All line references relate to the large font accessible version of the Bill

House of Commons

Committee of the whole House: Wednesday 1 December 2021

Finance (No. 2) Bill (Amendment Paper)

Clauses to be considered in Committee of the whole House: Clause 4 (increase in rates of tax on dividend income); Clause 6 (rate of banking surcharge and surcharge allowance); Clauses 7 and 8 and Schedule 1 (attribution of trade and property business profits etc for a tax year); Clause 12 (capital allowances: extension of temporary increase in annual investment allowance); Clauses 27 and 28 (diverted profits tax: mutual agreement procedure and closure notices etc); Clauses 53 to 66 (economic crime (anti-money laundering) levy); Clauses 68 to 71 (value added tax); Clauses 84 to 92 and Schedules 12 and 13 (avoidance); Clause 93 and Schedule 14 (free zones); and any new Clauses or new

Schedules relating to the subject matter of the Clauses and Schedules mentioned in paragraphs (a) to (i).

This document should be read alongside the provisional Selection and Grouping by the Chairman of Ways and Means, which sets out the order in which the amendments will be debated.

CLAUSE 4; CLAUSE 6; CLAUSES 7 AND 8 AND SCHEDULE 1; CLAUSE 12; ANY NEW CLAUSES OR NEW SCHEDULES RELATING TO THE SUBJECT MATTER OF THOSE CLAUSES AND THAT SCHEDULE

Keir Starmer **1**

Page 4, line 11, leave out Clause 6

Member's explanatory statement

This amendment deletes clause 6 which reduces the rate of the banking surcharge and the level of the surcharge allowance.

Ian Blackford **5**

Clause 12, page 26, line 5, at end insert “, and at the end of section 32(1) insert “, but eligibility for the increased maximum annual allowance from 1 January 2022 to 31 March 2023 is available only to businesses which can demonstrate that they have taken steps to reduce carbon emissions within their own business models and have set out further steps for how they plan to reduce carbon emissions towards a net zero goal”.”

Member’s explanatory statement

This amendment would restrict access to the extended temporary increase in annual investment allowance to businesses that support transition to “net-zero”.

Ian Blackford **6**

Clause 12, page 26, line 5, at end insert “, and at the end of section 32(1) insert “, but eligibility for the increased maximum annual allowance from 1 January 2022 to 31 March 2023 is available only to businesses which do not have a history of tax avoidance”.”

Member’s explanatory statement

This amendment would restrict access to the extended temporary increase in annual investment allowance to businesses that do not have a history of tax avoidance.

Ben Lake **4**

Clause 12, page 26, line 22, at end insert—

“(3) The Chancellor of the Exchequer must, no later than 5 April 2022, lay before the House of Commons a report—

(a) analysing the fiscal and economic effects of the temporary increase in annual investment allowance, and the changes in those effects which it estimates will occur as a result of the provisions of this section, in respect of—

(i) each NUTS 1 statistical region of England and England as a whole,

(ii) Scotland,

(iii) Wales, and

(iv) Northern Ireland; and

(b) assessing how the temporary increase in annual investment allowance is furthering efforts to mitigate climate change, and any differences in the benefit of this funding in respect of—

(i) each NUTS 1 statistical region of England and England as

a whole,

(ii) Scotland,

(iii) Wales, and

(iv) Northern Ireland.”

Member’s explanatory statement

This amendment would require the Chancellor of the Exchequer to analyse the impact of changes proposed in clause 12 in terms of impact on the economy and geographical reach and to assess the impact of the temporary increase in the annual investment allowance on efforts to mitigate climate change.

Ian Blackford **7**

Clause 12, page 26, line 22, at end insert—

“(3) In paragraph 2(3) of Schedule 13 of that Act—

(a) after “second straddling period is” insert “the greater of (a)”; and

(b) after “of that sub-paragraph” add “and (b) the amount (if any) by which the maximum allowance under section 51A of CAA 2001 had there been no temporary increase in the allowance exceeds the annual investment allowance qualifying expenditure incurred before 1 April 2023.””

Member’s explanatory statement

This amendment would amend the transitional provisions for the reversion of the AIA to £200,000 on 1 April 2023, to ensure that smaller businesses with lower levels of qualifying capital expenditure are not disadvantaged by having their effective AIA limit restricted to significantly less than £200,000 for a period.

Keir Starmer **NC1**

To move the following Clause—

"Review of the impact on revenues from tax on dividend income

The Chancellor of the Exchequer must, within six months of the passing of this Act, publish an assessment of the impact on revenues from tax on dividend income of increasing the rates set out in section 8 of ITA 2007 by—

(a) 1.25%,

(b) 2.5%, and

(c) 3.75%."

Member's explanatory statement

This new clause requires an assessment of what extra revenue would be derived by increasing the rates of tax on dividend income by different amounts.

Keir Starmer **NC2**

To move the following Clause—

“Review of the impact on revenues from banking surcharge

(1) The Chancellor of the Exchequer must, within six months of the passing of this Act, publish an assessment of revenues from the banking surcharge.

(2) This review must consider—

(a) the total revenue raised by the banking surcharge since its introduction,

(b) the total public expenditure on supporting the banking sector since 2008, and

(c) an assessment of risks to the banking sector in the future including the likelihood of further public support being required.”

Member's explanatory statement

This new clause requires an assessment of the banking surcharge in the context of the cost of public support to banks since the financial crisis and an assessment of the risk of the need for further public support in future.

Keir Starmer **NC3**

To move the following Clause—

"Review of the impact of the extension of temporary increase in annual investment allowance

The Chancellor of the Exchequer must, within three months of the end of tax year 2022-23, publish a review of decisions by companies to invest in the UK in 2022-23, which must report on which companies, broken down by size, sector, and country of ownership, have benefited from the annual investment allowance; and this assessment must also assess the merits of the existence of the superdeduction in light of the AIA."

Member's explanatory statement

This new clause requires a review of which companies have benefited from the Annual Investment Allowance in 2022-23, broken down by size, sector, and country of ownership, and an assessment of the merits of the superdeduction in light of the AIA.

Jon Trickett **NC8**

To move the following Clause—

"Review of changes to taxation of dividend income

(1) The Chancellor of the Exchequer must, not later than six months after the passing of the Act, lay before the House of Commons a review of the fiscal and economic effects of the changes in the taxation of dividend income resulting from the provisions of section 4 of this Act.

(2) The review under subsection (1) must also include an assessment of the fiscal and economic effects of—

(a) removing the personal dividend taxation allowance, and

(b) amending the dividend income rates of taxation to match the existing rates of taxation of earnings."

Member's explanatory statement

This new clause would require the Government to report to the House on the fiscal and economic effects of the changes made by clause 4 to the rates of taxation of dividend income, and also to assess the effects of other changes to the taxation of dividend income.

Ian Blackford **NC9**

To move the following Clause—

"Review of bank levy, bank support and banking sector risk

The Government must publish within 12 months of this Act coming into effect an assessment of—

(a) the total revenue raised by the Bank Levy/Bank Corporation Tax Surcharge since their introduction in 2011, relative to state support for the banking sector over the period since the financial crisis in 2008;

(b) how many years of the Bank Surcharge at 3% would be required for the state to insure against a further financial crisis; and,

(c) the current risks in the banking sector and likelihood of further state bailouts in the next decade."

Member's explanatory statement

This new clause would require the Government to publish an assessment of the revenue raised by the bank levy since its introduction, and information relating to state support for the banking sector since the financial crisis and about risks in the banking sector.

Ian Blackford **NC10**

To move the following Clause—

"Assessment of annual investment allowance

The Government must publish within 12 months of this Act coming into effect an assessment of—

(a) how much the changes to the annual investment allowance under section 12 of this Act will affect GDP in the event of the Finance Act coming into effect, and

(b) how the same changes would have affected GDP had the UK—

(i) remained in the European Union, and

(ii) left the European Union without a Future Trade and Investment Partnership."

Member's explanatory statement

This new clause would require an assessment of the effects of the provisions in clause 12 on GDP in different scenarios.

Ian Blackford **NC11**

To move the following Clause—

"Review of temporary increase in annual investment allowance

The Government must publish within 12 months of this Act coming into effect an assessment of—

(a) the size, number, and location of companies claiming the increased annual investment allowance,

(b) the impact of this relief upon levels of capital investment, and

(c) the percentage of total business investments that were covered by this relief in 2019, 2020 & 2021.”

Member’s explanatory statement

This new clause would require an assessment of the take-up and impact of the temporary increase in the AIA.

Richard Burgon **NC16**

To move the following Clause—

“Assessment of revenue effects of increases in the rates of tax on dividend income

The Chancellor of the Exchequer must, no later than 31 January 2022, lay before the House of Commons an assessment of the effects on tax revenues of—

(a) the provision of section 4, and

(b) increasing the rates of tax on dividend income to the default rates of income tax.”

Christine Jardine **NC17**

All line references relate to the large font accessible version of the Bill

To move the following Clause—

"Review of impact of the abolition of basis periods

(1) The Chancellor of the Exchequer must, within six months of the passing of this Act, review the impact of the abolition of basis periods.

(2) The review must consider the effects of the abolition on—

(a) farmers and other seasonal businesses,

(b) sole traders, and

(c) partnerships.

(3) The review must consider the effects of the abolition in respect of—

(a) each region of England and England as a whole,

(b) Scotland,

(c) Wales, and

(d) Northern Ireland.

(4) In this section, "region" has the same meaning as that used by the Office for National Statistics."

Member's explanatory statement

This new clause would require a report on the effects of the abolition of basis periods on particular sectors, including farming and other seasonal businesses, sole traders and partnerships.

CLAUSES 27 AND 28; CLAUSES 53 TO 66; CLAUSES 84 TO 89; CLAUSE 90 AND SCHEDULE 12; CLAUSE 91 AND SCHEDULE 13; CLAUSE 92; ANY NEW CLAUSES OR NEW SCHEDULES RELATING TO THE SUBJECT MATTER OF THOSE CLAUSES AND THOSE SCHEDULES

The Chancellor of the Exchequer **2**

Clause 28, page 55, line 23, leave out from “to” to end of line 25 and insert “a relevant

enquiry”

Member’s explanatory statement

See the explanatory statement for Amendment 3.

The Chancellor of the Exchequer **3**

Clause 28, page 56, line 9, at end insert—

"(3A) In subsection (2), "relevant enquiry" means—

(a) an enquiry into the company tax return for the accounting period mentioned in subsection (1)(a);

(b) where the charging notice mentioned in subsection (1)(a) is issued to a company ("the foreign company") for an accounting period by reason of section 86 applying in relation to it for that accounting period, an enquiry into any company tax return for the avoided PE (within the meaning of section 86) that may be amended by virtue of section 101B(2) so as to reduce the taxable diverted profits arising to the foreign company in that accounting period."

Member's explanatory statement

This amendment (together with Amendment 2) is to prevent the issuance, during a diverted profits tax review period of a foreign company, of a closure notice in respect of a company tax return of an entity carrying on trading activity in the UK where that return is capable of being amended to bring into account amounts that would otherwise be taxable diverted profits of the foreign company.

Keir Starmer **NC4**

To move the following Clause—

"Review of income from the diverted profits tax

(1) The Chancellor of the Exchequer must, within six months of the passing of this Act, publish an assessment of the income forecast from the diverted profits tax in each of the tax years—

(a) 2022-23,

(b) 2023-24, and

(c) 2024-25.

(2) This assessment must consider the impact on the operation of the diverted profits

tax of the OECD-G20 Inclusive Framework package of reforms being implemented, including a global minimum rate of corporation tax being introduced and set at—

(a) 15 per cent, and

(b) 21 per cent.”

Member’s explanatory statement

This new clause requires an assessment of the income forecast to be raised by the diverted profits tax in each of the next three financial years; and the assessment must consider what the impact would be of the OECD-G20 Inclusive Framework package of reforms being implemented, including a global minimum rate of corporation tax being introduced at either 15 or 21 per cent.

Keir Starmer **NC5**

To move the following Clause—

“Reviews of Economic Crime (Anti-Money Laundering) Levy

(1) The Government must publish a review of the operation of the Economic Crime (Anti-Money Laundering) Levy by 31 December 2027.

(2) The Government must publish on 31 December each year until the establishment of a register of beneficial owners of overseas entities that own UK property—

(a) an assessment of the contribution to the effectiveness of the Levy that such a register would make; and

(b) an update on progress toward implementing such a register."

Member's explanatory statement

This new clause will put into law the Government's commitment to undertake a review of the Levy by the end of 2027, and require them to publish an assessment every year until a register of beneficial owners of overseas entities that own UK property is in place an assessment of what impact such a register would have on the effectiveness of the Levy, and progress toward the register being established.

All line references relate to the large font accessible version of the Bill

Keir Starmer **NC7**

To move the following Clause—

"Reporting on provisions relating to publication of information about tax avoidance schemes

(1) The Chancellor of the Exchequer must, within three months of the passing of this Act, lay before the House of Commons and publish a review of the impact of measures contained within this Act that relate to the publication by HMRC of information about tax avoidance schemes.

(2) The review undertaken by the Chancellor under subsection (1) must include commissioning an independent assessment of the information published by HMRC about disguised remuneration loan schemes.

(3) The independent assessment under subsection (2) must include consideration of the following with respect to the purposes set out in section 85(1)(a) and (b) of this Act—

(a) HMRC's approach to the loan charge scheme; and

(b) recommendations for altering that approach.

(4) The Government must before the review commences make a statement to the House of Commons stating what efforts have been taken to guarantee the independence of the assessment under subsection (2).

(5) The Government must within three months of the publication of the review under subsection (1) make a statement to the House of Commons stating which of any recommendations under subsection (3)(b) it will be accepting, and give reasons for any decision not to accept one or more of those recommendations.

(6) The Government must every six months after the publication of the review in subsection (1) make a statement to the House of Commons stating what progress has been made towards implementing any of the recommendations that arise from subsection (3)(b) which the Government has accepted."

Member's explanatory statement

This new clause would require the Government to review the impact of measures contained in clause 85 of the Bill, and as part of that to commission an independent review of the information published by HMRC about disguised remuneration loan schemes. This independent assessment must consider HMRC's approach to the loan charge scheme and consider recommendations for altering that approach, and the Government would be required to state to the House its response to the recommendations.

Ian Blackford **NC12**

To move the following Clause—

"Assessment of Economic crime (anti-money laundering) levy

The Government must publish within 12 months of the Act coming into effect an assessment of the impact of Part 3 of this Act (Economic crime (anti-money laundering) levy) on the tax gap and how it has affected opportunities for tax evasion, tax avoidance, and other economic crimes."

Member's explanatory statement

This new clause would require an assessment of the impact of the Economic crime (anti-money laundering) levy on the tax gap and on opportunities for tax avoidance, evasion and other economic crimes.

Ian Blackford **NC13**

To move the following Clause—

"Review of avoidance provisions of sections 84 to 92 on the tax gap

The Government must publish within 12 months of the Act coming into effect an assessment of the provisions in sections 84 to 92 of this Act on the tax gap in the UK."

Member's explanatory statement

This new clause would require an assessment of the impact of the provisions on tax avoidance in clauses 84 to 92 on the tax gap.

Ian Blackford **NC14**

To move the following Clause—

"Review of provisions of section 85 and publication of information on overseas property ownership

(1) The Government must publish within 12 months of this Act coming into effect an assessment of the impact of the provisions of section 85 about the publication by HMRC of information about tax avoidance schemes.

(2) This assessment must include consideration of the impact of the publication of a register of overseas property ownership upon the promotion of tax avoidance in the UK."

Member's explanatory statement

This new clause would require an assessment of the impact of the provisions of clause 85, and consideration of the impact of publishing a register of overseas property ownership.

Dame Margaret Hodge **NC15**

To move the following Clause—

"Review of Economic crime (anti-money laundering) levy rates

All line references relate to the large font accessible version of the Bill

1. The Government must within six months of the Economic crime (antimoney laundering) levy coming into effect lay before the House of Commons an assessment of the effectiveness of rates of the levy in section 54(2) in achieving the levy's objectives.
2. The assessment under (1) must also make an assessment of how the effectiveness of the levy would be changed if each of the rates of the levy in section 54(2) were (a) doubled and (b) tripled."

Member's explanatory statement

This new clause would require the Government to assess the effectiveness of the proposed levy rates and of levy rates twice and three times as high.

Order of the House

[16 November 2021]

That the following provisions shall apply to the Finance (No. 2) Bill:

Committal

1. The following shall be committed to a Committee of the whole House—

(a) Clause 4 (increase in rates of tax on dividend income);

(b) Clause 6 (rate of banking surcharge and surcharge allowance);

(c) Clauses 7 and 8 and Schedule 1 (attribution of trade and property business profits etc for a tax year);

(d) Clause 12 (capital allowances: extension of temporary increase in annual investment allowance);

(e) Clauses 27 and 28 (diverted profits tax: mutual agreement procedure and closure notices etc);

(f) Clauses 53 to 66 (economic crime (anti-money laundering) levy);

(g) Clauses 68 to 71 (value added tax);

(h) Clauses 84 to 92 and Schedules 12 and 13 (avoidance);

(i) Clause 93 and Schedule 14 (free zones); and

(j) any new Clauses or new Schedules relating to the subject matter of the

Clauses and Schedules mentioned in paragraphs (a) to (i).

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 one day.

4. The proceedings—

(a) shall be taken on that day in the order shown in the first column of the following Table, and

(b) shall (so far as not previously concluded) be brought to a conclusion at the times specified in the second column of the Table.

Proceedings	**Time for conclusion of proceedings**
Clause 4; Clause 6; Clauses 7 and 8 and Schedule 1; Clause 12; any new Clauses or new Schedules relating	2 hours from commencement of proceedings on the Bill

to the subject matter of those Clauses and that Schedule	
Clauses 27 and 28; Clauses 53 to 66; Clauses 84 to 89; Clause 90 and Schedule 12; Clause 91 and Schedule 13; Clause 92; any new Clauses or new Schedules relating to the subject matter of those Clauses and those Schedules	4 hours from commencement of proceedings on the Bill
Clauses 68 to 71 (value added tax); Clause 93 and Schedule 14 (free zones); any new Clauses or new Schedules relating to the subject matter of those Clauses and that Schedule	6 hours from commencement of proceedings on the Bill

Proceedings in Public Bill Committee etc

5. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 13 January 2022.

6. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

7. 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.

Consideration and Third Reading

8. Proceedings on Consideration 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.

9. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

Programming committee

10. Standing Order No. 83B (Programming committees) shall not apply to proceedings in Committee of the whole House or to proceedings on Consideration and Third Reading.

Notices Withdrawn

The following notices were withdrawn on 23 November 2021:

NC6
