



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Siobhain McDonagh MP and Andrew Rosindell MP
Chairs of the Finance Bill Public Bill Committee
House of Commons
London
SW1A 0AA

4 June 2020

Dear Siobhain and Andrew

FINANCE BILL: GOVERNMENT AMENDMENTS

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

Clause 15 and Schedule 1 (Part 2): Election for loan charge to be split over three tax years (amendments 1 and 2)

Clause 15 introduces provisions which enable individuals subject to the Loan Charge to elect to split their liability over three years. Such elections must be made before 1 October 2020. Amendments are being made in light of taxpayers who might be affected by COVID-19.

Amendments 1 and 2 enable HM Revenue & Customs, by Regulations, to specify a date later than 1 October 2020 for a specified class of Loan Charge taxpayer. The amendment ensures that if the effect of COVID-19 is such that some Loan Charge taxpayers are unable, by 1 October 2020, to make an election to split their Loan Charge liability, HM Revenue & Customs may, by Regulations, extend the date by which a specified group of Loan Charge taxpayers must make an election.

Clause 17: Relief from interest on tax payable by a person subject to the loan charge (amendment 3)

Clause 17 introduces provisions which enable HMRC to disapply for individuals subject to the Loan Charge, interest on 2018/19 balancing tax liabilities (and 2019/20 payments on account) provided that a full and accurate 2018/19 Self-Assessment return is filed by end of September 2020 and that payment of the 2018/19 balancing tax liability is paid by that date (or an arrangement to pay over a longer period is entered into). The end of September reflects the published date whereby individuals subject to the Loan Charge can file their 2018/19 Self-Assessment return by 30 September 2020 rather than 31 January 2020. An amendment is being made in light of taxpayers who might be affected by COVID-19.

Amendment 3 enables HM Revenue & Customs, by Regulations, to specify a date later than the end of September for a specified class of Loan Charge taxpayer. The amendments ensure that if the effect of COVID-19 is such that some Loan Charge taxpayers are unable to file a full and accurate 2018/19 Self-Assessment return by end of September 2020, and HM Revenue & Customs decide to extend that date, Regulations may be laid to ensure that the interest disapplication mirrors the new concessionary filing date for the specified class of Loan Charge taxpayers.

New Clause 1 and New Schedule 1: Workers' services provided through intermediaries

New Clause 1 and New Schedule 1 will extend the reform of the off-payroll working rules to medium and large businesses in all sectors outside the public sector from April 2021. The reform has been in place in the public sector since April 2017.

This clause and schedule were originally published in draft in July 2019. They are being introduced at this stage via Government amendment with a new

commencement date of April 2021. This is following the announcement of a delay to the introduction of the reform on 17 March 2020, as part of the Government's COVID-19 economic response package.

The off-payroll working rules have been in place since 2000 and aim to ensure that individuals who are working like employees, but through their own personal service company, pay broadly the same income tax and National Insurance contributions as individuals who are employed directly.

The reform shifts responsibility for determining whether the off-payroll working rules apply from the contractor's Personal Service Company to the client engaging them. It also requires the client or fee-payer to account for and deduct employment taxes where they are due, rather than the contractor's Personal Service Company.

This will improve compliance with the off-payroll working rules and will help to ensure fairness between individuals working in similar ways.

I am copying this letter to other members of the Public Bill Committee, and depositing a copy of this letter in the Library of the House. The corresponding ENs, TIINs and notes on resolutions are also available on the Finance Bill 2020 GOV.UK webpage.

A handwritten signature in black ink, appearing to read 'Jesse'.

RT HON JESSE NORMAN MP