



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

Dame Angela Eagle MP and Sir Gary Streeter MP
Chairs of the Finance Bill Public Bill Committee
House of Commons
London
SW1A 0AA

22 April 2021

Dear Angela and Gary

FINANCE BILL: GOVERNMENT AMENDMENTS

I am writing to inform you of proposed Government amendments to the current Finance Bill, which have been tabled ahead of its Public Bill Committee stage.

Clause 18 and Schedule 2: Extended loss carry back for businesses (amendment 16)

Clause 18 and Schedule 2 make provision for a temporary extension of the period to which trade losses may be carried back. Amendment 16 removes an unnecessary reference to UK furnished holiday lettings (FHL) businesses. Individuals with UK FHLs are not entitled to the pre-existing relief to carry back trade losses. Therefore, the reference to FHL businesses in the provision that extends the relief is unnecessary.

Clause 29 and Schedule 5: Pension schemes: collective money purchase benefits (amendments 17-18)

The Government has enabled collective money purchase pension schemes, which are also known as collective defined contribution pension schemes, through the framework set out in the Pension Schemes Act 2021, which received Royal Assent earlier this year. These are a new style of pension scheme, enabling employers and employees to work together to deliver mutually beneficial outcomes. The clause and related schedule in this Bill make corresponding changes to accommodate collective money purchase schemes in pensions tax legislation. They ensure that pension schemes providing collective money purchase benefits can operate as UK registered pension schemes, without giving rise to unintended tax consequences.

There is special provision in the Pension Schemes Act 2021 so that, in the unlikely event of a pension scheme that provides collective money purchase benefits being wound up, it can still make payments to its pensioners.

The Government is proposing two amendments to Schedule 5. Amendments 17 and 18 make minor changes so that there are no adverse tax consequences if in the future those payments to pensioners are made by collective money purchase pension schemes in Northern Ireland in the process of being wound up.

Clause 116 and Schedule 28: Late payment interest and repayment interest (amendment 19)

Clause 116 and Schedule 28 make amendments to the Finance Act 2009 relating to late payment and repayment interest for Value Added Tax (VAT).

The Government is proposing one amendment to Schedule 28, amendment 19, in response to stakeholder feedback to ensure the regime is fair to taxpayers. Amendment 19 will allow for repayment interest to be paid in instances where HMRC have raised a reasonable enquiry, or for any period where HMRC are correcting errors or omissions in a particular VAT return. This amendment ensures a consistent approach to repayment interest across VAT, Income Tax Self-Assessment (ITSA) and Corporation Tax (CT), which is fairer for taxpayers.

I am copying this letter to the other members of the Public Bill Committee and am depositing a copy of this letter in the Library of the House. The corresponding Explanatory Notes are available on the Finance Bill 2021 GOV.UK webpage: <https://www.gov.uk/government/publications/finance-bill-2021-public-bill-committee>.

As ever,

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

RT HON JESSE NORMAN MP