a) an open-ended investment company within the meaning of section 613 of CTA 2010,
 - (b) an authorised unit trust within the meaning of section 616 of that Act, or

Finance Bill, *continued*

- (c) an offshore fund within the meaning of section 354 of this Act (see section 355),
which meets the genuine diversity of ownership condition (whether or not a clearance has been given to that effect).
- (2) “The genuine diversity of ownership condition” means—
 - (a) in the case of an offshore fund, the genuine diversity of ownership condition in regulation 75 of the Offshore Funds (Tax) Regulations 2009 (S.I. 2009/3001), and
 - (b) in the case of an open-ended investment company or an authorised unit trust, the genuine diversity of ownership condition in regulation 9A of the Authorised Investment Funds (Tax) Regulations 2006 (S.I. 2006/964).”

Mr Chancellor of the Exchequer

124

Schedule 10, page 452, leave out lines 19 to 22 and insert—

- “(b) for the purposes of influencing the conduct of U’s affairs—
 - (i) P is able to secure that T acts in accordance with P’s wishes,
 - (ii) T can reasonably be expected to act, or typically acts, in accordance with P’s wishes,
 - (iii) T is able to secure that P acts in accordance with T’s wishes, or
 - (iv) P can reasonably be expected to act, or typically acts, in accordance with T’s wishes,”

Mr Chancellor of the Exchequer

125

Schedule 10, page 454, line 16, at end insert—

““relevant investment fund” has the meaning given by section 259NZA;”

Mr Chancellor of the Exchequer

126

Schedule 10, page 456, line 14, at end insert—

“dual territory double deduction (in Chapter 11 of Part 6A)	section 259KAA”
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Mr Chancellor of the Exchequer

127

Schedule 10, page 456, line 16, at end insert—

“excessive PE deduction (in Chapter 11 of Part 6A)	section 259KAA”
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Mr Chancellor of the Exchequer

128

Schedule 10, page 458, leave out lines 3 and 4

Finance Bill, continued

Mr Chancellor of the Exchequer 129

Schedule 10, page 458, line 13, at end insert—

“relevant investment fund (in Part 6A)	section 259NZA”
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Mr Chancellor of the Exchequer 130

Schedule 10, page 459, leave out lines 31 to 42

Mr Chancellor of the Exchequer 131

Schedule 10, page 459, line 43, after “paragraphs” insert “19,”

*NEW CLAUSES, NEW SCHEDULES AND AMENDMENTS TO CLAUSES AND SCHEDULES
RELATING TO TAX AVOIDANCE AND EVASION*

Mr Chancellor of the Exchequer 136

Clause 155, page 241, leave out lines 10 to 18 and insert—

- “(d) a designated HMRC officer giving the taxpayer a pooling notice or a notice of binding under Schedule 43A which—
- (i) specifies the arrangements and the tax advantage which are specified in the provisional counteraction notice, and
 - (ii) specifies the notified adjustments (or lesser adjustments) as the counteraction that the officer considers ought to be taken;”

Mr Chancellor of the Exchequer 137

Clause 155, page 241, line 29, after “the” insert “pooling notice or”

*NEW CLAUSES, NEW SCHEDULES AND AMENDMENTS TO CLAUSES RELATING TO VAT
ON WOMEN’S SANITARY PRODUCTS*

Mr Christopher Chope 140

★ Clause 125, page 205, line 32, leave out from “after” to end of subsection and insert “1 January 2017”.

Finance Bill, continued

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

Mr David Nuttall
Mr Philip Hollobone

Tim Loughton
Mr Peter Bone

Martin Vickers

NC1

★ To move the following Clause—

“Review of the operation of the Married Couple’s Allowance

- (1) The Chancellor of the Exchequer must carry out a review of the operation of the Married Couple’s Allowance 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.”

Mr David Burrowes

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.”

Mr Chancellor of the Exchequer

132

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

Finance Bill, *continued*

Mr Chancellor of the Exchequer

133

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

Mr Chancellor of the Exchequer

134

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

Mr Chancellor of the Exchequer

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”.
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Finance Bill, *continued*

Mr Chancellor of the Exchequer

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”

Mr Chancellor of the Exchequer

139

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

ORDER OF THE HOUSE [11 APRIL 2016]

That the following provisions shall apply to the Finance (No. 2) Bill:

Committal

1. The following shall be committed to a Committee of the whole House—
 - (1) Clauses 7 to 18 and Schedules 2 and 3 (employment income);
 - (2) Clauses 41 and 42 (corporation tax: charge and rates);
 - (3) Clauses 43 and 44 (corporation tax: research and development);
 - (4) Clauses 65 to 71 (capital allowances, trade and property business profits);
 - (5) Clauses 72 to 81 and Schedules 11 to 14 (capital gains tax);
 - (6) Clause 129 (insurance premium tax);
 - (7) Clauses 132 to 136 (climate change levy);
 - (8) Clauses 144 to 154 and Schedules 18 to 22 (tax avoidance and evasion);
 - (9) any new Clauses or new Schedules relating to—
 - (a) employment income,
 - (b) the subject matter of Clauses 41 to 44 and 65 to 71,
 - (c) capital gains tax,
 - (d) insurance premium tax,
 - (e) climate change levy, and
 - (f) tax avoidance and evasion.
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 in two days.
4. Those proceedings shall be taken on each of those days as shown in the first column of the following Table and in the order so shown.
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.
6. Standing Order No. 83B (programming committees) shall not apply to proceedings in Committee of the whole House.

Finance Bill, continued

TABLE

<i>Proceedings</i>	<i>Time for conclusion of proceedings</i>
<i>First day</i>	
Clauses 7 to 12, Schedule 2, Clauses 13 to 16, Schedule 3, Clauses 17 and 18, new clauses and new Schedules relating to employment income	Two hours from commencement of proceedings on the Bill on the first day
Clauses 132 to 136, new clauses and new Schedules relating to climate change levy	Four hours from commencement of proceedings on the Bill on the first day
Clause 129 and new clauses and new Schedules relating to insurance premium tax	Six hours from commencement of proceedings on the Bill on the first day
<i>Proceedings</i>	
<i>Second day</i>	
Clauses 144 to 147, Schedule 18, Clauses 148 and 149, Schedule 19, Clause 150, Schedule 20, Clause 151, Schedule 21, Clauses 152 and 153, Schedule 22, Clause 154, new clauses and new Schedules relating to tax avoidance and evasion	Two hours from commencement of proceedings on the Bill on the second day
Clauses 41 to 44, Clauses 65 to 71, new clauses and new Schedules relating to the subject matter of those clauses	Four hours from commencement of proceedings on the Bill on the second day
Clause 72, Schedules 11 and 12, Clauses 73 to 75, Schedule 13, Clause 76, Schedule 14, Clauses 77 to 81, new Clauses and new Schedules relating to capital gains tax	Six hours from commencement of proceedings on the Bill on the second day

Proceedings in Public Bill Committee etc

7. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on 14 July.
8. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.
9. 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.

Finance Bill, *continued*

Consideration and Third Reading

10. Proceedings on Consideration, any proceedings in Legislative Grand Committee and proceedings on Third Reading shall be completed in two days.
11. Proceedings on Consideration and proceedings in Legislative Grand Committee shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the second day of proceedings on Consideration.
12. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.
13. Standing Order No. 83B (programming committees) shall not apply to proceedings on Consideration and up to and including Third Reading.

FINANCE BILL (PROGRAMME (NO. 2))

Mr Chancellor of the Exchequer

That the following provisions shall apply to the Finance Bill for the purpose of supplementing the Order of 11 April 2016 in the last Session of Parliament (Finance (No. 2) Bill (Programme)):

1. Paragraphs 11 and 12 of the Order shall be omitted.
2. Proceedings on Consideration shall be taken on the days shown in the following Table and in the order so shown.
3. The proceedings shall (so far as not previously concluded) be brought to a conclusion at the times specified in the second column of the Table.

TABLE

<i>Proceedings</i>	<i>Time for conclusion of proceedings</i>
<i>First day</i>	
New Clauses, new Schedules and amendments to Clauses and Schedules relating to corporation tax	Two hours after the commencement of proceedings on the motion for this Order
New Clauses, new Schedules and amendments to Clauses and Schedules relating to tax avoidance and evasion	Four hours after the commencement of proceedings on the motion for this Order
New Clauses, new Schedules and amendments to Clauses relating to VAT on women's sanitary products	Six hours after the commencement of proceedings on the motion for this Order

Finance Bill, *continued*

Proceedings *Time for conclusion of proceedings*

Second day

New Clauses, new Schedules and amendments to Clauses and Schedules relating to capital gains tax 4.30 pm

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 6.00 pm

4. Proceedings in Legislative Grand Committee and proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at 7 pm on the second day of proceedings on Consideration.
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