



House of Commons

Tuesday 16 January 2018

PUBLIC BILL COMMITTEE PROCEEDINGS

FINANCE (No. 2) BILL

[FIRST TO SIXTH SITTINGS]

GLOSSARY

This document shows the fate of each clause, schedule, amendment and new clause.

The following terms are used:

Agreed to: agreed without a vote.

Agreed to on division: agreed following a vote.

Negatived: rejected without a vote.

Negatived on division: rejected following a vote.

Not called: debated in a group of amendments, but not put to a decision.

Not moved: not debated or put to a decision.

Question proposed: debate underway but not concluded.

Withdrawn after debate: moved and debated but then withdrawn, so not put to a decision.

Not selected: not chosen for debate by the Chair.

FIRST AND SECOND SITTINGS

Mel Stride

Agreed to

That—

- (1) the Committee shall (in addition to its first meeting at 9.25 am on Tuesday 9 January) meet—
 - (a) at 2.00 pm on Tuesday 9 January;
 - (b) at 11.30 am and 2.00 pm on Thursday 11 January;
 - (c) at 9.25 am and 2.00 pm on Tuesday 16 January;
 - (d) at 11.30 am and 2.00 pm on Thursday 18 January;
- (2) the proceedings shall be taken in the following order: Clauses 1 to 7; Clauses 9 to 11; Schedule 1; Clause 12; Schedule 2; Clause 13; Schedule 3; Clauses 14 to 16; Schedule 4; Clause 17; Schedule 5; Clause 18; Schedule 6; Clauses

5

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Finance (No. 2) Bill, *continued*

19 to 23; Schedule 7; Clause 24; Schedule 8; Clauses 25 to 32; Clauses 34 and 35; Schedule 10; Clauses 36 to 39; Clause 42; Schedule 12; Clauses 43 to 50; new Clauses; new Schedules; remaining proceedings on the Bill;

- 15 (3) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Thursday 18 January.

As Amendments to Mel Stride’s proposed Motion—

Kirsty Blackman
Alison Thewliss

Negated on division (a)

Leave out line 4

Kirsty Blackman
Alison Thewliss

Not called (b)

Line 7, at end insert—

- “(1A) The Committee shall hear oral evidence in accordance with the following Table—

TABLE

<i>Date</i>	<i>Time</i>	<i>Witnesses</i>
Thursday 11 January	Until no later than 12.15 pm	HM Treasury; HM Revenue and Customs
Thursday 11 January	Until no later than 1.00 pm	The Office for Budget Responsibility
Thursday 11 January	Until no later than 3.30 pm	The Institute for Fiscal Studies
Thursday 11 January	Until no later than 5.00 pm	The Chartered Institute of Taxation”

Kirsty Blackman
Alison Thewliss

Not called (c)

Line 15, at end insert—

- “(4) The Committee recommends that the programme order of the House [11 December 2017] should be amended in paragraph 7 by substituting “25 January” for “18 January”.”

Mel Stride

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

Finance (No. 2) Bill, continued

Clauses 1 to 7 agreed to.

Clauses 9 to 11 agreed to.

Peter Dowd
Anneliese Dodds
Jeff Smith

Negatived on division 34

Schedule 1, page 57, line 33, at end insert “or such higher amount as may be determined in accordance with sub-paragraphs (1A) to (1D).

- (1A) This sub-paragraph applies where the loan is between £100,000 and £199,999.
- (1B) This sub-paragraph applies where the loan is a multiple of £100,000.
- (1C) Where sub-paragraph (1A) applies, the penalty is £600.
- (1D) Where sub-paragraph (1B) applies, the penalty is the equivalent multiple of £300.”

Peter Dowd
Anneliese Dodds
Jeff Smith

Not called 35

Schedule 1, page 57, line 38, after “£60”, insert “or such higher amount as may be determined in accordance with sub-paragraphs (4) to (7)”.

Peter Dowd
Anneliese Dodds
Jeff Smith

Not called 36

Schedule 1, page 57, line 39, at end insert—

- “(4) This sub-paragraph applies where the loan is between £100,000 and £199,999.
- (5) This sub-paragraph applies where the loan is a multiple of £100,000.
- (6) Where sub-paragraph (4) applies, the penalty is £120.
- (7) Where sub-paragraph (5) applies, the penalty is the equivalent multiple of £60.”

Peter Dowd
Anneliese Dodds
Jeff Smith

Not called 37

Schedule 1, page 58, line 10, at end insert “or such higher amount as may be determined in accordance with sub-paragraphs (6A) to (6D).

- (6A) This sub-paragraph applies where the loan is between £100,000 and £199,999.
- (6B) This sub-paragraph applies where the loan is a multiple of £100,000.
- (6C) Where sub-paragraph (6A) applies, the penalty is £6,000.
- (6D) Where sub-paragraph (6B) applies, the penalty is the equivalent multiple of £3,000.”

Peter Dowd
Anneliese Dodds
Jeff Smith

Negatived on division 38

Schedule 1, page 60, line 20, at end insert—

- “17 (1) The amendments made by paragraphs 9 to 12 have effect in accordance with the provisions of this paragraph.

Finance (No. 2) Bill, *continued*

- (2) No later than two months after the passing of this Act, the Chancellor of the Exchequer and the Commissioners shall undertake an assessment of the profile of those holding loans to which the amendments made by those paragraphs apply.
- (3) A review under this paragraph shall consider what discretionary arrangements it is appropriate for the Commissioners to take in relation those holding such loans who are not higher rate taxpayers.
- (4) The amendments made by paragraphs 9 to 12 shall have effect when the Chancellor of the Exchequer has laid before the House of Commons a report of the review under this paragraph.”

Schedule agreed to.

Clause 12 agreed to.

Schedule 2 agreed to.

Clause 13 agreed to.

Peter Dowd
Anneliese Dodds
Jeff Smith

Negatived on division 39

- Schedule 3, page 65, line 28, at end insert “or
- (j) the pension scheme is a Master Trust scheme which has not complied with the relevant requirements of section 159E(2).”

Peter Dowd
Anneliese Dodds
Jeff Smith

Not called 40

- Schedule 3, page 65, line 37, at end insert “or
- (i) the pension scheme is a Master Trust scheme which has not complied with the relevant requirements of section 159E(3).”

Peter Dowd
Anneliese Dodds
Jeff Smith

Not called 41

- Schedule 3, page 65, line 37, at end insert—
“(4A) After section 159D, insert—

Additional registration requirements for Master Trust schemes

159E Additional registration requirements for Master Trust schemes

- (1) This section establishes additional registration requirements for Master Trust schemes.
- (2) In respect of any such scheme, an investment strategy must be presented to the Commissioners prior to registration.

Finance (No. 2) Bill, *continued*

- (3) In respect of any such scheme, and in respect of each year of registration, an annual report must be published on administration, fund management costs and transaction costs for each asset class and for active and passive asset management strategies.”

Peter Dowd
Anneliese Dodds
Jeff Smith

Schedule 3, page 67, line 14, after “153(5)(i)”, insert “and (j)”

Not called 42

Peter Dowd
Anneliese Dodds
Jeff Smith

Schedule 3, page 67, line 16, after “158(1)(h)”, insert “and (i)”

Not called 43

Peter Dowd
Anneliese Dodds
Jeff Smith

Schedule 3, page 67, line 17, at end insert—
“(ba) sub-paragraph (4A);”

Not called 44

Schedule agreed to.

Clauses 14 to 16 agreed to.

Schedule 4 agreed to.

Clause 17 agreed to.

Mel Stride

Agreed to 1

Schedule 5, page 75, line 36, at end insert—

“Non-qualifying loans

6A (1) Section 285 of ITA 2007 (interpretation of Chapter 3 etc of Part 6) is amended as follows.

(2) In subsection (2)—

(a) omit “(whether secured or not)”;

(b) at the end of paragraph (b) insert “, or

(c) any liability of the company in respect of a loan to which subsection (2A) applies that has been made to the company.”

(3) After that subsection insert—

“(2A) This subsection applies to a loan if—

(a) the return on the loan represents more than a commercial rate of return, or

Finance (No. 2) Bill, *continued*

- (b) the loan is made on terms which grant to a person or allow a person to acquire—
- (i) any security or preferential rights in relation to assets of the company, or
 - (ii) the ability to control the company.
- In sub-paragraph (ii) “control” has the meaning given by sections 450 and 451 of CTA 2010.
- (2B) The return on a loan is not to be treated as representing more than a commercial rate for the purposes of subsection (2A)(a) if—
- (a) the return on the loan during the period of 5 years from the making of the loan does not exceed 50% of the amount lent, and
 - (b) the total return on the loan does not exceed—
$$N \times A \times 10\%$$
where—
 - N is the number of years (including any fraction) in the term of the loan;
 - A is the amount lent or, in a case where some of the loan is repaid during the term of the loan, the average amount outstanding during that term.
- (2C) The Treasury may by regulations substitute a different figure for a figure that is at any time specified in subsection (2B)(a) or (b).
- (2D) In subsections (2A)(a) and (2B) “return” means interest, fees, charges and other amounts payable in respect of the loan.
- (2E) Where it is to any extent not known, before the end of the term of a loan, what amounts will be payable in respect of the loan—
- (a) subsections (2A)(a) and (2B) apply, until the relevant matters are ascertained, on the basis of what amounts can reasonably be expected to be payable;
 - (b) when those matters are ascertained, any necessary adjustments must be made by making or amending assessments or by repayment or discharge of tax (regardless of any limitation on the time within which assessments or amendments may be made).”

Schedule, as amended, agreed to.

Finance (No. 2) Bill, *continued*

THIRD AND FOURTH SITTINGS

Clause 18 agreed to.

Peter Dowd
Anneliese Dodds
Jeff Smith

Not selected 45

Schedule 6, page 88, line 32, at end insert—

“PART 6

RETURNS: PAYMENT ON ACCOUNT

- 16 (1) TMA 1970 is amended as follows.
(2) After section 12AC (notice of enquiry), insert—

“12ACA Requirement for payment on account

- (1) In any case where notice of an enquiry has been given under section 12AC(1) in respect of a return, an officer of the Board may require a payment on account from a partner in respect of that partner and other partners (whether in respect of that return or a return for a subsequent tax year).
(2) Sections 59A and 59AB apply to payments made under this section as they apply to payments made under section 59A.”

Peter Dowd
Anneliese Dodds
Jeff Smith

Not called 50

Schedule 6, page 88, line 32, at end insert—

“PART 6

RETURNS: PAYMENT ON ACCOUNT

- 16 (1) TMA 1970 is amended as follows.
(2) After section 12AC (notice of enquiry), insert—

“12AD Review of proposal for power to require payment on account

- (1) Within one month of the passing of the Finance Act 2018 the Chancellor of the Exchequer must commission a review into the effects of introducing a power to allow HMRC to require payment on account for returns where an enquiry has been given under section 12AC(1) in respect of a return.
(2) The review under this section must consider—
(a) the administrative implications for HMRC,
(b) the impact on the taxation regime for partnerships, and
(c) the potential revenue effects of the change.
(3) The Chancellor of the Exchequer must lay the report of this review before the House of Commons within six months of the passing of the Finance Act 2018.”

Finance (No. 2) Bill, *continued*

Schedule agreed to.

Clauses 19 to 23 agreed to.

Peter Dowd
Anneliese Dodds
Jeff Smith

Negated on division 49

Schedule 7, page 96, line 22, at end insert—

“Review of operations

18A After section 259M, insert—

“259O Hybrid and other mismatches measures: review of operation

- (1) Within 12 months after the passing of the Finance Act 2018, the Chancellor of the Exchequer must review the operation of the measures in this Part.
- (2) The review under this section must consider—
 - (a) the impact of the measures on the use of hybrid transfer arrangements;
 - (b) the impact of the measures on the revenue effects of the use of hybrid transfer arrangements to reduce a person’s tax liability;
 - (c) possible alternative or additional measures to reduce the use of hybrid transfer arrangements to reduce a person’s tax liability;
 - (d) whether the measures constitute application of EU Directive 2016/1164 (“The Anti Tax Avoidance Directive”), including in what ways the measures do not constitute an application of that directive.
- (3) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section as soon as practicable after its completion.””

Schedule agreed to.

Clause 24 agreed to.

Mel Stride

Agreed to 46

Schedule 8, page 100, line 24, at end insert “or held for distribution to owners”

Mel Stride

Agreed to 47

Schedule 8, page 100, leave out lines 27 to 29 and insert “each of the following expressions has the meaning given by international accounting standards—

Finance (No. 2) Bill, continued

“held for distribution to owners”
 “held for sale”
 “subsidiary”.”

Schedule, as amended, agreed to.

Clause 25 agreed to.

Peter Dowd
 Anneliese Dodds
 Jeff Smith

Withdrawn 48

Clause 26, page 18, line 35, at end insert—

- “(7A) Within 12 months of the passing of this Act, the Chancellor of the Exchequer must review the impact of the provisions of this section.
- (7B) A review under subsection (7A) must consider the revenue effects of freezing indexation allowance for gains chargeable to corporation tax.
- (7C) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under subsection (7A) as soon as practicable after its completion.”

Clause agreed to.

Clauses 27 to 29 agreed to.

FIFTH AND SIXTH SITTINGS

Clauses 30 and 31 agreed to.

Peter Dowd
 Anneliese Dodds
 Jeff Smith

Negatived on division 54

Clause 32, page 23, line 37, at end insert—

- “(2A) After section 6 of TIOPA 2010 (the effect given by section 2 to double taxation arrangements), insert—

“6A Review of changes made by section 32 of Finance Act 2018

- (1) Within twelve months of the passing of the Finance Act 2018, the Chancellor of the Exchequer must review the effects of the changes made by section 32 of that Act on the operation of double taxation arrangements.
- (2) The review under this section must consider in particular—

Finance (No. 2) Bill, continued

- (a) the extent to which those changes facilitate UK law giving effect to the Multilateral Instrument in a way which coheres with the principles of Policy Coherence for Development;
 - (b) the extent to which those changes facilitate UK law giving effect to the Multilateral Instrument in a way which coheres with the UN Model Tax Treaty;
 - (c) the effect of those changes on the number of disputes decided by arbitration;
 - (d) the counterparties in each such case;
 - (e) the outcome in each such case; and
 - (f) the effects of those changes on the public revenue of the United Kingdom.
- (3) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section as soon as practicable after its completion.
- (4) In this section—
- “the Multilateral Instrument” means the Multilateral Treaty to Implement Tax Treaty related Measures to Prevent Base Erosion and Profit Shifting;
 - “the principles of Policy Coherence and Development” are to be interpreted in the light of relevant publications of the Organisation of Economic and Development Cooperation and of the 2011 Busan Partnership for Effective Development Cooperation, the UN Millennium Declaration and the 2010 UN Millennium Development Goals Summit; and
 - “the UN Model Tax Treaty” means the United Nations Model Double Taxation Convention between Developed and Developing Countries published in 2011.”

Peter Dowd
Anneliese Dodds
Jeff Smith

Not called 55

Clause 32, page 24, line 3, leave out subsection (4).

Clause agreed to.

Clauses 34 and 35 agreed to.

Peter Dowd
Anneliese Dodds
Jeff Smith

Negated on division 62

Schedule 10, page 142, line 40, at end insert—

“87Q Review of taxation of capital payments received from a settlement

- (1) Within six months of the passing of the Finance Act 2018, the Chancellor of the Exchequer must review the effects of the changes to this Chapter made by Schedule 10 to that Act.

Finance (No. 2) Bill, continued

- (2) The review under this section must consider the effects of those changes on—
 - (a) the taxation regime for settlements, and
 - (b) anti-avoidance measures for settlements.
- (3) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section as soon as practicable after its completion.””

Peter Dowd
Anneliese Dodds
Jeff Smith

Negatived on division **63**

Schedule **10**, page **142**, line **40**, at end insert—

“87Q Public register of capital payments received from settlements

- (1) The Chancellor of the Exchequer must by regulations establish a register of capital payments received from settlements to which this Chapter applies within 12 months of the passing of the Finance Act 2018.
 - (2) A register established under subsection (1) shall record in relation to capital payments—
 - (a) the recipient beneficiary;
 - (b) the settlor; and
 - (c) the trustees of the settlement from which the capital payment is received.
 - (3) That part of the register containing information in paragraph (c) shall be made available to the public.”
- (1A) In section 98(1), after “87”, insert “, 87Q”. ””

Mel Stride

Agreed to **2**

Schedule **10**, page **146**, line **7**, after “is” insert “—
(a) where the individual is UK resident for the year,”

Mel Stride

Agreed to **51**

Schedule **10**, page **146**, line **9**, at end insert “, and
(b) where the individual is non-UK resident for the year, treated for the purposes of subsection (2) and sections 643I to 643L (but no other purpose) as income of the individual for the year, subject to subsection (5).”

Mel Stride

Agreed to **52**

Schedule **10**, page **146**, line **33**, leave out from “purposes” to second “for” in line 34 and insert “as income of the settlor for the year and, in a case within paragraph (b), not as income of the individual”

Mel Stride

Agreed to **5**

Schedule **10**, page **147**, line **4**, at end insert—
“(7) If—

Finance (No. 2) Bill, *continued*

- (a) an enactment other than this section contains a reference (however expressed) to—
 - (i) income treated as arising by this section, or
 - (ii) an amount treated as income by this section, and
- (b) the reference mentions this section without mentioning any particular provision of this section,

the reference is (in accordance with subsection (1)(b)) to be read as not including amounts treated as income by subsection (1)(b) except so far as they are treated as income of the settlor of a settlement by subsection (3) or (4).”

Mel Stride

Agreed to 6

Schedule 10, page 148, line 4, at end insert—

- “(4) In this section and sections 643C to 643M, a reference to a benefit provided by trustees of a settlement is to—
- (a) a benefit treated by subsection (6) as provided by the trustees, or
 - (b) any other benefit if it is provided by the trustees directly, or indirectly, out of—
 - (i) property comprised in the settlement, or
 - (ii) income arising under the settlement.
- (5) In this section and sections 643C to 643M, a reference to a benefit provided by trustees of a settlement to an individual is to—
- (a) a benefit treated by subsection (6) as provided by the trustees to the individual, or
 - (b) any other benefit if it is provided by the trustees to the individual directly, or indirectly, out of—
 - (i) property comprised in the settlement, or
 - (ii) income arising under the settlement.
- (6) Where—
- (a) income arises under a settlement, and
 - (b) the income, before being distributed, is the income of a person other than the trustees,
- a benefit is for the purposes of subsection (4)(a) treated as provided by the trustees and is for the purposes of subsection (5)(a) treated as provided by the trustees to the person.
- (7) A benefit treated as provided by subsection (6) is treated—
- (a) as consisting of the income mentioned in that subsection, but after any reduction in accordance with Chapter 8 of Part 9 of ITA 2007 for trustees’ expenses, and
 - (b) as provided at the time that income arises.”

Mel Stride

Agreed to 7

Schedule 10, page 148, leave out lines 14 to 18 and insert—

“PFSI is the total of—

- (a) any protected foreign-source income—
 - (i) arising under the settlement in the year or in any earlier tax year,
 - (ii) that would be treated under section 624 as income of the settlor but for section 628A,

Finance (No. 2) Bill, continued

- (iii) that can be used directly or indirectly to provide benefits for the individual, and
- (iv) on which the individual is not liable to income tax (ignoring for this purpose any liability under section 643A), and
- (b) any protected foreign-source income—
 - (i) arising under the settlement in the year or in any earlier tax year,
 - (ii) that would be treated under section 629 as income of the settlor but for section 630A, and
 - (iii) on which the relevant child concerned (see section 629) is not liable to income tax (ignoring for this purpose any liability under section 643A),”

Mel Stride

Agreed to 8

Schedule 10, page 148, line 25, leave out “all amounts which” and insert “so much of PFSI as is”

Mel Stride

Agreed to 9

Schedule 10, page 148, line 26, leave out “are”

Mel Stride

Agreed to 10

Schedule 10, page 148, line 29, leave out “all amounts which” and insert “so much of PFSI as is”

Mel Stride

Agreed to 11

Schedule 10, page 148, line 30, leave out “are”

Mel Stride

Agreed to 12

Schedule 10, page 149, line 33, leave out “available”

Mel Stride

Agreed to 13

Schedule 10, page 149, leave out lines 37 to 40

Mel Stride

Agreed to 14

Schedule 10, page 149, line 41, at end insert—

“(6) In this section and section 643G—

“protected income” means the income that forms PFSI in the calculation of the settlement’s available protected income in the case of the relevant individual for the year, and

“the relevant individual”—

- (a) where the deemed income is treated as income of an individual by section 643A(1)(a) both before and after the application of section 643A(3) and (4), means that individual, and

Finance (No. 2) Bill, *continued*

- (b) where the deemed income is treated as income of the settlor by section 643A(3) or (4) after having been treated as income of another individual by section 643A(1), means that other individual.”

Mel Stride

Schedule 10, page 149, line 43, leave out “subsection (2)” and insert “this section” *Agreed to 15*

Mel Stride

Schedule 10, page 150, line 2, leave out from “settlement,” to end of line 7 and insert “the year and the relevant individual,
 (b) “protected income” and “the relevant individual” have the meaning given by section 643F(6), and
 (c) “the settlement” and “the year” mean, respectively, the settlement and tax year mentioned in section 643F.” *Agreed to 16*

Mel Stride

Schedule 10, page 150, line 10, after first “the” insert “relevant” *Agreed to 17*

Mel Stride

Schedule 10, page 150, line 16, leave out “available” *Agreed to 18*

Mel Stride

Schedule 10, page 150, line 17, at end insert— *Agreed to 19*
 “(ca) where the whole or part of an item of the protected income is, in respect of benefits provided by the trustees in the year or in any earlier tax year, taken into account in charging income tax under Chapter 2 of Part 13 of ITA 2007 (transfer of assets abroad) for the year or any earlier tax year, reduce the item by so much of itself as is so taken into account,
 (cb) where the whole or part of an item of the protected income is, by reference to benefits provided by the trustees to individuals other than the relevant individual, treated by section 643A or 643J or 643L as income for the year or any earlier tax year, reduce the item by so much of itself as is so treated.”

Mel Stride

Schedule 10, page 150, line 18, leave out “643A as arising to the” and insert “643A(1) (before the application of section 643A(3) and (4)) as arising to the relevant” *Agreed to 20*

Mel Stride

Schedule 10, page 150, line 19, after “benefits” insert “referred to in paragraph (a)” *Agreed to 21*

Mel Stride

Schedule 10, page 150, line 23, after “benefits” insert “referred to in paragraph (a)” *Agreed to 22*

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- Mel Stride
Schedule 10, page 150, line 24, leave out “available” *Agreed to 23*
- Mel Stride
Schedule 10, page 150, line 25, leave out second “the” and insert “those” *Agreed to 24*
- Mel Stride
Schedule 10, page 150, line 26, leave out “available” *Agreed to 25*
- Mel Stride
Schedule 10, page 150, line 27, at end insert— *Agreed to 26*
“(3) For the purposes of subsection (2)(ca), the whole or part of an item of the protected income is to be treated as taken into account in respect of a benefit so far as the item or part—
(a) is matched under section 735A of ITA 2007 with notional income with which the benefit is matched under that section, or
(b) would be matched under that section (if it applied also for this purpose) with notional income with which the benefit would be matched under that section (if it applied also for this purpose),
and here “notional income” means income which is treated as arising under section 732 of ITA 2007.”
- Mel Stride
Schedule 10, page 150, line 47, leave out “643A(1),” and insert “643A(1)(a),” *Agreed to 27*
- Mel Stride
Schedule 10, page 151, line 7, at end insert “or” *Agreed to 53*
(iii) is treated by section 643A(1)(b), before the application of section 643A(3) and (4), as income of an individual (“the original beneficiary”) for a tax year (“the matching year”) but is not treated by section 643A(3), and is not treated by section 643A(4), as income of the settlor for the matching year,”
- Mel Stride
Schedule 10, page 152, leave out lines 10 to 19 and insert— *Agreed to 28*
“(2) Where, in a case within subsection (1)(a)(i) and by reference to the amount mentioned in subsection (1)(a), income is treated by section 643J or 643L as arising to a person for a tax year, the original beneficiary is not liable to tax for any later tax year on so much of the amount mentioned in subsection (1)(a) as is equal to that income; and where, in a case within subsection (1)(a)(ii) and by reference to the amount mentioned in subsection (1)(a), income is treated by section 643J as arising to a person for a tax year, the settlor is not liable to tax for any later tax year on so much of the amount mentioned in subsection (1)(a) as is equal to that income.”

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Mel Stride

Agreed to 29

Schedule 10, page 154, line 38, leave out “643A(1)” and insert “643A(1)(a), both before and after the application of section 643A(3) and (4),”

Mel Stride

Agreed to 30

Schedule 10, page 156, line 40, at end insert—
“(ca) the original recipient is not taxed on the original benefit (see subsection (6A)),”

Mel Stride

Agreed to 31

Schedule 10, page 158, line 15, at end insert—
“(6A) For the purposes of subsection (1)(ca), the original recipient is taxed on the original benefit if the original recipient is liable to income tax, or capital gains tax, by reference to the amount or value of the original benefit; and where the original recipient is so liable by reference to the amount or value of part only of the original benefit, this section applies as if the two parts of the original benefit were separate benefits.”

Mel Stride

Agreed to 32

Schedule 10, page 158, line 21, at end insert—
“and see also section 643B(4) to (7) (interpretation of references to provision of benefits by trustees).”

Schedule, as amended, agreed to.

Clauses 36 and 37 agreed to.

Peter Dowd
Anneliese Dodds
Jeff Smith

Agreed to 56

Clause 38, page 27, line 6, leave out “69” and insert “69(1)”

Peter Dowd
Anneliese Dodds
Jeff Smith

Negated on division 57

Clause 38, page 27, line 9, at end insert—
“(2A) In subsection (3) of section 69, for “subsection (4)” substitute “subsections (3A) and (4).
(2B) After subsection (3) of section 69, insert—
“(3A) In relation to a failure to comply with any regulatory requirement under section 77E (display of VAT registration numbers on online marketplaces), the prescribed rate shall be determined by reference to the number of occasions in the period of 2 years preceding the beginning of the failure in question on which the person concerned has previously

Finance (No. 2) Bill, *continued*

failed to comply with that requirement and, subject to the following provisions of this section, the prescribed rate shall be—

- (a) if there has been no such previous occasion in that period, £5,000;
- (b) if there has been only one such occasion in that period, £10,000; and
- (c) in any other case, £15,000.””

Peter Dowd
Anneliese Dodds
Jeff Smith

Not called **58**

Clause **38**, page **27**, line **15**, at end insert—

“(ba) after subsection (3), insert—

“(3A) The period specified in a notice in accordance with subsection (3)(a) may not be longer than 10 days.

(3B) It shall be the duty of the Commissioners to give notice under subsection (2) in any case where they are satisfied that to do so would protect or enhance VAT revenue.””

Peter Dowd
Anneliese Dodds
Jeff Smith

Not called **59**

Clause **38**, page **27**, line **32**, leave out “60” and insert “10”

Clause, as amended, agreed to.

Kirsty Blackman
Alison Thewliss

Not selected **33**

Clause **39**, page **29**, line **43**, leave out “day on which this Act is passed” and insert “22 November 2017”.

Clause agreed to.

Clause 42 agreed to.

Schedule 12 agreed to.

Clause 43 to 45 agreed to.

Finance (No. 2) Bill, *continued*

Peter Dowd
Anneliese Dodds
Jeff Smith

Withdrawn 60

Clause 46, page 40, line 18, at end insert—

- “(9A) The powers under subsections (1) to (6) of this section are not available in any case where—
- (a) information has been provided on oath by an officer in accordance with section 161A(1) of the Customs and Excise Management Act 1979 (power to enter premises: search warrant) and a justice of the peace has not issued a warrant in consequence, or
 - (b) an officer could reasonably have been expected to seek a warrant in accordance with the provisions of that section of that Act.”

Clause agreed to.

Clause 47 agreed to.

Peter Dowd
Anneliese Dodds
Jeff Smith

Withdrawn 61

Clause 48, page 42, line 15, leave out from “effect” to end of line 16 and insert “from the date on which the Chancellor of the Exchequer lays before the House of Commons a report of the review carried out under subsection (13).

- (13) A review under this subsection shall consider the appropriateness of the use of the New European Driving Cycle methodology for calculating carbon dioxide emissions for the purposes of the provisions amended by this section.
- (14) A review under subsection (13) shall also consider the effects if carbon dioxide emissions were to be calculated for the purposes of the provisions amended by this section using the Worldwide harmonized Light-duty vehicles Test Procedure including
 - (a) the effects on the operation of those provisions,
 - (b) the revenue effects, and
 - (c) the effects on progress towards the Government’s targets for reducing carbon dioxide emissions.”

Clause agreed to.

Clauses 49 and 50 agreed to.

Finance (No. 2) Bill, continued*NEW CLAUSES*

Kirsty Blackman
Alison Thewliss

Negatived on division NC1

To move the following Clause—

“Review of retrospective VAT refunds for the Scottish Fire and Rescue Service and the Scottish Police Authority

- (1) Within one month of this Act receiving Royal Assent, the Chancellor of the Exchequer shall commission a review of the potential consequences of allowing the Scottish Fire and Rescue Service and the Scottish Police Authority to claim VAT refunds under section 33 of VATA 1994 retrospective to the date of their establishment.
- (2) The review shall consider—
 - (a) the administrative consequences of allowing retrospective claims, and
 - (b) the impact on revenue of allowing retrospective claims.
- (3) The Chancellor of the Exchequer shall lay the report of this review before the House of Commons within six months of this Act receiving Royal Assent.”

Kirsty Blackman
Alison Thewliss

Not called NC2

To move the following Clause—

“Review of the impact of the removal of the transitional taxation arrangements for carried interest

- (1) Within two months of Royal Assent to this Act, the Commissioners for Her Majesty’s Revenue and Customs shall complete a review of the impact of the removal of transitional taxation arrangements for sums to which sections 43 and 45 of the Finance (No. 2) Act 2015 apply.
- (2) The Chancellor of the Exchequer shall lay the report of this review before the House of Commons.”

Kirsty Blackman
Alison Thewliss

Not called NC3

To move the following Clause—

“Review of the effects of changes to the transferable tax allowance for married couples and civil partners

- (1) Within six months of this Act receiving Royal Assent, the Commissioners for Her Majesty’s Revenue and Customs shall complete a review of the effects and cost of changes made by section 6 of this Act to Chapter 3A of Part 3 of ITA 2001 (transferable tax allowance).

Finance (No. 2) Bill, continued

- (2) The Chancellor of the Exchequer shall lay the report of this review before the House of Commons.”

Kirsty Blackman
Alison Thewliss

Negatived on division NC4

To move the following Clause—

“Review of the impact of increasing Research and Development Expenditure Credit

- (1) Within one month of Royal Assent to this Act, the Chancellor of the Exchequer shall commission a review of the impact of increasing the Research and Development Expenditure Credit from 11% to 12%.
- (2) The review shall consider—
- (a) the effect of the 1% increase on companies’ research and development spending in the UK, and
 - (b) what effect the increase in Research and Development Expenditure Credit will have on changes to companies’ research and development spending in the UK as a result of leaving the EU.
- (3) The Chancellor of the Exchequer shall lay the report of this review before the House of Commons within six months of this Act receiving Royal Assent.”

Peter Dowd
Anneliese Dodds
Jeff Smith

Not called NC5

To move the following Clause—

“Impact of benefit in kind tax supplement on the use of diesel cars

- (1) Chapter 6 of Part 3 of ITEPA 2003 is amended as follows.
- (2) After section 141, insert—

“141A Impact of benefit in kind tax supplement on the use of diesel cars

- (1) Within six months of the passing of the Finance Act 2018, the Chancellor of the Exchequer must review the effects of the changes to this Chapter made by section 9 of that Act.
- (2) The review under this section must consider the effects of those changes on—
- (a) the use of diesel cars, and
 - (b) the Government’s emission reduction targets.

Finance (No. 2) Bill, *continued*

- (3) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section as soon as practicable after its completion.””
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Peter Dowd
Anneliese Dodds
Jeff Smith

Not called NC6

To move the following Clause—

“Review of risk to capital changes

- (1) Within fifteen months after the first exercise of the power to make regulations under section 14(4), the Chancellor of the Exchequer must review the effects of the changes made by section 14.
- (2) The review under this section must consider—
- (a) the revenue effects of the changes, and
 - (b) the effects on the long-term growth and development of companies.
- (3) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section as soon as practicable after its completion.”
-

Peter Dowd
Anneliese Dodds
Jeff Smith

Not called NC7

To move the following Clause—

“Review of changes to EIS and VCT reliefs for knowledge-intensive companies

- (1) Within fifteen months after the first exercise of the power to make regulations under paragraph 10 of Schedule 4, the Chancellor of the Exchequer must review the effects of the changes made by that Schedule.
- (2) The review under this section must consider—
- (a) the revenue effects of the changes, and
 - (b) the effects on the policy objective to facilitate and encourage additional investment in innovative companies developing and exploiting new technologies.
- (3) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section as soon as practicable after its completion.”
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Finance (No. 2) Bill, continued

Peter Dowd
Anneliese Dodds
Jeff Smith

Negatived on division NC8

To move the following Clause—

“EIS, SEIS, SI and VCT reliefs: review of operation

- (1) Within twelve months after the passing of this Act, the Chancellor of the Exchequer must review the operation of the reliefs established under Parts 5, 5A, 5B and 6 of ITA 2007.
- (2) The review under this section must consider—
 - (a) the revenue effects of the reliefs and changes made to those reliefs since the passing of the Finance Act 2012,
 - (b) the employment effects of the reliefs and those changes,
 - (c) other economic effects of the reliefs and those changes, and
 - (d) the extent to which trusts or other entities have been created to secure benefits from the reliefs and those changes without providing wider employment or economic benefits.
- (3) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section as soon as practicable after its completion.”

Peter Dowd
Anneliese Dodds
Jeff Smith

Negatived on division NC9

To move the following Clause—

“Review of change to level of research and development expenditure credit

- (1) No later than 31 March 2019, the Chancellor of the Exchequer must review the effects of the change to the level of research and development expenditure made by section 19(1).
- (2) The review under this section must consider—
 - (a) the revenue effects of the change, and
 - (b) the effects on levels of research and development expenditure.
- (3) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section as soon as practicable after its completion.”

Ruth George

Not called NC10

To move the following Clause—

“Analysis of effect of income tax rates on incentives into employment

- (1) The Office for Budget Responsibility must review the impact of the rates of income tax specified in sections 3 and 4 in accordance with this section within six months of the passing of this Act.

Finance (No. 2) Bill, continued

- (2) A review under this section must consider the impact of the rates of income tax specified in sections 3 and 4 on the incentives for individuals to seek employment, including—
 - (a) whether those rates create, or detract from, an incentive for those not employed to enter into employment,
 - (b) whether those rates create, or detract from, an incentive for those currently in employment entering into new employment at a different level of income, and
 - (c) to what degree those rates create, or detract from, any such incentive.
- (3) A review under this section must also consider those rates in the context of—
 - (a) National Insurance contributions,
 - (b) tax credits, and
 - (c) social security benefits.
- (4) A review under this section must give separate analyses in relation to the impact of the rates of income tax specified in sections 3 and 4 in different parts of the United Kingdom.
- (5) In this section—

“parts of the United Kingdom” means—

 - (a) England,
 - (b) Scotland,
 - (c) Wales, and
 - (d) Northern Ireland.
- (6) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section as soon as practicable after its completion.”

Peter Dowd
Anneliese Dodds
Jeff Smith

Negatived on division **NC11**

To move the following Clause—

“Review of financial impact of postponement of charge on share exchange in overseas transferee company

- (1) Within twelve months after the passing of this Act, the Chancellor of the Exchequer must review the financial impact of the changes made by section 27 of this Act to section 140 TCGA.
 - (2) The review under this section must consider—
 - (a) the revenue effects of the change made, and
 - (b) the extent to which the change has supported UK companies to conduct international business.
 - (3) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section as soon as practicable after its completion.”
-

Finance (No. 2) Bill, continued

Peter Dowd
Anneliese Dodds
Jeff Smith

Negated on division NC12

To move the following Clause—

“First Year Tax Credits: Review of effectiveness

- (1) The Chancellor of the Exchequer must commission a review of the effectiveness of First Year Tax Credits.
- (2) The review under this section must consider—
 - (a) the effectiveness of First Year Tax Credits on—
 - (i) encouraging investment in efficient plant and machinery,
 - (ii) reducing the consumption of energy by business,
 - (iii) aiding the UK’s carbon reduction obligations, and
 - (b) the impact on revenue of the tax credits.
- (3) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section within twelve months of the passing of this Act.”

Peter Dowd
Anneliese Dodds
Jeff Smith

Negated on division NC13

To move the following Clause—

“Review of effectiveness of limit to double taxation relief

- (1) No later than 31 March 2019, the Chancellor of the Exchequer must review the effects of the limit to double taxation relief made by section 30.
- (2) The review under this section must consider—
 - (a) the effects of the change on annual revenue, and—
 - (b) the size and type of companies benefiting from the relief and the impact of the changes on them.
- (3) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section as soon as practicable after its completion.”

Peter Dowd
Anneliese Dodds
Jeff Smith

Negated on division NC14

To move the following Clause—

“Fixed rate deduction for expenditure on vehicles: review of change to eligibility

- (1) Within twelve months after the passing of this Act, the Chancellor of the Exchequer must review the effects of the amendments made by section 36

Finance (No. 2) Bill, continued

allowing unincorporated property businesses to use flat rates for mileage when calculating allowable deductions for vehicle expenditure for income tax.

- (2) The review under this section must consider—
 - (a) the revenue effects of the change made, and
 - (b) the effect of the change on rates of car usage in unincorporated property businesses.
- (3) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section as soon as practicable after its completion.”

Peter Dowd
Anneliese Dodds
Jeff Smith

Negated on division NC15

To move the following Clause—

“Landfill Tax disposals: review of changes to disposals within charge

- (1) The Chancellor of the Exchequer must commission a review of the changes to disposals for which Landfill Tax is chargeable within three months of the passing of this Act.
- (2) The review under this section must consider—
 - (a) the effect on revenue of the changes,
 - (b) the impact on the volume of disposals at—
 - (i) sites with an environmental disposal permit, and
 - (ii) sites without an environmental disposal permit, and
 - (c) the impact of the changes on the prevalence of illegal disposal sites.
- (3) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section within twelve months of the passing of this Act.”

Peter Dowd
Anneliese Dodds
Jeff Smith

Not called NC16

To move the following Clause—

“Review of changes to rates of air passenger duty

- (1) No later than 31 March 2019, the Chancellor of the Exchequer must review the effects of the changes made by section 43 to rates of air passenger duty set out in Chapter 4 of Part 1 of FA 1994.
- (2) The review under this section must consider—
 - (a) the effect on airplane usage as a result of the changes to air passenger duty rates, and
 - (b) the effectiveness of the changes to air passenger duty on reducing carbon emissions and meeting carbon emissions targets.

Finance (No. 2) Bill, continued

- (3) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section as soon as practicable after its completion.”
-

Peter Dowd
Anneliese Dodds
Jeff Smith

Not called NC17

To move the following Clause—

“Review of changes to rates of duty on tobacco products

- (1) Within twelve months of the passing of this Act, the Chancellor of the Exchequer must review the effects of the changes made by section 45 to rates of excise duty on tobacco products and the Minimum Excise Tax on cigarettes.
- (2) The review under this section must consider—
- (a) the effect of the changes on smoking cessation, and
 - (b) the effect on revenue of the changes in each financial year until 2027-28.
- (3) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section as soon as practicable after its completion.”

Bill, as amended, to be reported.
