

## **Notes on Finance Bill resolutions 6<sup>th</sup> September 2017**

### **1. Taxable benefits**

Authorises the Finance Bill to make provision

- a) (including provision having retrospective effect) amending Part 3 of the Income Tax (Earnings and Pensions) Act 2003; and
- b) in a future year amending Chapter 6 of that Part (taxable benefits: cars etc).

### **2. Pensions advice**

Authorises the Finance Bill to make provision (including with retrospective effect) for an employment-related exemption from income tax in connection with pensions-related advice or information.

### **3. Income tax treatment of certain legal expenses etc**

Authorises the Finance Bill to make provision (including with retrospective effect) about

- a) the deductions from earnings that are allowed under section 346 of the Income Tax (Earnings and Pensions) Act 2003;
- b) the exceptions from the application of Chapter 3 of Part 6 of that Act provided for in sections 409 and 410 of that Act; and
- c) the payments that are deductible payments for the purposes of Part 8 of that Act by virtue of section 558 of that Act.

### **4. Termination payments etc**

Authorises the Finance Bill to make provision in a future year about the tax treatment of payments or benefits received in connection with the termination of an employment or a change in the duties in, or earnings from, an employment.

### **5. PAYE settlement agreements**

Authorises the Finance Bill to make provision in a future year amending sections 703 and 704 of the Income Tax (Earnings and Pensions) Act 2003 (PAYE agreements).

### **6. Pensions: money purchase annual allowance**

Authorises the Finance Bill to make provision (including with retrospective effect) about the money purchase annual allowance.

### **7. Dividend nil rate**

Authorises the Finance Bill to make provision taking effect in a future year about the dividend nil rate of income tax.

### **8. Gains from contracts for life insurance etc**

Authorises the Finance Bill to make provision amending Chapter 9 of Part 4 of the Income Tax (Trading and Other Income) Act 2005.

## **9. The “no pre-arranged exits requirement”**

Authorises the Finance Bill to make provision (including with retrospective effect) about the “no pre-arranged exits requirement” for the purposes of the enterprise investment scheme and the seed enterprise investment scheme.

## **10. Venture capital trusts (follow on funding and exchange of shares)**

Authorises the Finance Bill to make provision (including with retrospective effect) amending Chapter 6 of Part 6 of the Income Tax Act 2007.

## **11. Social investment tax relief**

Authorises the Finance Bill to make provision (including with retrospective effect) about social investment tax relief.

## **12. The “no disqualifying arrangements requirement”**

Authorises the Finance Bill to make provision (including with retrospective effect) about the “no disqualifying arrangements requirement” for the purpose of the enterprise investment scheme, the seed enterprise investment scheme and venture capital trusts.

## **13. Business investment relief**

Authorises the Finance Bill to make provision (including with retrospective effect) about the conditions under which business investment relief in Chapter A1 of Part 14 of the Income Tax Act 2007 is available.

## **14. Basis of calculation of profits for income tax purposes**

Authorises the Finance Bill to make provision (including with retrospective effect) for income tax purposes:

- a) about the calculation on the cash basis of profits; and
- b) in other respects about the basis of calculation of profits.

## **15. Trading and property allowances**

Authorises the Finance Bill to make provision (including with retrospective effect) for new reliefs available in respect of, and of amounts determined by reference to:

- a) an individual’s trading income and miscellaneous income; or
- b) an individual’s property income.

## **16. Corporation tax relief for losses etc**

Authorises the Finance Bill to make provision (including with retrospective effect):

- a) about how corporation tax relief is to be given for losses, deficits, expenses and other amounts; and
- b) for counteracting the effect of tax avoidance arrangements concerning corporation tax relief for such amounts.

## **17. Corporate interest restriction**

Authorises the Finance Bill to make provision (including with retrospective effect) about the amounts that may be brought into account for the purposes of corporation tax in respect of interest and other financing costs.

## **18. Museum and gallery exhibitions: tax relief and tax credits**

Authorises the Finance Bill to make provision

- a) (including with retrospective effect) for relief from corporation tax in connection with the production of museum and gallery exhibitions;
- b) for tax credits to be paid to museums and galleries exhibition production companies in respect of expenditure on the production of exhibitions.

## **19. Corporation tax relief for expenditure on grassroots sport**

Authorises the Finance Bill to make provision (including with retrospective effect) for relief from corporation tax for expenditure on grassroots sport.

## **20. Profits arising from the exploitation of patents**

Authorises the Finance Bill to make provision (including with retrospective effect) amending Part 8A of the Corporation Tax Act 2010.

## **21. Hybrid and other mismatches**

Authorises the Finance Bill to make provision (including with retrospective effect) amending Part 6A of the Taxation (International and Other Provisions) Act 2010.

## **22. Trading profits taxable at the Northern Ireland rate**

Authorises the Finance Bill to make provision

- a) about the extent to which trading profits are chargeable to corporation tax at the Northern Ireland rate;
- b) amending the Capital Allowances Act 2001 in connection with Part 8B of the Corporation Tax Act 2010 (trading profits taxable at the Northern Ireland rate); and
- c) to reflect changes to the Northern Ireland departments and the creation of new Ministerial offices.

## **23. Chargeable gains**

Authorises the Finance Bill to make provision (including with retrospective effect) amending the Taxation of Chargeable Gains Act 1992.

## **24. Domicile**

Authorises the Finance Bill to make provision (including with retrospective effect) for tax purposes—

- a) for and in connection with deeming individuals to be domiciled in the United Kingdom; and
- b) in relation to settlements with a settlor domiciled outside the United Kingdom at any time.

## **25. Value of certain benefits**

Authorises the Finance Bill to make provision (including with retrospective effect) about the value of benefits for the purposes of Chapter 2 of Part 13 of the Income Tax Act 2007.

## **26. Inheritance tax (overseas property)**

Authorises the Finance Bill to make provision (including with retrospective effect) as to the extent to which overseas property with value attributable to residential property in the United Kingdom is excluded property for inheritance tax purposes.

## **27. Disguised remuneration schemes**

Authorises the Finance Bill to make provision:

- a) taking effect in a future year about the application of Chapter 2 of Part 7A of the Income Tax (Earning and Pensions) Act 2003 in cases where loans are made and rights acquired;
- b) taking effect in a future year about the income tax treatment of loans, or acquired rights, in cases where there is an arrangement in connection with a trade;
- c) (including with retrospective effect) about the income tax treatment of benefits arising in pursuance of an arrangement in connection with a trade;
- d) (including with retrospective effect) amending— (i.) sections 38 and 866 of the Income Tax (Trading and Other Income) Act 2005, and (ii.) section 1290 of the Corporation Tax Act 2009.

## **28. Disguised remuneration schemes (relevant tax payments)**

Provides for changes to the rules for taxing employment income paid through third parties in the Income Tax (Earnings and Pensions) Act 2003 (ITEPA), by amending section 554XA ITEPA (which was introduced by paragraph 9 of Schedule 6 to the Finance Act 2017) to restrict a specific relief for payments of tax to exclude payments of income tax and National Insurance Contributions. This removes an unintended consequence of the relief. Relief for payments of income tax and NICs can be given under the double taxation relief provisions in sections 554Z5 and 554Z11C ITEPA. The changes will have effect from 21 July 2017.

## **29. First-year allowance for expenditure on electric vehicle charging points**

Authorises the Finance Bill to make provision (including with retrospective effect) for a first-year allowance under Part 2 of the Capital Allowances Act 2001 for expenditure on electric vehicle charging points.

## **30. Transactions in land in the United Kingdom**

Authorises the Finance Bill to make provision (including with retrospective effect) in relation to the amounts in relation to which the amendments made by sections 76 to 80 of the Finance Act 2016 have effect.

## **31. Co-ownership authorised contractual schemes**

Authorises the Finance Bill to make provision about co-ownership authorised contractual schemes.

### **32. Air passenger duty (rates)**

Authorises the Finance Bill to make provision taking effect in a future year increasing the rates of air passenger duty.

### **33. Petroleum revenue tax: elections**

Authorises the Finance Bill to make provision (including with retrospective effect) amending Schedule 20B to the Finance Act 1993.

### **34. Gaming duty**

Provides for the table of gross gaming yield bandings in section 11(2) of the Finance Act 1997 to be substituted and for those bandings to have effect for accounting periods that begin on or after 1 April 2017.

### **35. Remote gaming duty**

Authorises the Finance Bill to make provision (including with retrospective effect) about remote gaming duty.

### **36. Tobacco products manufacturing machinery (licensing schemes)**

Authorises the Finance Bill to make provision conferring powers on the Commissioners for Her Majesty's Revenue and Customs to make provision for, or in connection with, a licensing scheme for persons carrying out certain activities in relation to tobacco products manufacturing machinery.

### **37. Third country goods fulfilment businesses**

Authorises the Finance Bill to make provision for the approval and registration of persons carrying on a third country goods fulfilment business.

### **38. Digital reporting and record-keeping**

Authorises the Finance Bill to make provision for and in connection with digital reporting and record-keeping for businesses within the charge to income tax and for partnerships.

### **39. Digital reporting and record-keeping for VAT**

Authorises the Finance Bill to make provision:

- a. for and in connection with reporting and record-keeping for value added tax; and
- b. taking effect in a future year for and in connection with digital record-keeping for value added tax.

### **40. Partial closure notices**

Authorises the Finance Bill to make provision in relation to enquiries made by Her Majesty's Revenue and Customs into tax returns.

### **41. Errors in taxpayers' documents**

Authorises the Finance Bill to make provision amending Schedule 24 to the Finance Act 2007.

### **42. Penalties for enablers of defeated arrangements for avoiding tax or NICs**

Authorises the Finance Bill to make provision about

- a) penalties for persons who enable arrangements for avoiding tax which are defeated; and
- b) penalties for persons who enable arrangements for avoiding national insurance contributions which are defeated.

#### **43. Disclosure of tax avoidance schemes: VAT and other indirect taxes**

Authorises the Finance Bill to make provision about the disclosure of avoidance schemes relating to VAT or other indirect taxes.

#### **44. Requirement to correct offshore tax non-compliance**

Authorises the Finance Bill to make provision for and in connection with requiring persons to correct offshore tax non-compliance which relates to income tax, capital gains tax or inheritance tax and subsists at the end of the tax year 2016-17.

#### **45. Penalty for transactions connected with VAT fraud**

Authorises the Finance Bill to make provision for and in connection with the imposition of penalties in cases where a person enters into a transaction connected with the fraudulent evasion of VAT by another when the person knew or should have known that the transaction was so connected.

#### **46. Data-gathering powers**

Authorises the Finance Bill to make provision amending Part 2 of Schedule 23 to the Finance Act 2011 in relation to money service businesses.

#### **47. Northern Ireland welfare payments**

Authorises the Finance Bill to make provision amending section 44(2) of the Finance Act 2016 so as to take account of the Housing Benefit (Amendment No. 2) Regulations (Northern Ireland) 2016.

#### **48. Incidental provision etc**

Authorises the Finance Bill to make provision for:

- a) any incidental or consequential charges to any duty or tax (including charges having retrospective effect) that may arise from provision designed in general to afford relief from taxation; and
- b) any incidental or consequential provision (including provision having retrospective effect) relating to provision authorised by any other resolution.

## **Whether resolutions would authorise provision relating only to part of United Kingdom**

In the view of HM Government, each of the resolutions for this Finance Bill (if passed) would authorise provision that extends and applies to the whole of the United Kingdom.

Resolution 32 deals with air passenger duty. Air passenger duty currently applies across the whole of the UK. The Scottish Parliament does have a power in section 80L of the Scotland Act 1998 to make provision for the taxation of the carriage of passengers from airports in Scotland but that power may only be used to impose a charge on the carriage of passengers boarding aircraft on or after a date that is yet to be appointed by the Treasury.

## **Minor or consequential effects**

None identified.