FINANCE BILL: GOVERNMENT AMENDMENTS

I am writing to inform you of proposed government amendments to the current Finance Bill.

New clause relating to goodwill
The new clause relating to goodwill supports UK investment in intangible assets. The clause reforms the corporate intangible fixed assets regime to introduce relief for the cost of goodwill – the amount paid for a business that exceeds the value of its individual assets and liabilities – on the acquisition of business with qualifying intellectual property.

Amendment to clause 25 – intangible fixed assets
The amendment to clause 25 ensures that this clause operates as intended. Clause 25 reforms the corporate intangible fixed assets regime to remove a distorting effect on the way commercial merger and acquisition transactions are structured. It does this by preventing a de-grouping charge from applying to intangible assets held by a company that leaves a group, where the disposal of that company would qualify for the Substantial Shareholding Exemption. This
amendment makes a technical change to the clause in order to ensure it can apply to the full range of transactions, as originally intended.

Amendment to clause 38 – entrepreneurs’ relief
The amendment relating to Clause 38 and Schedule 15 introduces an additional test that can be used instead of the profits and assets test introduced at Budget. It allows individuals who are unable to demonstrate their entitlement to 5% of the profits and assets of the company to claim the relief if they would be entitled to 5% of the proceeds of a whole company disposal.

I am depositing a copy of this letter in the Library of the House. The Explanatory Notes and any applicable TIINs are available on the Finance (No.3) Bill 2017-19 webpage.

[Signature]

RT HON MEL STRIDE MP