



House of Commons

NOTICES OF AMENDMENTS

given up to and including

Thursday 3 January 2019

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: 31 to 45 and NC18 to NC26

CONSIDERATION OF BILL (REPORT STAGE)

FINANCE (No. 3) 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This document includes all amendments tabled to date and includes any withdrawn amendments at the end.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 the order in which they relate to the Bill.

The Chancellor of the Exchequer

NC6

To move the following Clause—

“Intangible fixed assets: restrictions on goodwill and certain other assets

Schedule (*Intangible fixed assets: restrictions on goodwill and certain other assets*) contains provision about the debits to be brought into account for corporation tax purposes in respect of goodwill and certain other assets.”

Finance (No. 3) Bill, *continued*

Jeremy Corbyn
 John McDonnell
 Peter Dowd
 Jonathan Reynolds
 Anneliese Dodds
 Mr Nicholas Brown

Clive Lewis

Lyn Brown

Thelma Walker

NC1

To move the following Clause—

“Impact of provisions of section 5 on child poverty and equality

- (1) The Chancellor of the Exchequer must review the impact of the provisions of section 5 and lay a report of that review before the House of Commons within six months of the passing of this Act.
- (2) A review under this section must consider the impact of the changes made by section 5 on—
 - (a) households at different levels of income,
 - (b) people with protected characteristics (within the meaning of the Equality Act 2010),
 - (c) the Treasury’s compliance with the public sector equality duty under section 149 of the Equality Act 2010,
 - (d) different parts of the United Kingdom and different regions of England, and
 - (e) levels of relative and absolute child poverty in the United Kingdom.
- (3) In this section—

“parts of the United Kingdom” means—

 - (a) England,
 - (b) Scotland,
 - (c) Wales, and
 - (d) Northern Ireland;

“regions of England” has the same meaning as that used by the Office for National Statistics.”

Member’s explanatory statement

This new clause would require the Chancellor of the Exchequer to review the impact of clause 5 on child poverty and equality.

Finance (No. 3) Bill, continued

Jeremy Corbyn
John McDonnell
Peter Dowd
Jonathan Reynolds
Anneliese Dodds
Mr Nicholas Brown

Clive Lewis

Lyn Brown

Thelma Walker

NC2

To move the following Clause—

“Review of the effectiveness of entrepreneurs’ relief

- (1) Within twelve months of the passing of this Act, the Chancellor of the Exchequer must review the effectiveness of the changes made to entrepreneurs’ relief by Schedule 15, against the stated policy aims of that relief.
- (2) A review under this section must consider—
 - (a) the overall number of entrepreneurs in the UK,
 - (b) the annual cost of entrepreneurs’ relief,
 - (c) the annual number of claimants per year,
 - (d) the average cost of relief paid per claim, and
 - (e) the impact on productivity in the UK economy.”

Member’s explanatory statement

This new clause would require the Chancellor of the Exchequer to review the effectiveness of the changes made to entrepreneurs’ relief by Schedule 15.

Jeremy Corbyn
John McDonnell
Peter Dowd
Mr Nicholas Brown
Clive Lewis
Anneliese Dodds

Jonathan Reynolds

Lyn Brown

Thelma Walker

NC3

To move the following Clause—

“Review of powers in consequence of EU withdrawal

The Chancellor of the Exchequer must, no later than a week after the passing of this Act and before exercising the power in section 89(1), lay before the House of Commons a review of the following matters—

- (a) the fiscal and economic effects of the exercise of the powers in section 89(1) and of the outcome of negotiations for the United Kingdom’s withdrawal from the European Union giving rise to their exercise;
- (b) a comparison of those fiscal and economic effects with the effects if a negotiated withdrawal agreement and a framework for a future relationship with the EU had been agreed to;
- (c) any differences in the exercise of those powers in respect of—
 - (i) Great Britain, and
 - (ii) Northern Ireland;

Finance (No. 3) Bill, continued

- (d) any differential effects in relation to the matters specified in paragraphs (a) and (b) in relation between—
- (i) Great Britain, and
 - (ii) Northern Ireland.”

Member's explanatory statement

This new clause would require the Chancellor of the Exchequer to review the fiscal and economic effects of the exercise of the powers in clause 89(1) before exercising those powers.

Jeremy Corbyn
Peter Dowd
Anneliese Dodds
Jonathan Reynolds
Clive Lewis
Jeff Smith

NC4

To move the following Clause—

“Review of late payment interest rates in respect of promoters of tax avoidance schemes

- (1) The Chancellor of the Exchequer must review the viability of increasing any relevant interest rate charged by virtue of the specified provisions on the late payment of penalties for the promoters of tax avoidance schemes to 6.1% per annum and lay a report of that review before the House of Commons within six months of the passing of this Act.
- (2) In this section, “the specified provisions” means—
 - (a) section 178 of FA 1989, and
 - (b) sections 101 to 103 of FA 2009.”

Member's explanatory statement

This new clause would require the Chancellor of the Exchequer to review the viability of increasing interest rates on the late payment of penalties for the promoters of tax avoidance schemes to 6.1%.

Debbie Abrahams

NC5

To move the following Clause—

“Review of public health and poverty effects

- (1) The Chancellor of the Exchequer must review the public health and poverty effects of the provisions of this Act and lay a report of that review before the House of Commons within six months of the passing of this Act.
- (2) A review under this section must consider—
 - (a) the effects of the provisions of this Act on the levels of relative and absolute poverty in the UK,
 - (b) the effects of the provisions of this Act on life expectancy and healthy life expectancy in the UK, and

Finance (No. 3) Bill, *continued*

- (c) the implications for the public finances of the public health effects of the provisions of this Act.”

Jeremy Corbyn
John McDonnell
Peter Dowd
Jonathan Reynolds
Anneliese Dodds
Mr Nicholas Brown

Clive Lewis

Lyn Brown

Thelma Walker

NC7

To move the following Clause—

“Review of effect of carbon emissions tax on climate targets

The Chancellor of the Exchequer must review the expected effect of the carbon emissions tax on the United Kingdom’s ability to meet its internationally agreed climate targets and lay a report of that review before the House within six months of the passing of this Act.”

Kirsty Blackman
Mhairi Black

NC8

To move the following Clause—

“Review of changes to Oil activities and petroleum revenue tax

- (1) The Chancellor of the Exchequer must review the effect of the changes to Oil activities and petroleum revenue tax in sections 36 and 37 and Schedule 14 in Scotland and the United Kingdom as a whole and lay a report of that review before the House of Commons within six months of the passing of this Act.
- (2) A review under this section must consider the effects of the changes on—
 - (a) business investment,
 - (b) employment, and
 - (c) productivity.”

Finance (No. 3) Bill, *continued*

Kirsty Blackman
Mhairi Black

NC9

To move the following Clause—

“Review of changes to entrepreneurs’ relief

- (1) The Chancellor of the Exchequer must review the impact on investment in parts of the United Kingdom and regions of England of the changes made to entrepreneur’s relief by Schedule 15 to this Act and lay a report of that review before the House of Commons within six months of the passing of this Act.
- (2) A review under this section must consider—
 - (a) the effects of the provisions on business investment,
 - (b) the effects of the provisions on employment, and
 - (c) the effects of the provisions on productivity.
- (3) In this section—

“parts of the United Kingdom” means—

 - (a) England,
 - (b) Scotland,
 - (c) Wales, and
 - (d) Northern Ireland;

“regions of England” has the same meaning as that used by the Office for National Statistics.”

Kirsty Blackman
Mhairi Black

NC10

To move the following Clause—

“Review of geographical effects of provisions of section 9

The Chancellor of the Exchequer must review the differential geographical effects of the changes made by section 9 and lay a report of that review before the House of Commons within six months of the passing of this Act.”

Kirsty Blackman
Mhairi Black

NC11

To move the following Clause—

“Report on consultation on certain provisions of this Act

- (1) No later than two months after the passing of this Act, the Chancellor of the Exchequer must lay before the House of Commons a report on the consultation undertaken on the provisions in subsection (2).
- (2) Those provisions are—

Finance (No. 3) Bill, *continued*

- (a) section 5,
 - (b) section 6,
 - (c) section 8,
 - (d) section 9,
 - (e) section 10,
 - (f) Schedule 15,
 - (g) section 39,
 - (h) section 40,
 - (i) section 41, and
 - (j) section 42.
- (3) A report under this section must specify in respect of each provision listed in subsection (2)—
- (a) whether a version of the provision was published in draft,
 - (b) if so, whether changes were made as a result of consultation on the draft, and
 - (c) if not, the reasons why the provision was not published in draft and any consultation which took place on the proposed provision in the absence of such a draft.”

Kirsty Blackman
Mhairi Black

NC12

To move the following Clause—

“Review of expenditure implications of Part 3

- (1) The Chancellor of the Exchequer must review the expenditure implications of commencing Part 3 of this Act and lay a report of that review before the House of Commons within six months of the passing of this Act.
- (2) No regulations may be made by the Commissioners under section 78(1) unless the review under subsection (1) has been laid before the House of Commons.”

Kirsty Blackman
Mhairi Black

NC13

To move the following Clause—

“Report on consultation on certain provisions of this Act (No. 2)

- (1) No later than two months after the passing of this Act, the Chancellor of the Exchequer must lay before the House of Commons a report on the consultation undertaken on the provisions in subsection (2).
- (2) Those provisions are—
 - (a) sections 68 to 78,
 - (b) section 89, and
 - (c) section 90.

Finance (No. 3) Bill, *continued*

- (3) A report under this section must specify in respect of each provision listed in subsection (2)—
- (a) whether a version of the provision was published in draft,
 - (b) if so, whether changes were made as a result of consultation on the draft,
 - (c) if not, the reasons why the provision was not published in draft and any consultation which took place on the proposed provision in the absence of such a draft.”
-

Kirsty Blackman
Mhairi Black

NC14

To move the following Clause—

“Report on consultation on certain provisions of this Act (No. 3)

- (1) No later than two months after the passing of this Act, the Chancellor of the Exchequer must lay before the House of Commons a report on the consultation undertaken on the provisions in subsection (2).
 - (2) Those provisions are—
 - (a) section 61, and
 - (b) Schedule 18.
 - (3) A report under this section must specify in respect of each provision listed in subsection (2)—
 - (a) whether a version of the provision was published in draft,
 - (b) if so, whether changes were made as a result of consultation on the draft,
 - (c) if not, the reasons why the provision was not published in draft and any consultation which took place on the proposed provision in the absence of such a draft.”
-

Kirsty Blackman
Mhairi Black

NC15

To move the following Clause—

“Report on consultation on certain provisions of this Act (No. 4)

- (1) No later than two months after the passing of this Act, the Chancellor of the Exchequer must lay before the House of Commons a report on the consultation undertaken on the provisions in subsection (2).
- (2) Those provisions are—
 - (a) section 15 and Schedule 3,
 - (b) section 16 and Schedule 4,
 - (c) sections 19 and 20,
 - (d) section 22 and Schedule 7,
 - (e) section 23 and Schedule 8,
 - (f) sections 46 and 47,

Finance (No. 3) Bill, *continued*

- (g) section 83.
- (3) A report under this section must specify in respect of each provision listed in subsection (2)—
 - (a) whether a version of the provision was published in draft,
 - (b) if so, whether changes were made as a result of consultation on the draft,
 - (c) if not, the reasons why the provision was not published in draft and any consultation which took place on the proposed provision in the absence of such a draft.”

Kirsty Blackman
Mhairi Black

NC16

To move the following Clause—

“Personal allowance

The Chancellor of the Exchequer must, no later than 5 April 2019, lay before the House of Commons an analysis of the distributional and other effects of a personal allowance in 2019-20 of £12,750.”

Kirsty Blackman
Mhairi Black

NC17

To move the following Clause—

“Review of changes to capital allowances

- (1) The Chancellor of the Exchequer must review the effect of the changes to capital allowances in sections 29 to 34 and Schedule 12 in each part of the United Kingdom and each region of England and lay a report of that review before the House of Commons within six months of the passing of this Act.
- (2) A review under this section must consider the effects of the changes on—
 - (a) business investment,
 - (b) employment, and
 - (c) productivity.
- (3) The review must also estimate the effects on the changes if—
 - (a) the UK leaves the European Union without a negotiated withdrawal agreement
 - (b) the UK leaves the European Union following a negotiated withdrawal agreement, and remains in the single market and customs union, or
 - (c) the UK leaves the European Union following a negotiated withdrawal agreement, and does not remain in the single market and customs union.
- (4) In this section—
 - “parts of the United Kingdom” means—
 - (a) England,
 - (b) Scotland,

Finance (No. 3) Bill, *continued*

- (c) Wales, and
 - (d) Northern Ireland;
- “regions of England” has the same meaning as that used by the Office for National Statistics.”
-

Kirsty Blackman
Mhairi Black

NC18

★ To move the following Clause—

“Review of effects on measures in Act of certain changes in migration levels

- (1) The Chancellor of the Exchequer must review the effects on the provisions of this Act of migration in the scenarios in subsection (2) and lay a report of that review before the House of Commons within one month of the passing of this Act.
 - (2) Those scenarios are that—
 - (a) the United Kingdom does not leave the European Union,
 - (b) the United Kingdom leaves the European Union without a negotiated withdrawal agreement,
 - (c) the United Kingdom leaves the European Union following a negotiated withdrawal agreement, and remains in the single market and customs union,
 - (d) the United Kingdom leaves the United Kingdom on the terms of the draft withdrawal agreement of 14 November 2018.
 - (3) In respect of each of those scenarios the review must consider separately the effects of—
 - (a) migration by EU nationals, and
 - (b) migration by non-EU nationals.
 - (4) In respect of each of those scenarios the review must consider separately the effects on the measures in each part of the United Kingdom and each region of England.
 - (5) In this section—
 - “parts of the United Kingdom” means—
 - (a) England,
 - (b) Scotland,
 - (c) Wales, and
 - (d) Northern Ireland;
 - “regions of England” has the same meaning as that used by the Office for National Statistics.”
-

Finance (No. 3) Bill, *continued*

Kirsty Blackman
Mhairi Black

NC19

★ To move the following Clause—

“Review of powers in consequence of EU withdrawal (No. 2)

- (1) The Chancellor of the Exchequer must, no later than a week after the passing of this Act and before exercising the power in section 89(1), lay before the House of Commons a review of the following matters—
- (a) the fiscal and economic effects of the exercise of the powers in section 89(1) and of the outcome of negotiations for the United Kingdom’s withdrawal from the European Union giving rise to their exercise;
 - (b) a comparison of those fiscal and economic effects with the effects if a negotiated withdrawal agreement and a framework for a future relationship with the EU had been agreed to;
 - (c) any differences in the exercise of those powers in respect of—
 - (i) England,
 - (ii) Scotland,
 - (iii) Wales, and
 - (iv) Northern Ireland;
 - (d) any differential effects in relation to the matters specified in paragraphs (a) and (b) in relation between—
 - (i) England,
 - (ii) Scotland,
 - (iii) Wales, and
 - (iv) Northern Ireland.”

Stuart C. McDonald
Hannah Bardell
Mhairi Black
Ian Blackford
Kirsty Blackman
Deidre Brock

Alan Brown
Joanna Cherry
Martyn Day
Stephen Gethins
Peter Grant
Stewart Hosie
Angus Brendan MacNeil
Carol Monaghan
Tommy Sheppard
Dr Philippa Whitford

Dr Lisa Cameron
Ronnie Cowan
Martin Docherty-Hughes
Patricia Gibson
Neil Gray
Chris Law
Stewart Malcolm McDonald
Gavin Newlands
Chris Stephens
Pete Wishart

Douglas Chapman
Angela Crawley
Marion Fellows
Patrick Grady
Drew Hendry
David Linden
John McNally
Brendan O’Hara
Alison Thewliss

NC20

★ To move the following Clause—

“Application fees under appendix EU to the immigration rules

- (1) ITEPA 2003 is amended as follows.

Finance (No. 3) Bill, continued

- (2) After section 312, insert—

“312A Application fees for leave to remain under appendix EU to the immigration rules

- (1) This section applies where a person (“the payer”) pays or reimburses an employee (whether or not an employee of the payer) for application fees for leave to remain in the United Kingdom made under appendix EU to the immigration rules.
- (2) No liability to income tax arises in respect of such payments or reimbursements where the applications for leave to remain are made for the employee or members of the employee’s family.””

Member’s explanatory statement

This new clause would ensure that payments to employees to meet the costs of applications for settled status (or pre-settled status) following withdrawal from the EU would not be subject to income tax.

Stuart C. McDonald
Kirsty Blackman
Mhairi Black

NC21

- ★ To move the following Clause—

“Review of income tax on application fees for leave to remain under appendix EU to the immigration rules

- (1) Within six weeks of this Act coming into force, the Chancellor of the Exchequer must review income tax on payments and reimbursements made to employees for application fees for leave to remain under appendix EU to the immigration rules, and a copy of the review must be laid before the House of Commons.
- (2) The review under subsection (1) must, in particular—
- (a) estimate the total amount of income tax that will be payable in relation to such payments and reimbursements;
 - (b) estimate the amount of such income tax that will be payable in relation to such payments and reimbursements made by different public sector employers in the United Kingdom.”

Member’s explanatory statement

This new clause would require a review about the impact of income tax on employers seeking to meet or reimburse the cost of their employees (and families) seeking settled status under appendix EU of the immigration rules.

Fiona Bruce

NC22

- ★ To move the following Clause—

“Review of effective marginal tax rate for families

- (1) The Chancellor of the Exchequer must review how the independent taxation of adults has affected the effective marginal tax rate for families and lay a report of

Finance (No. 3) Bill, continued

that review before the House of Commons within six months of the passing of this Act.

- (2) A review under this section must consider how the effective marginal tax rate for families would be affected if the following measures were introduced—
 - (a) a transferable tax allowance between parents of children under the age of 18; or
 - (b) an additional persons allowance; or
 - (c) a married couples allowance.”

Member’s explanatory statement

This new clause would require the Chancellor of the Exchequer to review how families with children are being taxed and assess the impact of a range of options on the tax system for families.

Sir Vince Cable

NC23

- ★ To move the following Clause—

“Review of income tax revenue

- (1) The Office for Budget Responsibility must review the revenue raised by income tax within six months of the passing of this Act.
- (2) A review under this section must consider revenue raised by—
 - (a) the rates of income tax specified in sections 3 and 4, combined with
 - (b) the basic rate limit and personal allowance specified in section 5.
- (3) A review under this section must also consider the effect on revenue of—
 - (a) raising each of the rates of income tax specified in sections 3 and 4 by one percentage point, and
 - (b) setting the basic rate limit for the tax years 2019-20 and 2020-21 at £33,850.
- (4) A review under this section must also include a distributional analysis of the effect of introducing the policies specified in paragraphs (3)(a) and (3)(b).
- (5) 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.”

Member’s explanatory statement

This new clause would require the OBR to estimate how much money would be raised by increasing all rates of income tax by 1p and freezing the higher rate threshold.

Sir Vince Cable

NC24

- ★ To move the following Clause—

“Review of changes to capital allowances (No. 2)

- (1) The Chancellor of the Exchequer must review the effects of the changes made by sections 29 and 30 of this Act within six months of the passing of this Act.
- (2) A review under this section must include an assessment of—
 - (a) the cost to the Exchequer of these changes,

Finance (No. 3) Bill, continued

- (b) changes to business behaviour that are likely to arise as result from these changes, including (but not limited to) levels of business investment in buildings, plant and machinery, and
- (c) the impact of these changes on businesses in regions of England.
- (3) A review under this section must compare these assessments, so far as practicable, with an assessment of the impact of replacing non-domestic rates in England with a tax on the value of commercial land.
- (4) In this section, “regions of England” has the same meaning as that used by the Office of National Statistics.”

Member’s explanatory statement

This new clause would require the Government to assess the effects on businesses and the public finances of new capital reliefs introduced by this Act and require the Government to compare these reliefs with replacing business rates with a tax on commercial land values.

Sir Vince Cable
Liz Saville Roberts
Caroline Lucas
Sir Edward Davey
Tom Brake
Jonathan Edwards

NC25

- ★ To move the following Clause—

“Limitation of authorisation to charge annual taxes

- (1) The authorisation granted by sections 1 and 2 to charge income tax and corporation tax applies only in respect of the authorisation period defined in subsection (2).
- (2) The “authorisation period” is any period within the relevant tax year or financial year after the occurrence of one or more of the following events has happened—
 - (a) a negotiated withdrawal agreement and a framework for the future relationship have been approved by a resolution of the House of Commons on a motion moved by a Minister of the Crown for the purposes of section 13(1)(b) of the European Union (Withdrawal) Act 2018;
 - (b) the Prime Minister has notified the President of the European Council, in accordance with Article 50(3) of the Treaty on European Union, of the United Kingdom’s request to extend the period in which the Treaties shall still apply to the United Kingdom;
 - (c) leaving the European Union without a withdrawal agreement and a framework for the future relationship has been approved by a resolution of the House of Commons on a motion moved by a Minister of the Crown;
 - (d) pursuant to an Act of Parliament, a date for a referendum has been set, being a date on which the Treaties of European Union still apply to the United Kingdom, on the question of whether the United Kingdom should revoke the notice it has given of intention to withdraw from the European Union;
 - (e) the United Kingdom has revoked its notice of intention to withdraw from the European Union.”

Finance (No. 3) Bill, *continued*

Member's explanatory statement

This new clause restricts the authority to levy income tax and corporation tax to the time after the occurrence of one or more defined events relating to the United Kingdom's proposed exit from the European Union. The occurrence of any one of the events is sufficient to trigger authorisation.

Sir Edward Davey

NC26

★ To move the following Clause—

“Review of changes made by sections 79 and 80

- (1) The Chancellor of the Exchequer must review the effects of the changes made by sections 79 and 80 to TMA 1970, and lay a report on that review before the House of Commons not later than 30 March 2019.
- (2) The review under this section must include a comparison of the time limit on proceedings for the recovery of lost tax that involves an offshore matter with other time limits on proceedings for the recovery of lost tax, including, but not limited to, those provided for by Schedules 11 and 12 to the Finance (No. 2) Act 2017.
- (3) The review under this section must also consider the extent to which provisions equivalent to section 36A(7)(b) (relating to reasonable expectations) apply to the application of other time limits.”

Member's explanatory statement

This new clause would require the Treasury to review the effect of the changes made by sections 79 and 80 and compare them with other legislation relating to the recovery of lost tax including specifically the loan charge provisions of Schedules 11 and 12 to the Finance (No. 2) Act 2017.

Kirsty Blackman
Mhairi Black

Clause 5, page 2, line 20, leave out “£12,500” and insert “£12,750”

11

Kirsty Blackman
Mhairi Black

Clause 5, page 2, line 24, leave out subsection (4)

12

Kirsty Blackman
Mhairi Black

★ Clause 5, page 2, line 33, at end insert—

“(6) The Chancellor of the Exchequer must, no later than 5 April 2019, lay before the House of Commons an economic analysis of—

- (a) the effect of reducing the threshold for the additional rate to £80,000, and
- (b) the effect of introducing a supplementary rate of income tax, charged at a rate of 50%, above a threshold of £125,000.

(7) The analysis must compare this with the preceding policy.”

31

Finance (No. 3) Bill, *continued*

Kirsty Blackman
Mhairi Black

32

- ★ Clause 5, page 2, line 33, at end insert—
- “(6) The Chancellor of the Exchequer must, no later than 5 April 2019, lay before the House of Commons a distributional analysis of—
- (a) the effect of reducing the threshold for the additional rate to £80,000, and
 - (b) the effect of introducing a supplementary rate of income tax, charged at a rate of 50%, above a threshold of £125,000.
- (7) The analysis must compare this with the preceding policy.”
-

The Chancellor of the Exchequer

4

Clause 25, page 14, line 29, at beginning insert “the exemption conferred by”

The Chancellor of the Exchequer

5

Clause 25, page 14, line 33, at end insert—

- “(3) For the purposes of subsection (2)(a) ignore paragraph 6 of Schedule 7AC to TCGA 1992 (cases in which exemptions do not apply).”

The Chancellor of the Exchequer

6

Clause 25, page 15, line 6, at end insert—

- “(6) In its application in relation to a company that ceases to be a member of a group or ceases to meet the condition in section 785(2)(b) of CTA 2009 before 21 December 2018, section 782A of CTA 2009 has effect as if subsection (3) of that section was omitted.”
-

Kirsty Blackman
Mhairi Black

22

Clause 53, page 34, line 14, at end insert—

- “(5) The Chancellor of the Exchequer must review the expected effects on public health of the changes made to the Alcoholic Liquor Duties Act 1979 by this section and lay a report of that review before the House of Commons within one year of the passing of this Act.”
-

Finance (No. 3) Bill, *continued*

Kirsty Blackman
Mhairi Black

23

Clause 60, page 44, line 17, at end insert—

“(3) The Chancellor of the Exchequer must review the effects of a reduction in air passenger duty rates from 1 April 2020 and lay a report of that review before the House of Commons within six months of the passing of this Act.

(4) A review under subsection (3) must in consider the effects of a reduction on—

- (a) airlines,
- (b) airport operators,
- (c) other businesses, and
- (d) passengers.”

Kirsty Blackman
Mhairi Black

16

Clause 78, page 51, line 32, after “may” insert “(subject to section (*Review of expenditure implications of Part 3*))”

Kirsty Blackman
Mhairi Black

36

★ Clause 79, page 52, line 24, leave out “12 years” and insert “8 years”

Kirsty Blackman
Mhairi Black

37

★ Clause 79, page 52, line 27, at end insert—

“(2A) Where the loss of tax is brought about carelessly by the taxpayer, an assessment may be made at any time not more than 12 years after the end of the year of assessment to which the lost tax relates. This is subject to section 36(1A) above and any other provision of the Taxes Acts allowing a longer period.”

Kirsty Blackman
Mhairi Black

38

★ Clause 79, page 53, line 22, after “(2)” insert “or (2A)”

Kirsty Blackman
Mhairi Black

24

Clause 79, page 53, line 26, leave out from “tax” to end of line 28

Finance (No. 3) Bill, *continued*

- Kirsty Blackman
Mhairi Black 39
- ★ Clause 79, page 53, line 28, at end insert—
 “(7A) An assessment may also not be made under subsection (2) or (2A) if—
 (a) before the time limit that would otherwise apply for making the assessment, information is made available to HMRC by the taxpayer on the basis of which HMRC could reasonably have been expected to become aware of the lost tax, and
 (b) it was reasonable to expect the assessment to be made before that time limit.”
- Kirsty Blackman
Mhairi Black 40
- ★ Clause 79, page 53, line 34, at end insert—
 “(8A) Subsection (7A) will not apply in cases where the taxpayer is subsequently found to have failed to provide all relevant information available to HMRC, or to have provided misleading information.
 (8B) For the purposes of subsection (8A), whether information has been made available to HMRC is to be determined in line with section 29(6) above.”
- Kirsty Blackman
Mhairi Black 41
- ★ Clause 79, page 53, line 35, after “(2)” insert “or (2A)”
- Kirsty Blackman
Mhairi Black 25
- Clause 79, page 54, line 1, leave out “2013-14” and insert “2019-20”
- Kirsty Blackman
Mhairi Black 26
- Clause 79, page 54, line 5, leave out “2015-16” and insert “2019-20”
-
- Kirsty Blackman
Mhairi Black 42
- ★ Clause 80, page 54, line 19, leave out “12 years” and insert “8 years”
- Kirsty Blackman
Mhairi Black 43
- ★ Clause 80, page 54, line 20, at end insert—
 “(2A) Where the loss of tax is brought about carelessly by a person liable for the tax (or a person acting on behalf of such a person), proceedings for the recovery of the lost tax may be brought at any time not more than 12 years after the later of the dates in section 240(2)(a) and (b).”

Finance (No. 3) Bill, *continued*

Kirsty Blackman
Mhairi Black

44

★ Clause 80, page 55, line 2, at end insert—

“(7A) Proceedings may also not be brought under this section if—

- (a) before the last date on which the proceedings could otherwise be brought, information is made available to HMRC by a person liable for the tax (or a person acting on behalf of such a person) on the basis of which HMRC could reasonably have been expected to become aware of the lost tax, and
- (b) it was reasonable to expect the proceedings to be brought before that date.”

Kirsty Blackman
Mhairi Black

45

★ Clause 80, page 55, line 8, at end insert—

“(8A) Subsection (7A) will not apply in cases where a person liable for the tax (or a person acting on behalf of such a person) is subsequently found to have failed to provide all relevant information available to HMRC, or to have provided misleading information.

(8B) For the purposes of subsection (8A), whether information has been made available to HMRC is to be determined in line with section 29(6) TMA 1970.”

Kirsty Blackman
Mhairi Black

27

Clause 82, page 58, line 9, leave out from “section” to “may” in line 10

Kirsty Blackman
Mhairi Black

28

Clause 82, page 58, leave out lines 13 to 17

Stuart C. McDonald
Kirsty Blackman
Mhairi Black

33

★ Clause 89, page 66, line 38, at end insert—

“(f) amending the Income Tax (Earnings and Pensions) Act 2003 in order that no tax liability arises where a person (“the payer”) pays or reimburses an employee (whether or not an employee of the payer) for application fees for leave to remain in the United Kingdom made under appendix EU to the immigration rules”

Member’s explanatory statement

This amendment would allow ministers to amend ITEPA 2003 so that when employers make payments to EU national employees seeking settled or pre-settled status to cover the cost of such applications (including family members) to the Home Office, these payments would not be subject to income tax.

Finance (No. 3) Bill, *continued*

Jeremy Corbyn
John McDonnell
Peter Dowd
Mr Nicholas Brown
Clive Lewis
Anneliese Dodds

Jonathan Reynolds

Lyn Brown

Thelma Walker

1

Clause 89, page 66, line 38, at end insert—

“(1A) The Chancellor of the Exchequer must, no later than a week after the passing of this Act and before exercising the power in subsection (1), lay before the House of Commons a review of the following matters—

- (a) the fiscal and economic effects of the exercise of those powers and of the outcome of negotiations for the United Kingdom’s withdrawal from the European Union giving rise to their exercise;
- (b) a comparison of those fiscal and economic effects with the effects if a negotiated withdrawal agreement and a framework for a future relationship with the EU had been agreed to;
- (c) any differences in the exercise of those powers in respect of—
 - (i) Great Britain, and
 - (ii) Northern Ireland;
- (d) any differential effects in relation to the matters specified in paragraphs (a) and (b) in relation between
 - (i) Great Britain, and
 - (ii) Northern Ireland.”

Member’s explanatory statement

This amendment would require the Chancellor of the Exchequer to review the fiscal and economic effects of the exercise of the powers in subsection (1) before exercising those powers.

Kirsty Blackman
Mhairi Black

13

Clause 89, page 67, line 7, leave out subsection (5) and insert—

“(5) No statutory instrument containing regulations under this section may be made unless a draft has been laid before and approved by a resolution of the House of Commons.”

Yvette Cooper
Nicky Morgan
Hilary Benn
Sir Oliver Letwin
Rachel Reeves
Ms Harriet Harman

Nick Boles
Frank Field

David Hanson

Matt Western

7

Clause 89, page 67, line 19, at end insert—

“(7) The provisions of this section only come into force if—

- (a) a negotiated withdrawal agreement and a framework for the future relationship have been approved by a resolution of the House of Commons on a motion moved by a Minister of the Crown for the

Finance (No. 3) Bill, continued

purposes of section 13(1)(b) of the European Union (Withdrawal) Act 2018, or

- (b) the Prime Minister has notified the President of the European Council, in accordance with Article 50(3) of the Treaty on European Union, of the United Kingdom’s request to extend the period in which the Treaties shall still apply to the United Kingdom, or
- (c) leaving the European Union without a withdrawal agreement and a framework for the future relationship has been approved by a resolution of the House of Commons on a motion moved by a Minister of the Crown.”

Member’s explanatory statement

This amendment would prevent the Government implementing the “no deal” provisions of Clause 89 without the explicit consent of Parliament for such an outcome. It would provide three options for the provisions of Clause 89 to come into force: if the House of Commons has approved a negotiated withdrawal agreement and a framework for the future relationship; if the Government has sought an extension of the Article 50 period; or the House of Commons has approved leaving the European Union without a withdrawal agreement and framework for the future relationship.

Mr Chris Leslie
Heidi Allen
Anna Soubry
Chuka Umunna
Jonathan Edwards
Stella Creasy

Dr Paul Williams
Stephen Doughty
Rushanara Ali
Ian Murray
Dame Louise Ellman
Angela Smith
Peter Kyle

Caroline Lucas
Dr Sarah Wollaston
Mr David Lammy
Mike Gapes
Joan Ryan
Janet Daby
Dame Margaret Hodge

Martin Whitfield
Ann Coffey
Luciana Berger
Neil Coyle
Ruth Cadbury
Owen Smith
Kate Green

8

Clause 89, page 67, line 19, at end insert—

“(7) The provisions of this section shall not come into force until the House of Commons has come to a resolution on a motion made by a Minister of the Crown agreeing its commencement.”

Kirsty Blackman
Mhairi Black

Clause 90, page 67, line 22, after “may” insert “(subject to subsections (1A) and (1B))”

14

Kirsty Blackman
Mhairi Black

Clause 90, page 67, line 24, at end insert—

“(1A) Before proposing to incur expenditure under subsection (1), the Secretary of State must lay before the House of Commons—

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Finance (No. 3) Bill, *continued*

- (a) a statement of the circumstances (in relation to negotiations relating to the United Kingdom’s withdrawal from the European Union) that give rise to the need for such preparatory expenditure, and
 - (b) an estimate of the expenditure to be incurred.
- (1B) No expenditure may be incurred under subsection (1) unless the House of Commons comes to a resolution that it has considered the statement and estimate under subsection (1A) and approves the proposed expenditure.”

The Chancellor of the Exchequer

NS1

To move the following Schedule—

“INTANGIBLE FIXED ASSETS: RESTRICTIONS ON GOODWILL AND CERTAIN OTHER ASSETS

- 1 Part 8 of CTA 2009 (intangible fixed assets) is amended as follows.
- 2 In section 711 (overview of Part) in subsection (8) after paragraph (f) (but before the following “and”) insert—
 - “(fa) Chapter 15A (debts in respect of goodwill and certain other assets),”.
- 3 In section 715 (application of Part to goodwill) in subsection (2) for the words from “section 816A” to the end substitute “Chapter 15A (debts in respect of goodwill and certain other assets).”
- 4 In section 746 (“non-trading credits” and “non-trading debits”) in subsection (2) for paragraph (ba) substitute—
 - “(ba) sections 879C(3), 879I(3), 879K(5) and 879O(3)(b) (debts in respect of goodwill and certain other assets treated as non-trading debits),”.
- 5 Omit section 816A (restrictions on goodwill and certain other assets).
- 6 After section 879 insert—

“CHAPTER 15A

DEBITS IN RESPECT OF GOODWILL AND CERTAIN OTHER ASSETS

Introduction

879A Introduction

- (1) This Chapter contains special rules about the debits to be brought into account by a company for tax purposes in respect of relevant assets.
- (2) In this Chapter “relevant asset” means—
 - (a) goodwill in a business or part of a business,
 - (b) an intangible fixed asset that consists of information which relates to customers or potential customers of a business or part of a business,
 - (c) an intangible fixed asset that consists of a relationship (whether contractual or not) between a person carrying on a business and one or more customers of that business or part of that business,

Finance (No. 3) Bill, *continued*

- (d) an unregistered trade mark or other sign used in the course of a business or part of a business, or
- (e) a licence or other right in respect of an asset within any of paragraphs (a) to (d).

Requirement to write down at a fixed rate

879B Requirement to write down at a fixed rate

- (1) This section applies if a company acquires or creates a relevant asset on or after 1 April 2019.
- (2) The company is to be treated as having made an election under section 730 to write down the cost of the asset for tax purposes at a fixed rate.
- (3) In its application in relation to the asset, section 731 (writing down at fixed rate: calculation) has effect as if in subsection (1)(a) for “4%” there was substituted “6.5%”.
- (4) The Treasury may by regulations amend subsection (3) so as to alter the percentage substituted for 4%.

Restrictions on debits: pre-FA 2019 relevant assets

879C Restrictions on debits: pre-FA 2019 relevant assets

- (1) This section applies in respect of a relevant asset of a company if it is a pre-FA 2019 relevant asset.
- (2) No debits in respect of the asset are to be brought into account by the company for tax purposes under Chapter 3 (debts in respect of intangible fixed assets) or Chapter 15 (adjustments on change of accounting policy).
- (3) Any debit in respect of the asset that is brought into account by the company for tax purposes under Chapter 4 (realisation of intangible fixed assets) is treated for the purposes of Chapter 6 as a non-trading debit.
- (4) Sections 879D to 879H set out the cases in which a relevant asset of a company is a pre-FA 2019 relevant asset for the purposes of this Chapter.

879D Pre-FA 2019 relevant asset: the first case

For the purposes of this Chapter a relevant asset of a company is a pre-FA 2019 relevant asset if—

- (a) the company acquired or created the asset during the period beginning with 8 July 2015 and ending with 31 March 2019, and
- (b) the asset was a chargeable intangible asset in relation to the company at any time during the period beginning with 29 October 2018 and ending with 31 March 2019.

879E Pre-FA 2019 relevant asset: the second case

- (1) For the purposes of this Chapter a relevant asset of a company (“C”) is a pre-FA 2019 relevant asset if—

Finance (No. 3) Bill, continued

- (a) another company acquired or created the asset during the period beginning with 8 July 2015 and ending with 31 March 2019,
 - (b) it was a chargeable intangible asset in relation to that other company at any time during the period beginning with 29 October 2018 and ending with 31 March 2019, and
 - (c) C acquired the asset on or after 1 April 2019 otherwise than in case A or case B from a person who was a related party in relation to C.
- (2) Case A is where—
- (a) C acquired the asset from a company that was within the charge to corporation tax at the time of the acquisition, and
 - (b) the asset was not a pre-FA 2019 relevant asset in the hands of that company immediately before the acquisition.
- (3) Case B is where C acquired the asset from a person (“the intermediary”) who acquired the asset on or after 1 April 2019 from a third person—
- (a) who was not at the time of the intermediary’s acquisition a related party in relation—
 - (i) to the intermediary, or
 - (ii) if the intermediary was not a company, to a company in relation to which the intermediary was a related party, and
 - (b) who is not, at the time of the acquisition by C, a related party in relation to C.
- (4) References in this section to one person being (or not being) a related party in relation to another person are to be read as including references to the participation condition being met (or, as the case may be not being met) as between those persons.
- (5) References in subsection (4) to a person include a firm in a case where, for section 1259 purposes, references in this section to a company are read as references to the firm.
- (6) In subsection (5) “section 1259 purposes” means the purposes of determining under section 1259 the amount of profits or losses to be allocated to a partner in a firm.
- (7) Section 148 of TIOPA 2010 (when the participation condition is met) applies for the purposes of subsection (4) as it applies for the purpose of section 147(1)(b) of TIOPA 2010.

879F Pre-FA 2019 relevant asset: the third case

- (1) For the purposes of this Chapter a relevant asset of a company (“C”) is a pre-FA 2019 relevant asset if—
- (a) the relevant asset was created on or after 29 October 2018,
 - (b) C acquired the relevant asset on or after 1 April 2019 from a person (“the transferor”) who was a related party in relation to C at the time of the acquisition,
 - (c) the value of the relevant asset derives in whole or in part from another asset (“the other asset”), and

Finance (No. 3) Bill, *continued*

- (d) the other asset meets the preserved status condition (see section 879G).
- (2) But if only part of the value of the relevant asset derives from the other asset—
 - (a) the relevant asset is to be treated for the purposes of this Chapter as if it were two separate assets—
 - (i) one representing the part of the value of the relevant asset that does so derive, and
 - (ii) the other representing the part of the value of the relevant asset that does not so derive, and
 - (b) subsection (1) applies only in relation to the separate asset representing the part of the value of the relevant asset that does so derive.
- (3) For the purposes of this section the cases in which the value of a relevant asset may be derived from another asset include any case where—
 - (a) assets have been merged or divided,
 - (b) assets have changed their nature, or
 - (c) rights or interests in or over assets have been created or extinguished.
- (4) Section 879G supplements this section.

879G The preserved status condition etc

- (1) For the purposes of section 879F the other asset meets the preserved status condition if subsection (2) or (3) applies.
- (2) This subsection applies if the other asset—
 - (a) was acquired or created by a company during the period beginning with 8 July 2015 and ending with 31 March 2019, and
 - (b) was a chargeable intangible asset in the hands of that company at any time during the period beginning with 29 October 2018 and ending with 31 March 2019 when—
 - (i) that company and C were related parties, or
 - (ii) that company and the transferor were related parties.
- (3) This subsection applies if the other asset was a pre-FA 2019 relevant asset in the hands of a company at any time during the period beginning with 1 April 2019 and ending with the acquisition mentioned in section 879F(1)(b) when—
 - (a) that company and C were related parties, or
 - (b) that company and the transferor were related parties.
- (4) It does not matter for the purposes of section 879F(1)(a) who created the relevant asset.
- (5) Any apportionment necessary for the purposes of section 879F(2) must be made on a just and reasonable basis.
- (6) Section 879E(4) to (7) applies for the purposes of section 879F and this section.

Finance (No. 3) Bill, continued

- (7) Expressions used in this section have the same meaning as in section 879F.

879H Pre-FA 2019 relevant asset: the fourth case

- (1) For the purposes of this Chapter a relevant asset of a company is a pre-FA 2019 relevant asset if—
- (a) the company acquired the asset on or after 1 April 2019 directly or indirectly in consequence of, or otherwise in connection with, a disposal of a relevant asset by another person, and
 - (b) the asset disposed of would have been a pre-FA 2019 relevant asset in the hands of the company had the person transferred it to the company at the time of the disposal.
- (2) For the purposes of this section it does not matter whether—
- (a) the asset disposed of is the same asset as the acquired asset,
 - (b) the acquired asset is acquired at the time of the disposal, or
 - (c) the acquired asset is acquired by merging assets or otherwise.

Restrictions on debits: no business or no qualifying IP assets acquired

879I Restrictions on debits: no business or no qualifying IP assets acquired

- (1) This section applies in respect of a relevant asset of a company if the company acquires the asset on or after 1 April 2019 otherwise than as part of the acquisition of a business.
- (2) This section also applies in respect of a relevant asset of a company if—
- (a) the company acquires the asset on or after 1 April 2019 as part of the acquisition of a business, and
 - (b) the company does not acquire any qualifying IP assets as part of the acquisition of the business for use on a continuing basis in the course of the business.
- (3) No debits in respect of the asset are to be brought into account by the company for tax purposes under Chapter 3 (debts in respect of intangible fixed assets) or Chapter 15 (adjustments on change of accounting policy).
- (4) Any debit in respect of the asset that is brought into account by the company for tax purposes under Chapter 4 (realisation of intangible fixed assets) is treated for the purposes of Chapter 6 as a non-trading debit.

879J Meaning of qualifying IP asset

- (1) In section 879I “qualifying IP asset”, in relation to a company, means an intangible fixed asset that meets the following two conditions.
- (2) The first condition is that the asset is—
- (a) a patent, registered design, copyright or design right, plant breeders’ right, or right under section 7 of the Plant Varieties Act 1997,
 - (b) a right under the law of a country or territory outside the United Kingdom corresponding or similar to a right within paragraph (a), or

Finance (No. 3) Bill, *continued*

- (c) a licence or other right in respect of anything within paragraph (a) or (b).
- (3) The second condition is that in the hands of the company the asset—
 - (a) is not to any extent excluded from this Part by Chapter 10, and
 - (b) is not a pre-FA 2002 asset (see section 881).
- (4) The reference in subsection (2)(c) to a licence or other right does not include a licence or other right that permits the use of computer software but does not permit its manufacture, adaptation or supply.
- (5) The Treasury may by regulations amend the meaning of qualifying IP asset for the purposes of this Chapter.

Restrictions on debits: acquisition from individual or firm

879K Restrictions on debits: acquisition from individual or firm

- (1) This section applies in respect of a relevant asset of a company if—
 - (a) the company acquires the asset on or after 1 April 2019 directly or indirectly from an individual or firm (“the transferor”),
 - (b) the related party condition is met, and
 - (c) the third party acquisition condition is not met.
- (2) The related party condition is met if—
 - (a) in a case where the transferor is an individual, the transferor is a related party in relation to the company at the time of the acquisition;
 - (b) in a case where the transferor is a firm, any individual who is a member of the transferor is a related party in relation to the company at that time.
- (3) The third party acquisition condition is met if—
 - (a) in a case where the relevant asset is goodwill—
 - (i) the transferor acquired all or part of the relevant business in one or more third party acquisitions as part of which the transferor acquired goodwill, and
 - (ii) the relevant asset is acquired by the company as part of an acquisition of all the relevant business;
 - (b) in a case where the relevant asset is not goodwill—
 - (i) the transferor acquired the relevant asset in a third party acquisition, and
 - (ii) the relevant asset is acquired by the company as part of an acquisition of all the relevant business.
- (4) No debits in respect of the asset are to be brought into account by the company for tax purposes under Chapter 3 (debts in respect of intangible fixed assets) or Chapter 15 (adjustments on change of accounting policy).
- (5) Any debit in respect of the asset that is brought into account by the company for tax purposes under Chapter 4 (realisation of intangible fixed assets) is treated for the purposes of Chapter 6 as a non-trading debit.

Finance (No. 3) Bill, *continued*

879L Meaning of relevant business and third party acquisition

- (1) This section applies for the purposes of section 879K(3).
- (2) “Relevant business” means—
 - (a) in a case where the relevant asset is within paragraph (e) of subsection (2) of section 879A, the business or (as the case may be) the part of the business mentioned in the paragraph of that subsection within which the licensed asset falls, and
 - (b) in any other case, the business or (as the case may be) the part of the business mentioned in the paragraph of that subsection within which the relevant asset falls.
- (3) The transferor acquires something in a “third party acquisition” if—
 - (a) the transferor acquires it from a company (“C”) and, at the time of that acquisition—
 - (i) if the transferor is an individual, the transferor is not a related party in relation to C, or
 - (ii) if the transferor is a firm, no individual who is a member of the transferor is a related party in relation to C, or
 - (b) the transferor acquires it from a person (“P”) who is not a company and, at the time of that acquisition—
 - (i) if the transferor is an individual, P is not connected with the transferor, or
 - (ii) if the transferor is a firm, no individual who is a member of the transferor is connected with P.
- (4) But an acquisition is not a “third party acquisition” if—
 - (a) its main purpose, or one of its main purposes, is for any person to obtain a tax advantage (within the meaning of section 1139 of CTA 2010), or
 - (b) it occurs during the period beginning with 8 July 2015 and ending with 31 March 2019.
- (5) In this section “connected” has the same meaning as in Chapter 12 (see section 842).

Partial restrictions on debits

879M When the partial restrictions apply: qualifying IP assets

- (1) Section 879O (the partial restrictions on debits) applies in respect of a relevant asset (“the asset concerned”) of a company if—
 - (a) the company acquires the asset concerned on or after 1 April 2019 as part of the acquisition of a business,
 - (b) the company also acquires qualifying IP assets as part of the acquisition of the business for use on a continuing basis in the course of the business, and
 - (c) the amount in subsection (3) is less than 1.
- (2) But section 879O does not apply in respect of the asset concerned if either of the following sections applies in respect of it—
 - (a) section 879C (restrictions on debits: pre-FA 2019 relevant assets);

Finance (No. 3) Bill, *continued*

(b) section 879K (restrictions on debits: acquisition from individual or firm).

(3) The amount is—

$$\frac{A \times N}{B}$$

where—

A is the expenditure incurred by the company for or in connection with the acquisition of the qualifying IP assets mentioned in subsection (1)(b),

B is the expenditure incurred by the company for or in connection with the acquisition of the asset concerned and any other relevant assets acquired with the business, and

N is 6.

(4) The Treasury may by regulations amend the meaning of N.

(5) In this section—

“expenditure” means expenditure that is—

(a) capitalised for accounting purposes, or

(b) recognised in determining the profit or loss of the company concerned without being capitalised for accounting purposes,

subject to any adjustments under this Part or Part 4 of TIOPA 2010;

“qualifying IP asset” has the same meaning as in section 879I (see section 879J).

879N When the partial restrictions apply: acquisition from individual or firm

(1) Section 879O (the partial restrictions on debits) also applies in respect of a relevant asset of a company if—

(a) the company acquires the asset on or after 1 April 2019 directly or indirectly from an individual or firm (“the transferor”),

(b) the related party condition is met,

(c) the third party acquisition condition is met, and

(d) the amount in subsection (6) is less than 1.

(2) But section 879O does not apply in respect of the relevant asset if either of the following sections applies in respect of it—

(a) section 879C (restrictions on debits: pre-FA 2019 relevant assets);

(b) section 879I (restrictions on debits: no business or no qualifying IP assets acquired).

(3) The related party condition is met if—

(a) in a case where the transferor is an individual, the transferor is a related party in relation to the company at the time of the acquisition;

Finance (No. 3) Bill, *continued*

- (b) in a case where the transferor is a firm, any individual who is a member of the transferor is a related party in relation to the company at that time.
- (4) The third party acquisition condition is met if—
 - (a) in a case where the relevant asset is goodwill—
 - (i) the transferor acquired all or part of the relevant business in one or more third party acquisitions as part of which the transferor acquired goodwill, and
 - (ii) the relevant asset is acquired by the company as part of an acquisition of all the relevant business;
 - (b) in a case where the relevant asset is not goodwill—
 - (i) the transferor acquired the relevant asset in a third party acquisition, and
 - (ii) the relevant asset is acquired by the company as part of an acquisition of all the relevant business.
- (5) Section 879L (meaning of relevant business and third party acquisition) applies for the purposes of this section.
- (6) The amount is—

$$\frac{A}{B}$$

where—

A is the relevant accounting value of third party acquisitions (see subsections (7) to (9)), and

B is the expenditure incurred by the company for or in connection with the acquisition of the relevant asset that is—

- (a) capitalised by the company for accounting purposes, or
- (b) recognised in determining the company's profit or loss without being capitalised for accounting purposes,

subject to any adjustments under this Part or Part 4 of TIOPA 2010.

- (7) In a case in which the relevant asset is goodwill, the relevant accounting value of third party acquisitions is the notional accounting value of the goodwill mentioned in subsection (4)(a)(i) (“the previously acquired goodwill”).
- (8) In a case in which the relevant asset is not goodwill, the relevant accounting value of third party acquisitions is the notional accounting value of the relevant asset.
- (9) The “notional accounting value” of the previously acquired goodwill, or the relevant asset, is what its accounting value would have been in GAAP-compliant accounts drawn up by the transferor—
 - (a) immediately before the relevant asset was acquired by the company, and
 - (b) on the basis that the relevant business was a going concern.

Finance (No. 3) Bill, *continued*

8790 The partial restrictions on debits

- (1) Where this section applies in respect of a relevant asset of a company, the following restrictions have effect.
- (2) If a debit in respect of the relevant asset is to be brought into account by the company for tax purposes under a provision of Chapter 3 (debits in respect of intangible fixed assets) or Chapter 15 (adjustments on change of accounting policy), the amount of that debit is—

$$D \times RA$$

where—

D is the amount of the debit that would be brought into account disregarding this section (and, accordingly, for the purposes of any calculation of the tax written-down value of the relevant asset needed to determine D, this section's effect in relation to any debits previously brought into account is to be disregarded), and

RA is the relevant amount (see subsection (6)).

- (3) If, but for this section, a debit in respect of any of the relevant assets would be brought into account by the company for tax purposes under a provision of Chapter 4 (realisation of intangible fixed assets), the following two debits are to be brought into account under that provision instead—
 - (a) a debit determined in accordance with subsection (4), and
 - (b) a debit determined in accordance with subsection (5), which is to be treated for the purposes of Chapter 6 as a non-trading debit (“the non-trading debit”).
- (4) The amount of the debit determined in accordance with this subsection is—

$$D \times RA$$

where—

D is the amount of the debit that would be brought into account under Chapter 4 disregarding this section (and, accordingly, for the purposes of any calculation of the tax written down value of the relevant asset needed to determine D, this section's effect in relation to any debits previously brought into account is to be disregarded), and

RA is the relevant amount (see subsection (6)).

Finance (No. 3) Bill, *continued*

- (5) The amount of the non-trading debit is—

D – TD

where—

D is the amount of the debit that would be brought into account under Chapter 4 disregarding this section (but, for the purposes of any calculation of the tax written-down value of the relevant asset needed to determine D, this section's effect in relation to any debits previously brought into account is not to be disregarded), and

TD is the amount of the debit determined in accordance with subsection (4).

- (6) In this section the “relevant amount” means—
- (a) in a case where this section applies in respect of the relevant asset by reason only of section 879M, the amount in subsection (3) of that section;
 - (b) in a case where this section applies in respect of the relevant asset by reason only of section 879N, the amount in subsection (6) of that section;
 - (c) in a case where this section applies in respect of the relevant asset by reason of both section 879M and 879N, the amount found by multiplying the amount in subsection (3) of section 879M by the amount in subsection (6) of section 879N.

Supplementary

879P Date of acquisition of relevant asset

- (11) A company that acquires a relevant asset in pursuance of an unconditional obligation under a contract is to be treated for the purposes of this Chapter as having acquired the asset on the date on which the company became subject to that obligation or (if later) the date on which that obligation became unconditional.
 - (2) An obligation is unconditional if it may not be varied or extinguished by the exercise of a right (whether under contract or otherwise).”
- 7 (1) The amendments made by this Schedule have effect in relation to accounting periods beginning on or after 1 April 2019.
- (2) For the purposes of sub-paragraph (1), an accounting period beginning before, and ending on or after, 1 April 2019 is to be treated as if so much of the accounting period as falls before that date, and so much of the accounting period as falls on or after that date, were separate accounting periods.”
-

Finance (No. 3) Bill, *continued*

Kirsty Blsackman
Mhairi Black

18

Schedule 1, page 148, line 34, at end insert—

“21A The Chancellor of the Exchequer must review the expected revenue effects of the changes made to TCGA 1992 in this Schedule, along with an estimate of the difference between the amount of tax required to be paid to the Commissioners under those provisions and the amount paid, and lay a report of that review before the House of Commons within six months of the passing of this Act.”

Kirsty Blackman
Mhairi Black

17

Schedule 2, page 177, line 21, at end insert—

“PART 1A

REVIEW OF EFFECTS ON PUBLIC FINANCES

17A The Chancellor of the Exchequer must review the expected revenue effects of the changes made to capital gains tax returns and payments on account in this in this Schedule, along with an estimate of the difference between the amount of tax required to be paid to the Commissioners under those provisions and the amount paid, and lay a report of that review before the House of Commons within six months of the passing of this Act.”

Kirsty Blackman
Mhairi Black

29

☆ Schedule 2, page 177, line 42, at end insert “unless the amendment relates to a disposal of an asset or assets resulting in a capital loss between the completion date of the disposal in respect of which the return is made and the end of the tax year in which the disposal is made.

(2A) In that case, an amendment may be made to take into account any capital losses which have arisen after the completion date and within the same tax year.”

Kirsty Blackman
Mhairi Black

19

Schedule 5, page 211, line 45, at end insert—

“PART 2A

REVIEW OF EFFECTS ON PUBLIC FINANCES

34A (1) The Chancellor of the Exchequer must review the revenue effects of this Schedule and lay a report of that review before the House of Commons within six months of the passing of this Act.

Finance (No. 3) Bill, continued

- (2) The review under sub-paragraph (1) must consider—
- (a) the expected change in corporation tax paid attributable to the provisions in this Schedule, and
 - (b) an estimate of any change, attributable to the provisions in this Schedule, in the difference between the amount of tax required to be paid to the Commissioners and the amount paid.”

Kirsty Blackman
Mhairi Black

20

Schedule 5, page 211, line 45, at end insert—

“PART 2A

REVIEW OF EFFECTS ON TAX PAID BY EU AND NON-EU RESIDENT FIRMS

- 34A (1) The Chancellor of the Exchequer must review the revenue effects of this Schedule and lay a report of that review before the House of Commons within six months of the passing of this Act.
- (2) The review under sub-paragraph (1) must consider the expected change, attributable to the provisions in this Schedule, in the difference between the amount of tax required to be paid to the Commissioners and the amount paid by non-UK resident companies that are—
- (a) resident in the European Union, or
 - (b) not resident in the European Union.”

Kirsty Blackman
Mhairi Black

21

Schedule 6, page 221, line 26, at end insert—

“13 The Chancellor of the Exchequer must review the expected change to payments of Diverted Profits Tax and any associated changes to overall payments made to the Commissioners arising from the provisions of this Schedule, and lay a report of that review before the House of Commons within 6 months of the passing of this Act.”

Kirsty Blackman
Mhairi Black

30

☆ Schedule 12, page 247, line 15, after “is” insert “the lesser of—

- (a) such amount (if any) by which the maximum allowance for the second straddling period calculated under sub-paragraph (2) exceeds the amount of expenditure incurred on or before 31 December 2020 in respect of which the allowance was claimed, and
- (b) the greater of—
 - (i) what would be the maximum allowance for the whole of the second straddling period if the modification made by section

Finance (No. 3) Bill, *continued*

31(1) were not made less the amount of expenditure incurred on or before 31 December 2020 in respect of which the allowance was claimed, and

(ii) ”

The Chancellor of the Exchequer

2

Schedule 15, page 291, line 31, leave out paragraph 2 and insert—

“2 (1) Chapter 3 of Part 5 of TCGA 1992 (transfer of business assets: entrepreneurs’ relief) is amended as follows.

(2) In section 169K(1B) (disposals associated with relevant material disposal), for paragraph (a) (together with the “and” at the end of it) substitute—

“(a) the ordinary shares disposed of constitute at least 5% of the company’s ordinary share capital and are shares in the individual’s personal company (and section 169S(3A)(a) to (c) apply here but as if the reference to the final day of the period mentioned in section 169S(3A)(a) were to the date of the disposal), and”.

(3) In section 169LA (relevant business assets: goodwill transferred to a close company)—

(a) for subsection (1) substitute—

“(1) Subject to subsection (1A), subsection (4) applies if—

(a) as part of a qualifying business disposal, a person (“P”) disposes of goodwill directly or indirectly to a close company (“C”), and

(b) immediately after the disposal, P meets any of the personal company conditions in the case of C or any company which is a member of a group of companies of which C is a member.

(1ZA) For the purposes of subsection (1)(b)—

(a) the reference to the personal company conditions is a reference to any of the conditions in 169S(3)(a), (b), (c)(i) or (ii), and

(b) P is taken to have all the rights and interests of any relevant connected person.

(1ZB) For the purposes of subsection (1ZA)—

(a) section 169S(3) is treated as having effect with the omission of the references to “by virtue of that holding”,

(b) section 169S(3A)(a) and (b) are to apply for the purposes of section 169S(3)(c)(ii) but as if the reference to the final day of the period mentioned in section 169S(3A)(a) were to the time immediately after the disposal, and

(c) the condition in section 169S(3)(c)(i) is to be read as containing two separate conditions (one relating to profits and the other relating to assets).”, and

Finance (No. 3) Bill, *continued*

- (b) in subsection (1A)(a), for “subsection (1)(aa)” substitute “subsection (1)(b)”.
- (4) In section 169S (interpretation of Chapter), for subsections (3) and (4) substitute—
 - “(3) For the purposes of this Chapter a company is a “personal company” in relation to an individual if—
 - (a) the individual holds at least 5% of the ordinary share capital of the company,
 - (b) by virtue of that holding, at least 5% of the voting rights in the company are exercisable by the individual, and
 - (c) either or both of the following conditions are met—
 - (i) by virtue of that holding, the individual is beneficially entitled to at least 5% of the profits available for distribution to equity holders and, on a winding up, would be beneficially entitled to at least 5% of assets so available, or
 - (ii) in the event of a disposal of the whole of the ordinary share capital of the company, the individual would be beneficially entitled to at least 5% of the proceeds.
- (3A) In determining whether subsection (3)(c)(ii) applies for the purposes of any provision of this Chapter under which a question arises as to whether or not a company is the individual’s personal company at any time in a particular period —
 - (a) it is to be assumed that (so far as this is not otherwise the case) the whole of the ordinary share capital is disposed of at that time for a consideration equal to its market value on the final day of the period,
 - (b) it is to be assumed that the amount of the proceeds to which the individual would be beneficially entitled at that time is the amount of the proceeds to which, having regard to all the circumstances as they existed at that time, it would be reasonable to expect the person to be beneficially entitled, and
 - (c) the effect of any avoidance arrangements is to be ignored.
- (3B) For the purposes of subsection (3A)(c)—
 - (a) arrangements are “avoidance arrangements” if the main purpose of, or one of the main purposes of, the arrangements is to secure that any provision of this Chapter applies or does not apply, and
 - (b) “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).
- (3C) For the purposes of subsection (3) if the individual holds any shares in the company jointly with one or more other persons, the individual is to be treated as the sole holder of so many of them as is proportionate to the value of the individual’s share (and references in subsection (3) to the exercise of voting rights or beneficial entitlement are to be read accordingly).
- (3D) A modified version of Chapter 6 of Part 5 of CTA 2010 (group relief: equity holders and profits or assets available for distribution) applies for the purposes of subsection (3) reading references to company A as references to the individual.

Finance (No. 3) Bill, *continued*

- (3E) The reference here to a modified version of Chapter 6 of Part 5 of CTA 2010 is to the provisions of that Chapter having effect as if—
- (a) for the purposes of section 158(1)(b), a person carrying on a business of banking were not a loan creditor of a company in respect of any loan capital or debt issued or incurred by the company for money lent by the person to the company in the ordinary course of that business,
 - (b) sections 171(1)(b) and (3), 173, 174 and 176 to 181 were omitted, and
 - (c) any modifications were made as are necessary for the purpose of applying that Chapter as if the individual were company A.””

Kirsty Blackman
Mhairi Black

34

- ★ Schedule 15, page 297, line 42, leave out “29 October 2018” and insert “6 April 2019”

The Chancellor of the Exchequer

3

Schedule 15, page 298, line 7, at end insert “but, in the case of a disposal made before 21 December 2018, section 169LA(1ZA)(a) of TCGA 1992 has effect as if the reference to section 169S(3)(c)(ii) of that Act were omitted”

Kirsty Blackman
Mhairi Black

35

- ★ Schedule 15, page 298, line 10, at end insert—
- “(6) In relation to disposals on or after 29 October 2018, the amendments made by this Schedule to the definition of “personal company” do not apply in relation to any day before 29 October 2018.”

ORDER OF THE HOUSE [12 NOVEMBER 2018]

That the following provisions shall apply to the Finance (No.3) Bill:

Committal

1. The following shall be committed to a Committee of the whole House—
 - (a) Clauses 5, 6, 8, 9 and 10 (income tax thresholds and reliefs);
 - (b) Clause 15 and Schedule 3 (offshore receipts in respect of intangible property);
 - (c) Clause 16 and Schedule 4 (avoidance involving profit fragmentation arrangements);
 - (d) Clause 19 (hybrid and other mismatches: scope of Chapter 8 and “financial instrument”);
 - (e) Clause 20 (controlled foreign companies: finance company exemption and control);
 - (f) Clause 22 and Schedule 7 (payment of CGT exit charges);
 - (g) Clause 23 and Schedule 8 (corporation tax exit charges);
 - (h) Clause 38 and Schedule 15 (entrepreneurs’ relief);
 - (i) Clauses 39 and 40 (gift aid and charities);

Finance (No. 3) Bill, continued

- (j) Clauses 41 and 42 (stamp duty land tax: first-time buyers in cases of shared ownership);
 - (k) Clauses 46 and 47 (stamp duty and SDRT);
 - (l) Clauses 61 and 62 and Schedule 18 (remote gaming duty and gaming duty);
 - (m) Clauses 68 to 78 (carbon emissions tax);
 - (n) Clause 83 (international tax enforcement: disclosure arrangements);
 - (o) Clause 89 (minor amendments in consequence of EU withdrawal);
 - (p) Clause 90 (emissions reduction trading scheme: preparatory expenditure);
 - (q) any new Clauses or new Schedules relating to—
 - (i) tax thresholds or reliefs,
 - (ii) the subject matter of any of clauses 68 to 78, 89 and 90,
 - (iii) gaming duty or remote gaming duty, or
 - (iv) tax avoidance or evasion.
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 two days.
- 4. Those proceedings shall be taken on each of those days 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.

TABLE

| <i>Proceedings</i> | <i>Time for conclusion of proceedings</i> |
|---|--|
| <i>First day</i> | |
| Clauses 5, 6, 8, 9, 10 and 38 and Schedule 15; Clauses 39 to 42; any new Clauses or new Schedules relating to tax thresholds or reliefs | 3 hours from commencement of proceedings on the Bill on the first day |
| Clauses 68 to 78 and 89 and 90; any new Clauses or new Schedules relating to the subject matter of those clauses | 6 hours from commencement of proceedings on the Bill on the first day |
| <i>Second day</i> | |
| Clauses 61 and 62 and Schedule 18; any new Clauses or new Schedules relating to remote gaming duty or gaming duty | 3 hours from commencement of proceedings on the Bill on the second day |

Finance (No. 3) Bill, *continued*

TABLE

| <i>Proceedings</i> | <i>Time for conclusion of proceedings</i> |
|--|--|
| Clause 15 and Schedule 3; Clause 16 and Schedule 4; Clauses 19 and 20; Clause 22 and Schedule 7; Clause 23 and Schedule 8; Clauses 46 and 47; Clause 83; any new Clauses or new Schedules relating to tax avoidance or evasion | 6 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 Tuesday 11 December 2018.
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 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.

NOTICES WITHDRAWN

The following Notices were withdrawn on 3 January 2019:

Amendments 9 and 10