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Committee of the whole House: Thursday 25 November 2021

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## 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).

★ New Amendments.

☆ Amendments which will comply with the required notice period at their next appearance.

New Amendments: NC8

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*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*

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Keir Starmer  
Rachel Reeves  
Bridget Phillipson  
James Murray  
Abena Oppong-Asare  
Sir Alan Campbell

1

Page 2, line 29, 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.

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Keir Starmer  
Rachel Reeves  
Bridget Phillipson  
James Murray  
Abena Opong-Asare  
Sir Alan Campbell

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.

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Keir Starmer  
Rachel Reeves  
Bridget Phillipson  
James Murray  
Abena Opong-Asare  
Sir Alan Campbell

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.

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Keir Starmer  
Rachel Reeves  
Bridget Phillipson  
James Murray  
Abena Opong-Asare  
Sir Alan Campbell

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.

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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.

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*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*

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The Chancellor of the Exchequer

2

Clause 28, page 22, line 40, leave out from “to” to end of line 41 and insert “a relevant enquiry”

**Member’s explanatory statement**

See the explanatory statement for Amendment 3.

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The Chancellor of the Exchequer

3

Clause 28, page 23, line 5, 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.

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Keir Starmer  
Rachel Reeves  
Bridget Phillipson  
James Murray  
Abena Opong-Asare  
Sir Alan Campbell

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.

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Keir Starmer  
Rachel Reeves  
Bridget Phillipson  
James Murray  
Abena Opong-Asare  
Sir Alan Campbell

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.

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Keir Starmer  
Rachel Reeves  
Bridget Phillipson  
James Murray  
Abena Opong-Asare  
Sir Alan Campbell

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.

## 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**

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

#### **Time for conclusion of proceedings**

2 hours from commencement of proceedings on the Bill

**Proceedings**

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

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

**Time for conclusion of proceedings**

4 hours from commencement of proceedings on the Bill

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