

Notes on Finance Bill resolutions 27th October 2021

1. Income tax (charge)

Provides for income tax to be charged in the 2022-23 tax year.

2. Income tax (main rates)

Provides for the main rates of income tax in the 2022-23 tax year.

3. Income tax (default and savings rates)

Provides for the default and savings rates of income tax for the 2022-23 tax year.

4. Income tax (rates of tax on dividend income)

Provides for the income tax rates charged on dividend income to increase by 1.25% for the 2022-23 tax year and subsequent tax years.

5. Income tax (starting rate limit for savings)

Provides for the starting rate limit for savings for the 2022-23 tax year to remain at £5,000.

6. Surcharge on banking companies

Authorises the Finance Bill to make provision (notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills) taking effect in a

future year altering the percentage specified in section 269DA(1) of the Corporation Tax Act 2010 and amending Part 7A of that Act so as to alter the amount of the surcharge allowance.

7. Income tax (attribution of trade profits etc to a tax year)

Authorises the Finance Bill to make provision (notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills) taking effect in a future year altering the attribution to a tax year of the profits of a trade, profession, vocation, or property business.

8. Pension schemes (liability of scheme administrator for annual allowance charge)

Authorises the Finance Bill to make provision about the time limit for an individual to give notice to a pension scheme administrator under section 237B(3) of the Finance Act 2004 specifying that the individual and the administrator are to be jointly and severally liable in respect of the annual allowance charge.

9. Normal minimum pension age

Authorises the Finance Bill to make provision increasing the normal minimum pension age for the purposes of Part 4 of the Finance Act 2004.

10. Public service pension schemes

Authorises the Finance Bill to make provision (including provision having retrospective effect) in consequence of, or otherwise in connection with, any Act of the present Session that includes provision about public service pension schemes.

11. Extension of temporary increase in annual investment allowance

Authorises the Finance Bill to make provision for the temporary increase in the maximum amount of annual investment allowance under section 51A of the Capital Allowances Act 2001 to apply to expenditure incurred in the period beginning with 1 January 2022 and ending with 31 March 2023.

12. Structures and buildings allowances (allowance statements)

Authorises the Finance Bill to make provision requiring allowance statements under Part 2A of the Capital Allowances Act 2001 to include

information about the date on which expenditure is incurred.

13. Asset holding companies

Authorises the Finance Bill to make provision in connection with the use of companies whose main activity is the carrying on of an investment business that holds assets of investment funds and other entities.

14. Real Estate Investment Trusts

Authorises the Finance Bill to make provision amending Part 12 of the Corporation Tax Act 2010 in relation to—

- (a) the conditions for companies in relation to UK REITs in sections 528 and 528A of that Act,
- (b) the requirement to prepare financial statements under section 532 of that Act,
- (c) the balance of business test in section 531 of that Act, and
- (d) the meaning of “holder of excessive rights” in section 553 of that Act.

15. Film tax relief

Authorises the Finance Bill to make provision (notwithstanding anything to the contrary in the

practice of the House relating to the matters that may be included in Finance Bills) making tax relief under Part 15 of the Corporation Tax Act 2009 available in relation to films that are television programmes intended for broadcast to the general public.

16. Theatrical productions tax relief

Authorises the Finance Bill to make provision (notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills) —

- (a) temporarily increasing the tax credit under Part 15C of the Corporation Tax Act 2009, and
- (b) amending that Part.

17. Orchestra tax relief

Authorises the Finance Bill to make provision (notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills) —

- (a) temporarily increasing the tax credit under Part 15D of the Corporation Tax Act 2009, and
- (b) amending that Part.

18. Museums and galleries exhibition tax relief

Authorises the Finance Bill to make provision (notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills) –

- (a) temporarily increasing the tax credit under Part 15E of the Corporation Tax Act 2009, and
- (b) amending that Part.

19. Returns for disposals of UK land etc

Provides for the Finance Bill to amend Schedule 2 of the Finance Act 2019 which provides for returns for disposals of UK land etc. This will extend the time limit from 30 days to 60 days for making capital gains tax returns and associated payments on account when disposing of UK land and property.

20. Corporation tax (abolition of cross-border group relief)

Authorises the Finance Bill to make provision –

- (a) amending section 107 of the Corporation Tax Act 2010 (restriction on losses etc surrenderable by non-UK resident),
- (b) repealing Chapter 3 of Part 5 of that Act (surrenders made by non-UK resident company resident or trading in the EEA), and
- (c) amending section 188BI of that Act (restriction on surrender of losses made when non-UK resident).

21. Tonnage tax

Authorises the Finance Bill to make provision amending Schedule 22 to the Finance Act 2000 –

- (a) provision about elections,
- (b) provision removing requirements relating to flagging, and
- (c) provision about when income of a tonnage tax company consisting in a dividend or other distribution of an overseas company is relevant shipping income.

22. Hybrid and other mismatches

Authorises the Finance Bill to make provision amending section 259GB of the Taxation (International and Other Provisions) Act 2010 to make provision in connection with partnerships and cases where entities are to be treated as if they were partnerships (and their members as partners) for the purposes of that section.

23. Diverted profits tax (mutual agreement procedure)

Authorises the Finance Bill to make provision about the application of section 124 of the Taxation (International and Other Provisions) Act 2010 (giving effect to solutions to cases and mutual agreements resolving cases) in relation to diverted profits tax.

24. Diverted profits tax (closure notices etc)

Provides for technical amendments of Section 101A and Section 101B of the Finance Act 2015 and prevents closure notices from being given in the diverted profits tax review period.

25. Insurance contracts (change in accounting standards)

Authorises the Finance Bill to make provision –

- (a) conferring power on the Treasury to make provision in connection with the introduction of or any amendment to International Financial Reporting Standard 17 (insurance contracts) issued by the International Accounting Standards Board or any accounting standard replacing that standard, and
- (b) repealing section 79 of the Finance Act 2012.

26. Corporation tax (deductions allowance and leases)

Authorises the Finance Bill to make provision (including provision having retrospective effect) about the availability of an increased allowance under section 269ZX of the Corporation Tax Act 2010 (increase of deductions allowance where provision for onerous lease reversed) where a

company accounts for a lease by means of a lease liability and a right-of-use asset.

27. Expanded dormant assets scheme

Authorises the Finance Bill to make provision in consequence of, or otherwise in connection with, any Act of the present Session that includes provision for and in connection with an expanded dormant assets scheme.

28. Residential property developer tax

Authorises the Finance Bill to make provision for a new tax to be charged on the profits of companies developing residential property.

29. Economic crime (anti-money laundering) levy

Authorises the Finance Bill to make provision for a new tax to be charged on persons carrying on a business to which the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 apply.

30. Stamp duty and stamp duty reserve tax (securitisation companies etc)

Authorises the Finance Bill to make provision conferring power on the Treasury to provide that stamp duty or stamp duty reserve tax is not chargeable on —

- (a) transfers of securities issued or raised by a securitisation company or a qualifying transformer vehicle, and
- (b) transfers of securities to or by a securitisation company.

31. Value added tax (margin schemes for used cars etc and Northern Ireland)

Authorises the Finance Bill to make provision (including provision having retrospective effect) about the operation of the margin schemes under article 8 of the Value Added Tax (Cars) Order 1992 and article 12 of the Value Added Tax (Special Provisions) Order 1995 in relation to

supplies of motor vehicles removed to Northern Ireland.

32. Value added tax (margin schemes and removal or export of goods: payments)

Authorises the Finance Bill to make provision (notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills) conferring power on the Treasury to provide that a person who removes goods to Northern Ireland, or exports them, for resale is entitled to a payment where resale of the goods in Great Britain could be accounted for under a margin scheme provided for in an order under section 50A of the Value Added Tax Act 1994.

33. Value added tax (margin schemes and removal or export of goods: zero-rating)

Authorises the Finance Bill to make provision about the zero-rating of supplies of goods that are removed to Northern Ireland or exported where the supplier accounts for the supply under a margin scheme provided for in an order under section 50A of the Value Added Tax Act 1994.

34. Value added tax (relief on imported dental prostheses)

Authorises the Finance Bill to make provision (including provision having retrospective effect) giving relief from value added tax chargeable on the importation of dental prostheses by or on behalf of persons registered under the Dentists Act 1984.

35. Insurance premium tax (contracts relating to risks outside the United Kingdom)

Authorises the Finance Bill to make provision amending paragraph 8 of Schedule 7A to the Finance Act 1994.

36. Import duty (transitioned trade remedies)

Provides for the Secretary of State to notify the Trade Remedies Authority that the Secretary of State will decide the outcome of a particular transition review or reconsideration of a transition review, and that the Secretary of State's decision need not be based on a prior recommendation or

decision of the Trade Remedies Authority. The resolution also provides for the making of regulations relating to such decisions.

37. Import duty (calculation of duty by reference to documents)

Authorises the Finance Bill to make provision enabling documents referred to in regulations made under sections 8 to 19 of the Taxation (Cross-border Trade) Act 2018 to be amended by notice for the purpose of the regulations.

38. Hydrocarbon oil duties (use of rebated diesel and biofuels)

Authorises the Finance Bill to make provision (including provision having retrospective effect) amending the Hydrocarbon Oil Duties Act 1979 in connection with the use of rebated diesel and biofuels by specified categories of machine.

39. Rates of tobacco products duty

Provides for changes to the rates of excise duty on tobacco products and to the level of minimum excise tax on cigarettes, set out in the table in

Schedule 1 to the Tobacco Products Duty Act 1979, which comes into effect at 6pm on 27 October 2021. It also provides for consequential changes to the simplified calculation contained within the Travellers' Allowances Order 1994.

40. Rates of vehicle excise duty for passenger or light goods vehicles, motorcycles etc

Authorises the Finance Bill to make provision amending the rates of vehicle excise duty in Parts 1 to 2 of Schedule 1 to the Vehicle Excise and Registration Act 1994.

41. Vehicle excise duty (exemption for cabotage operations)

Provides for an amendment to the Motor Vehicles (International Circulation) Order 1975 so that heavy goods vehicles which are allowed, until 30 April 2022, unlimited cabotage movements within Great Britain for up to 14 days after arriving in the United Kingdom on a laden international journey are exempt from paying vehicle excise duty.

42. HGV road user levy (extension of suspension)

Authorises the Finance Bill to make provision amending section 88 of the Finance Act 2020.

43. Amounts of gross gaming yield charged to gaming duty

Authorises the Finance Bill to make provision increasing the amounts of gross gaming yield specified in the table in section 11(2) of the Finance Act 1997.

44. Excise duty penalties

Provides for Schedule 41 to the Finance Act 2008 to be amended to extend the scope of the excise wrongdoing penalty regime, so it will apply to where there have been breaches relating to excise goods in the free zone and authorised use procedure for registered consignors.

45. Rates of landfill tax

Authorises the Finance Bill to make provision increasing the rates of landfill tax.

46. Plastic packaging tax

Authorises the Finance Bill to make provision for the purposes of plastic packaging tax –

- (a) providing for exemptions or other reliefs,
- (b) amending section 50 of the Finance Act 2021 (timing of importation),
- (c) about the period for which records are to be kept,
- (d) about groups of companies, and
- (e) about the meaning of “related business” in Schedule 9 to the Finance Act 2021.

47. Promotion of tax avoidance schemes

Authorises the Finance Bill to make provision –

- (a) about petitions for the winding up of bodies in connection with the promotion of tax avoidance schemes,
- (b) about the publication by Her Majesty’s Revenue and Customs of information in connection with the promotion of such schemes,
- (c) for the freezing of a person’s assets in connection with applications for penalties

- relating to the promotion of such schemes,
and
- (d) about penalties for facilitating avoidance schemes involving non-resident promoters.

48. Electronic sales suppression

Authorises the Finance Bill to make provision about –

- (a) penalties for persons who engage in activities involving tools used, or capable of being used, to suppress electronic sales records that are required to be kept by or under any legislation relating to tax, and
- (b) powers for Her Majesty's Revenue and Customs to obtain information in relation to such persons and such tools.

49. Tobacco products duty (tracing and security)

Authorises the Finance Bill to make provision about security features applied to the packaging of tobacco products, and the recording of movements of such products, to facilitate the administration, collection or enforcement of the duty charged

under section 2 of the Tobacco Products Duty Act 1979.

50. Free zones

Provides for the introduction of a value added tax deemed supply of goods or services in certain circumstances where a person receives zero-rated supplies in a free zone and the goods to which those supplies relate are subsequently imported, including a power to allow regulations to be made to modify the effect or application of the deemed supply. It also makes consequential amendments to existing legislation following the new value added tax regime for free zones.

51. Large businesses (notification of uncertain tax treatment)

Authorises the Finance Bill to make provision requiring bodies to notify Her Majesty's Revenue and Customs if amounts included in a tax return have an uncertain tax treatment.

52. Discovery assessments etc

Authorises the Finance Bill to make provision (including provision having retrospect effect) amending –

- (a) section 29(1)(a) of the Taxes Management Act 1970 (assessment where loss of tax discovered),
- (b) section 7 of the Taxes Management Act 1970 (notice of liability to income tax and capital gains tax), and
- (c) section 30(1) of the Income Tax Act 2007 (additional tax).

53. Temporary income tax powers in disaster or emergency

Authorises the Finance Bill to make provision conferring powers on the Treasury, exercisable in connection with circumstances arising as a result of a disaster or emergency of national significance, to modify Part 3, 4, or 5 of the Income Tax (Earnings and Pensions) Act 2003 so as to provide, for a temporary period, that a liability to income tax that would otherwise arise does not arise.

54. Vehicle CO₂ emissions certificates (tax reliefs)

Authorises the Finance Bill to make provision (including provision having retrospective effect) about certificates in relation to the CO₂ emissions of vehicles for the purposes of —

- (a) section 268C(1) of the Capital Allowances Act 2001 (meaning of “qualifying emissions certificate”), and
- (b) Chapter 6 of Part 3 of the Income Tax (Earnings and Pensions) Act 2003 (taxable benefits: cars etc).

55. Vehicle CO₂ emissions certificates (vehicle licences)

Provides for a wider range of vehicle approval certificates to be used to determine the classification and CO₂ emissions of light passenger and light goods vehicles for the purposes of vehicle excise duty by amending Schedule 1 of the Vehicle Excise and Registration Act 1994.

56. Office of Tax Simplification (membership)

Authorises the Finance Bill to make provision increasing the membership of the Office of Tax Simplification.

57. Incidental provision etc

Authorises the Finance Bill to make provision for –

- (a) any incidental or consequential charges to any duty or tax (including charges having retrospective effect) that may arise from provisions designed in general to afford relief from taxation, and
- (b) any incidental or consequential provision (including provision having retrospective effect) relating to provision authorised by any other resolution.

Territorial extent and application in the United Kingdom

In the view of HM Government, there are only three of the Finance (No. 2) Bill resolutions that do not apply to the whole of the United Kingdom.

The resolutions that do not apply to the whole of the United Kingdom relate to:

- the main rates of income tax (resolution 2),
- cabotage (resolution 41), and
- the rates of landfill tax (resolution 45).

Resolution 2 sets the main rates of income tax for the tax year 2022-23. The non-savings, non-dividend income of a UK resident individual who is not a Scottish taxpayer or Welsh taxpayer is charged at these main rates. Furthermore, although the non-savings, non-dividend income of a Welsh taxpayer is charged at the Welsh basic, higher and additional rates those Welsh rates are determined in part by reference to the main rates of income tax. But the non-savings, non-dividend income of a Scottish taxpayer is charged at Scottish rates which are set by the Scottish Parliament alone.

Resolution 41 contains provision about cabotage that extends to the United Kingdom, but only relates to vehicles being used for in connection with a cabotage operation in Great Britain.

Resolution 45 increases the rates of landfill tax. Landfill tax is charged on taxable disposals made in England or Northern Ireland (see section 40(1) of the Finance Act 1996). Legislative competence to introduce a corresponding tax in relation to disposals to landfill made in Wales was conferred on the National Assembly for Wales by section 116N of the Government of Wales Act 2006 (inserted by section 18 of the Wales Act 2014) and that competence has been exercised with the enactment of the Landfill Disposals Tax (Wales) Act 2017. Legislative competence to introduce a corresponding tax in relation to disposal to landfill made in Scotland was conferred on the Scottish Parliament by section 80K of the Scotland Act 1998 (inserted by section 30 of the Scotland Act 2012) and that competence has been exercised with the enactment of the Landfill Tax (Scotland) Act 2014.