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Public Bill Committee: Monday 13 December 2021

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## Finance (No. 2) Bill (Amendment Paper)

Except the clauses to be considered in Committee of the whole House which are: 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 lists all amendments tabled to the Finance (No. 2) Bill. Any withdrawn amendments are listed at the end of the document. The amendments are arranged in the order in which it is expected they will be decided.

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

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Lucy Frazer

That the Bill be considered in the following order, namely: Clauses 1 to 3; Clause 5; Clauses 9 to 11; Clauses 13 and 14; Schedule 2; Clause 15; Schedule 3; Clauses 16 to 24; Schedule 4; Clauses 25 and 26; Clause 29; Schedule 5; Clauses 30 and 31; Schedule 6; Clauses 32 to 41; Schedule 7; Clauses 42 to 45; Schedule 8; Clauses 46 to 49; Schedule 9; Clauses 50 to 52; Clause 67; Clauses 72 to 75; Schedule 10; Clauses 76 to 83; Schedule 11; Clause 94; Schedule 15; Clauses 95 to 99; Schedule 16; Clauses 100 to 102; new Clauses; new Schedules; remaining proceedings on the Bill.

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Lucy Frazer

That, subject to the discretion of the Chair, any written evidence received by the Committee shall be reported to the House for publication.

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James Murray 11  
 Abena Oppong-Asare  
 Liz Twist

- ☆ Clause 9, page 5, line 20, leave out “6 years” and insert “5 years and 9 months”

Lucy Frazer 1

- ☆ Schedule 2, page 97, line 24, leave out “performing investment management services”

**Member’s explanatory statement**

This amendment is one of a pair of amendments designed to secure that the definition of investment management profit-sharing arrangements is capable of encompassing arrangements where an entitlement to profits arising in connection with the provision of investment management services by an investment manager arises to another person (such as a company or a trust).

Lucy Frazer 2

- ☆ Schedule 2, page 97, line 25, leave out from “profits of” to end of line 26 and insert “investments in connection with the provision of investment management services in relation to those investments.”

**Member’s explanatory statement**

This amendment is one of a pair of amendments designed to secure that the definition of investment management profit-sharing arrangements is capable of encompassing arrangements where an entitlement to profits arising in connection with the provision of investment management services by an investment manager arises to another person (such as a company or a trust).

Lucy Frazer 3

- ☆ Schedule 2, page 99, line 36, leave out paragraph (c) and insert—  
 “(c) the fund is 70% controlled by category A investors.”

**Member’s explanatory statement**

This amendment is one of a pair of amendments that provide that a fund that is 70% controlled by category A investors meets the diversity of ownership condition.

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Lucy Frazer

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- ☆ Schedule 2, page 99, line 42, leave out “6 April 2020” and insert “1 April 2022”

**Member’s explanatory statement**

This amendment will allow existing funds marketed before the commencement of the QAHC regime to be treated as meeting regulation 75(2) of the Offshore Funds (Tax) Regulations 2009 if certain information has been produced by the fund and has been made available to HMRC.

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Lucy Frazer

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- ☆ Schedule 2, page 100, line 19, at end insert “—
- (i) as if in subsection (4) of section 450 of that Act, the reference to a loan creditor were to a creditor of the fund in respect of a normal commercial loan (within the meaning it has in paragraph 3),
  - (ii) as if in that subsection, at the end there were inserted “and for the purposes of subsection (3)(d)”, and
  - (iii) ”

**Member’s explanatory statement**

This amendment modifies the way in which the interests of creditors are accounted for in determining whether a fund is “close”.

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Lucy Frazer

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- ☆ Schedule 2, page 100, line 30, leave out sub-paragraph (6) and insert—
- “(6) A fund is 70% controlled by category A investors if a category A investor, or more than one category A investor between them, directly or indirectly possesses—
- (a) 70% or more of the voting power in the fund or, in the case of a fund that is not a body corporate, an equivalent ability to control the fund,
  - (b) so much of the fund as would, on the assumption that the whole of the income of the fund were distributed among persons with interests in the fund, entitle that investor or those investors to receive 70% or more of the amount so distributed, and
  - (c) such rights as would entitle that investor or those investors, in the event of the winding up of the fund or in any other circumstances, to receive 70% or more of the assets of the fund which would then be available for distribution among persons with interests in it.
- (6A) For the purposes of sub-paragraph (6)—
- (a) a category A investor indirectly possesses something if the investor possesses it through a body corporate or a series of bodies corporate;
  - (b) the interests of the participants in a category A investor that is a collective investment scheme that is transparent (within the meaning given by paragraph 6(7)) are to be treated as interests of

the investor (instead of its participants) if that investor meets the diversity of ownership condition as a result of sub-paragraph (2)(a);

- (c) in determining, for the purposes of sub-paragraph (6)(b) or (c), proportions of income or assets persons with an interest in the fund would be entitled to, ignore any interest any person has as a creditor of the fund in respect of a normal commercial loan (within the meaning it has in paragraph 3);
- (d) paragraphs 5(5) and 6(5) and (6) apply for the purposes of determining the interests of persons in a fund as they apply for the purposes of determining relevant interests in a QAHC.

(6B) For the purposes of sub-paragraphs (5)(a)(i) and (6A)(c), references to a creditor of a fund are to be treated, in the case of a fund that is a partnership, as not including any creditor who is a partner of that fund."

**Member's explanatory statement**

This amendment is one of a pair of amendments that provide that a fund that is 70% controlled by category A investors meets the diversity of ownership condition.

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Lucy Frazer

7

- ☆ Schedule 15, page 173, line 12, leave out "any relevant" and insert "a company tax return or partnership"

**Member's explanatory statement**

See the explanatory statement for Amendment 9.

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Lucy Frazer

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- ☆ Schedule 15, page 173, line 19, leave out "a member of the"

**Member's explanatory statement**

See the explanatory statement for Amendment 10.

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Lucy Frazer

9

- ☆ Schedule 15, page 173, line 20, at end insert—

“Notification under paragraph 8(2)(b) of an amount included in a PAYE return or VAT return delivered to HMRC for a financial year

On or before the date (determined in accordance with this table) by which the notification would be required if—  
 (a) the notification were required by paragraph 8(2)(a), and  
 (b) the return were delivered to HMRC for the financial year following the financial year in which the accounting provision is recognised in the accounts of the company or partnership.”

**Member’s explanatory statement**

This amendment and Amendment 7 ensure that, where provision for uncertain PAYE or VAT liabilities is recognised in the accounts of a company or partnership, the accounts may be finalised before HMRC is required to be notified of the uncertainty under Schedule 15.

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Lucy Frazer

10

- ☆ Schedule 15, page 173, line 33, leave out “, or a member of the partnership,” and insert “or partnership”

**Member’s explanatory statement**

This amendment and Amendment 8 ensure that Schedule 15 operates as intended where provision for uncertain liabilities is recognised in the accounts of a partnership.

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Alison Thewliss

NC1

To move the following Clause—

**“Review of reliefs on investments**

The Government must publish within 12 months of this Act coming into force an assessment of the impact on the tax gap of the reliefs on investments contained in this Act, and of whether those reliefs have increased opportunities for tax evasion and avoidance.”

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Alison Thewliss

NC2

To move the following Clause—

**“Effect on GDP of international matters in Act, and of whole Act**

- (1) The Government must publish an assessment of the impact on GDP of—
  - (a) the provisions in sections 24 to 28 of this Act, and
  - (b) this Act as a whole.
- (2) The assessment must also compare these impacts to the impacts had the UK—
  - (a) remained in the European Union, and
  - (b) left the European Union without a Future Trade and Investment Partnership.”

**Member’s explanatory statement**

This new clause would require a Government assessment of the effect on GDP of the international provisions of the Act, and of the Act as a whole, in different scenarios.

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Alison Thewliss

NC3

To move the following Clause—

**“Review of impact of Residential property developer tax on the tax gap**

The Government must publish within 12 months of this Act coming into effect an assessment of the impact of Part 2 of this Act (Residential property developer tax) on the tax gap, and of whether it has increased opportunities for tax evasion and avoidance.”

**Member’s explanatory statement**

This new clause would require a Government assessment of the impact of the Residential Property Developer Tax introduced in this Bill, and of its effect on opportunities for tax evasion and avoidance.

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Alison Thewliss

NC4

To move the following Clause—

**“Impact of Act on tackling climate change**

The Government must publish within 12 months of this Act coming into effect an impact assessment of the changes in the Act as a whole on the goal of tackling climate change and the UK’s plans to reach net zero by 2050.”

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Alison Thewliss

NC5

To move the following Clause—

**“Vehicle taxes: effect on climate change goals**

The Government must publish within 12 months of this Act coming into effect an assessment of the impact of sections 77 to 79 on the goal of tackling climate change and on the UK’s plans to reach net zero by 2050.”

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Alison Thewliss

NC6

To move the following Clause—

**“Review of impact of reliefs in Act on the tax gap**

The Government must publish within 12 months of the Act coming into effect an assessment of the impact of the tax reliefs in this Act on the tax gap, and of whether they have increased opportunities for tax evasion and avoidance.”

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Alison Thewliss

NC7

To move the following Clause—

**“Uncertain tax treatment**

The Government must publish within 12 months of this Act coming into effect an assessment comparing the rates of uncertain tax in the UK to those of all other OECD countries.”

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Alison Thewliss

NC8

To move the following Clause—

**“Emissions certificates**

The Government must publish within 12 months of this Act coming into effect an assessment of the impact of sections 99 and Schedule 16 of this Act on the goal of tackling climate change and the UK’s plans to reach net zero by 2050.”

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Alison Thewliss

NC9

To move the following Clause—

**“Composition of the Office of Tax Simplification**

The Government must publish within 12 months of this Act coming into effect an assessment of the composition of the Office of Tax Simplification membership with a view to ensuring it is diverse and representative.”

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Alison Thewliss

NC10

To move the following Clause—

**“Capacity of the OTS**

The Government must publish within 12 months of this Act coming into effect a review of the membership and capacity of the OTS, including consideration of the capacity the membership would have to deal with an expansion of its remit to include fairness in the tax system.”

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Alison Thewliss

NC11

To move the following Clause—

**“Gambling**

The Government must publish within 12 months of this Act coming into effect an assessment of the provisions of clause 80 on—

- (a) the volume of gambling, and
- (b) public health.”

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Alison Thewliss

NC12

To move the following Clause—

**“Impact of Act on tax burden of hospitality sector**

The Government must publish within 12 months of this Act coming into effect an assessment of the impact of the Act as a whole on the tax burden on the hospitality sector.”

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Debbie Abrahams

NC13

To move the following Clause—

**“Review of public health, inequality and poverty effects of Act**

- (1) The Chancellor of the Exchequer must review the public health, inequality and poverty effects of the provisions of this Act and lay a report of that review before the House of Commons within six months of the passing of this Act.
- (2) The review must consider—
  - (a) the effects of the provisions of this Act on the levels of relative and absolute poverty across the UK including devolved nations and regions,
  - (b) the effects of the provisions of this Act on socioeconomic inequalities, and on population groups with protected characteristics as defined by the 2010 Equality Act, across the UK including devolved nations and regions,



- (c) the effects of the provisions of this Act on life expectancy and healthy life expectancy across the UK including devolved nations and regions, and
- (d) the implications for the public finances of the public health effects of the provisions of this Act."

**Member's explanatory statement**

This new clause would require the Government to report on the public health, inequality and poverty effects of the provisions of the Act.

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James Murray  
Abena Oppong-Asare  
Liz Twist

NC14

☆ To move the following Clause—

**"Review of effectiveness of film tax relief provisions of Act and of potential for misuse**

- (1) The Government must publish, within six months of this Act coming into force, a report on the effectiveness of the provisions of section 16 of this Act.
- (2) This review must include an assessment of the extent of, and potential for, misuse of the relief provided in section 16.
- (3) The assessment under subsection (2) must include an evaluation of the relevance of the experience of misuse of existing film tax relief.
- (4) The evaluation provided for in subsection (3) must include—
  - (a) the—
    - (i) total number of enforcement actions, and
    - (ii) number of successful enforcement actions taken against companies suspected of misusing film tax relief,
  - (b) the actions taken against the promoters of schemes designed to enable misuse of film tax relief, and
  - (c) a statement as to the plans the Government has for further action against misuse of film tax relief."

**Member's explanatory statement**

This new clause would require a review of the effectiveness of the provisions in section 16. This review would include assessing actual and potential misuse of the relief, drawing on experience of the present film tax relief regime.

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## 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 to the subject matter of those Clauses and that Schedule	2 hours from commencement of proceedings on the Bill
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

**Proceedings**

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**

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.
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