



House of Commons

Tuesday 24 October 2017

PUBLIC BILL COMMITTEE

New Amendments handed in are marked thus ★

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

FINANCE BILL

(Except Clause 5 and any new Clauses or new Schedules relating to the tax treatment of payments or benefits received in connection with the termination of an employment or a change in the duties in, or earnings from, an employment; Clause 15 and any new Clauses or new Schedules relating to the conditions under which business investment relief in Chapter A1 of Part 14 of the Income Tax Act 2007 is available; Clause 25 and any new Clauses or new Schedules relating to the extent to which trading profits are chargeable to corporation tax at the Northern Ireland rate)

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This document includes all amendments tabled to date and includes any withdrawn amendments at the end.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 Order of the Committee of 17 October.

Kirsty Blackman
David Linden

37

Clause 60, page 71, line 16, leave out “paragraph 2” and insert “paragraphs 1A and 2.

- 1A (1) The provisions of this Schedule shall not apply to a person specified in paragraph 1(1) except in accordance with the provisions of this paragraph.
- (2) No person shall be subject to the provisions of this Schedule unless they fall within a class of persons specified in regulations made under sub-paragraph (3).
- (3) The Commissioners may by regulations specify a class of persons to whom this Schedule applies provided that the relevant conditions in sub-paragraphs (4) to (9) are met.
- (4) The condition in this sub-paragraph is that the first regulations may not be made until after the Commissioners have undertaken an assessment of the impact of the implementation of the provisions of this Schedule on—
- (a) small businesses that have limited technological connectedness,

Finance Bill, continued

- (b) businesses in rural areas, and
 - (c) businesses that are likely to have been affected by the closure of HMRC offices.
- (5) The condition in this sub-paragraph is that the first regulations may not apply to more than 25 per cent of persons to whom paragraph 1(1) applies.
- (6) The condition in this sub-paragraph is that the Commissioners have prepared an assessment of the likely effects of making regulations in the form of a draft which has been laid before the House of Commons by the Treasury.
- (7) The condition in this sub-paragraph is that the House of Commons has resolved that regulations should be made in the form of a draft laid in accordance with sub-paragraph (6).
- (8) The condition in this sub-paragraph is that the second regulations may not be made—
- (a) until at least twelve months have elapsed since the making of the first regulations,
 - (b) unless, taken together with the first regulations, they apply to no more than 90 per cent of persons to whom paragraph 1(1) applies.
- (9) The condition in this sub-paragraph is that the third set of regulations may not be made until at least twelve months have passed since the making of the second regulations.”

Member's explanatory statement

This amendment would provide for a staged implementation of the provisions for making tax digital in relation to income tax, with review of impact on specific groups and provision for each new stage to be subject to approval by resolution of the House of Commons.

Stella Creasy

7

Clause 60, page 75, line 7, at end insert—

“(1A) Regulations under sub-paragraph (1) must in particular require a person or partnership to record service charges separately from other income.”

Member's explanatory statement

This amendment imposes a duty on HMRC to require separate records to be kept of service charges.

Stella Creasy

8

Clause 60, page 75, line 7, at end insert—

“(1B) Regulations under sub-paragraph (1) must in particular require a person or partnership to maintain separate records in respect of each employee and in respect of any prescribed time period of service charges received and to make those records available in a prescribed manner.

(1C) In sub-paragraph (1B), “prescribed” means prescribed by regulations.”

Member's explanatory statement

This amendment imposes a duty on HMRC to require separate records of service charges to be kept in respect of each employee and in respect of prescribed period to be made available in a prescribed manner.

Finance Bill, *continued*

Stella Creasy

9

Clause 60, page 75, line 7, at end insert—

“(1D) Regulations under sub-paragraph (1) must in particular establish a right for employees to obtain from their employer information relevant to their own tax liabilities from digital records of service charges received.”

Member’s explanatory statement

This amendment imposes a duty on HMRC to create a right for employees to access digital records held by their employers which are relevant for the purpose of calculating their individual tax liabilities in relation to service charges.

Stella Creasy

39

Clause 60, page 75, line 7, at end insert—

“(1B) Regulations under sub-paragraph (1) must in particular require a person or partnership to maintain separate records in respect of each employee and in respect of any prescribed time period of service charges received and to make those records available to those employees.

(1C) in sub-paragraph (1B), “prescribed” means prescribed by regulations.”

Member’s explanatory statement

This amendment imposes a duty on HMRC to require separate records of service charges kept in respect of each employee and in respect of prescribed period to be made available to those employees.

Peter Dowd
Anneliese Dodds
Jeff Smith

33

Clause 60, page 78, line 19, after “day”, insert “no earlier than 1 January 2022”.

Member’s explanatory statement

This amendment provides that the provisions for digital reporting in Clause 60 may not be brought into force before 2022.

Peter Dowd
Anneliese Dodds
Jeff Smith

40

Clause 60, page 78, line 20, at end insert—

“(4A) No regulations may be made under subsection (4) until after 90 days after the Chancellor of the Exchequer has laid a report before the House of Commons which sets out—

- (a) the steps which HMRC has undertaken to establish that suitable software is available;
- (b) the results of the testing by HMRC and others of that software; and
- (c) the reasons why mandatory use of the software is in the interest of HMRC and taxpayers.”

Member’s explanatory statement

This amendment would require the Chancellor of the Exchequer to report on software suitability and testing before giving effect to the provisions of Clause 60.

Finance Bill, *continued*

Peter Dowd
Anneliese Dodds
Jeff Smith

34

Clause 61, page 78, line 34, after “day”, insert “no earlier than 1 January 2022”.

Member’s explanatory statement

This amendment provides that the provisions for digital reporting in Schedule 14 and Clause 61 may not be brought into force before 2022.

Peter Dowd
Anneliese Dodds
Jeff Smith

35

Clause 62, page 79, line 12, at end insert—

“(5A) No regulations may be made under sub-paragraph (5) on a day prior to 1 January 2022.”

Member’s explanatory statement

This amendment provides that the provisions for digital reporting in Clause 62 may not be brought into force before 2022.

Kirsty Blackman
David Linden

38

Clause 62, page 79, line 12, at end insert—

“(5A) But no regulations may be made by the Commissioners unless the conditions in sub-paragraphs (5B) to (5D) are met.

(5B) The condition in this sub-paragraph is that the first regulations may not be made until after the Commissioners have undertaken an assessment of the impact of the implementation of the provisions of those regulations on—

- (a) small businesses that have limited technological connectedness,
- (b) businesses in rural areas, and
- (c) businesses that are likely to have been affected by the closure of HMRC offices.

(5C) The condition in this sub-paragraph is that the Commissioners have prepared an assessment of the likely effects of making regulations in the form of a draft which has been laid before the House of Commons by the Treasury.

(5D) The condition in this sub-paragraph is that the House of Commons has resolved that regulations should be made in the form of a draft laid in accordance with sub-paragraph (5C).”

Member’s explanatory statement

This amendment would provide for implementation of the provisions for making tax digital in relation to VAT to take place only following a review of impact on specific groups and provision for regulations to be subject to approval by resolution of the House of Commons.

Finance Bill, continued

Peter Dowd
Anneliese Dodds
Jeff Smith

36

Clause 62, page 79, line 19, at end insert—

“(6A) Regulations under sub-paragraph (5) may not impose mandatory requirements for businesses to generate quarterly updates.”

Member’s explanatory statement

This amendment provides that any system for quarterly updates to be generated must not be mandatory.

Stella Creasy

10

Clause 62, page 80, line 13, at end insert—

“(12) Before making regulations under sub-paragraph (5) and in any case within three months of the passing of the Finance (No. 2) Act 2017, the Commissioners shall lay before the House of Commons an assessment on the effects on compliance with the requirements of those regulations by small businesses of the United Kingdom’s withdrawal from the European Union.”

Member’s explanatory statement

This amendment requires HMRC to publish an assessment of the effects on electronic VAT records requirements for small business of the UK’s withdrawal from the EU.

Peter Dowd
Anneliese Dodds
Jeff Smith

41

Schedule 16, page 609, line 4, out “may” and insert “must”

Member’s explanatory statement

This amendment would remove HMRC’s discretion over whether to publish information on people have incurred a penalty and the conditions of paragraph 46 have been met.

Peter Dowd
Anneliese Dodds
Jeff Smith

42

Schedule 16, page 611, line 27, at end insert—

“Duty to publish information on operation of penalty regime

51A (1) The Commissioners must publish information about the operation of the penalty scheme in relation to each tax year within six months of the completion of that tax year.

(2) Such information shall cover in particular—

- (a) the nature of the abusive tax arrangements giving rise to penalties,
- (b) the extent to which such arrangements relate to offshore income, assets and activities,

Finance Bill, continued

- (c) the extent to which people who would otherwise have been liable for a penalty under these provisions were not liable due to being convicted of a criminal offence in accordance with paragraph 52.”

Member’s explanatory statement

This amendment would broaden the requirement for HMRC to publish information on penalties to cover the nature of the abusive tax arrangements, the extent to which they involve offshoring and the instances where successful criminal prosecution is used instead.

Peter Dowd
Anneliese Dodds
Jeff Smith

43

Clause 69, page 91, line 16, at end insert—

“(1A) In Schedule 23 to FA 2011, after paragraph 65, insert—

- “66 (1) No later than 30 September 2020, the Commissioner shall undertake a review of the exercise of the powers under this Schedule in relation to relevant data holders specified in paragraph 13D.
- (2) The review shall consider in particular the number of appeals in relation to Data-holder Notices.
- (3) The Chancellor of the Exchequer shall lay a report of a review under this paragraph before the House of Commons within one month of its completion.”

Member’s explanatory statement

This amendment would require HMRC to review the exercise of its data-gathering powers in relation to money service businesses.

NEW CLAUSES

Stella Creasy

NC1

To move the following Clause—

“Review of relief from corporation tax relief for PFI companies

- (1) Within three months of the passing of this Act, the Commissioners for Her Majesty’s Revenue and Customs shall complete a review about how corporation tax relief is given for losses, deficits, expenses and other amounts of PFI companies.
- (2) For the purposes of this section, “a PFI company” means a company which has entered into a contract with a public sector body under the Private Finance Initiative or the PF2 initiative.

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- (3) The Chancellor of the Exchequer shall lay a report of the review under this section before the House of Commons within three months of its completion.”

Member’s explanatory statement

This new clause requires a review to be undertaken of the corporation tax reliefs available to PFI companies.

Stella Creasy

NC2

To move the following Clause—

“Taxation of chargeable gains: review of treatment of commercial property held by persons with foreign domicile

- (1) The Taxation of Chargeable Gains Act 1992 is amended as follows.
 (2) After section 14 (non-resident groups of companies), insert—

“Review of treatment of commercial property held by persons with foreign domicile

- (1) Within three months of the passing of the Finance (No. 2) Act 2017, the Commissioners for Her Majesty’s Revenue and Customs shall complete a review about the taxation of chargeable gains held by persons with foreign domicile.
 (2) The review shall consider in particular the implications if the treatment of commercial property were to be the same as the treatment of residential property under section 4BB(2).
 (3) The Chancellor of the Exchequer shall lay a report of the review under this section before the House of Commons within three months of its completion.””

Member’s explanatory statement

This new clause requires a review to be undertaken of the treatment of capital gains on commercial property disposed of by UK taxpayers with a foreign domicile.

Peter Dowd
 Anneliese Dodds
 Jeff Smith

NC3

To move the following Clause—

“Deemed domicile: review of protection of overseas trusts

- (1) Within fifteen months of the passing of this Act, the Commissioners for Her Majesty’s Revenue and Customs shall complete a review about the operation of the provisions for the protection of overseas trusts in relation to deemed domicile.
 (2) The review shall in particular consider—
 (a) the effects of those provisions on the Exchequer,
 (b) the behavioural effects of those provisions, and

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- (c) the effects on the matters specified in paragraphs (a) and (b) if those provisions were repealed.
- (3) For the purposes of this section, “the provisions for the protection of overseas trusts” means the provisions inserted by paragraphs 18 to 38 and 40 of Schedule 8 to this Act.
- (4) The Chancellor of the Exchequer shall lay a report of the review under this section before the House of Commons within three months of its completion.”

Member’s explanatory statement

This new clause requires a review to be undertaken of the effects of the provisions for protecting overseas trusts from the new provisions in relation to deemed domicile.

Kelvin Hopkins

NC4

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.”

Member’s explanatory statement

This new clause requires a review to be undertaken of the impact of the measures in this Act on households at different levels of income and a yearly review to be carried out on the impact of government fiscal measures on households at different levels of income.

Peter Dowd
Anneliese Dodds
Jeff Smith

NC5

To move the following Clause—

“Annual report on powers in relation to third country goods fulfilment businesses

- (1) The Commissioners must prepare a report on the operation of the provisions of Part 3 of this Act in relation to each tax year after their commencement within six months after the completion of that tax year.
- (2) The Chancellor of the Exchequer shall lay a report under subsection (1) before the House of Commons.
- (3) Each report under subsection (1) shall cover in particular—
- (a) prosecutions for an offence under section 53,
 - (b) penalties imposed under Schedule 13,

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- (c) the effects on the operation of Part 3 of the United Kingdom's withdrawal from the European Union or (as the case may be) preparations for that withdrawal,
- (d) implications of the matters specified in sub-paragraph (c) for the activities and resource requirements of HMRC in connection with the provisions of this Part,
- (e) implications of the matters specified in sub-paragraph (c) for the exercise of the powers to make regulations under Part 3, and
- (f) HMRC's assessment of the extent to which the operation of, or changes to the operation of, comparable provisions in other countries affect businesses in the United Kingdom."

Member's explanatory statement

This new clause requires HMRC to produce an annual report on the operation of Part 3 relating to third party goods fulfilment businesses and specifies some of the information to be included in that annual report.

ORDER OF THE HOUSE [12 SEPTEMBER 2017]

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) Clause 5 (termination payments etc amounts chargeable on employment income) and any new Clauses or new Schedules relating to the tax treatment of payments or benefits received in connection with the termination of an employment or a change in the duties in, or earnings from, an employment;
 - (b) Clause 15 (business investment relief) and any new Clauses or new Schedules relating to the conditions under which business investment relief in Chapter A1 of Part 14 of the Income Tax Act 2007 is available;
 - (c) Clause 25 (trading profits taxable at the Northern Ireland rate) and any new Clauses or new Schedules relating to the extent to which trading profits are chargeable to corporation tax at the Northern Ireland rate.
2. The remainder of the Bill shall be committed to a Public Bill Committee.

Proceedings in Committee of the whole House

3. Proceedings in Committee of the whole House shall be completed in one day.
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 times specified 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>
Proceedings committed under paragraph (1)(a) (termination payments etc)	2 hours from commencement of proceedings on the Bill
Proceedings committed under paragraph (1)(b) (business investment relief)	4 hours from commencement of proceedings on the Bill
Proceedings committed under paragraph (1)(c) (trading profits taxable at the Northern Ireland rate)	6 hours from commencement of proceedings on the Bill

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 26 October 2017.
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.

Proceedings on Consideration and up to and including Third Reading

10. Proceedings on Consideration and any 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 day on which proceedings on Consideration 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.
12. Standing Order No. 83B (programming committees) shall not apply to proceedings on Consideration and up to and including Third Reading.

ORDER OF THE COMMITTEE [17 OCTOBER 2017]

That—

- (1) the Committee shall (in addition to its first meeting at 9.25 am on Tuesday 17 October) meet—
 - (a) at 2.00 pm on Tuesday 17 October;
 - (b) at 11.30 am and 2.00 pm on Thursday 19 October;
 - (c) at 9.25 am and 2.00 pm on Tuesday 24 October;
 - (d) at 11.30 am and 2.00 pm on Thursday 26 October;
- (2) the proceedings shall be taken in the following order: Clauses 1 to 4; Clauses 6 to 14; Schedule 1; Clause 16; Schedule 2; Clause 17; Schedule 3; Clause 18; Schedule 4; Clauses 19 and 20; Schedule 5; Clause 21; Schedule 6; Clauses 22 to 24; Schedule 7; Clauses 26 to 29; Schedule 8; Clauses 30 and 31; Schedule 9; Clauses 32 and 33; Schedule 10; Clause 34; Schedule 11; Clause 35; Schedule 12; Clauses 36 to 55; Schedule 13; Clauses 56 to 61; Schedule 14; Clauses 62 and 63; Schedule 15; Clauses 64 and 65; Schedule

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16; Clause 66; Schedule 17; Clause 67; Schedule 18; Clauses 68 to 72; 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 26 October.
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