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Draft provisions for Finance Bill 2017 1	<>	Finance (No. 2) Bill 1
Part 1 – Direct taxes	=	Part 1 – Direct taxes
Chapter 1 – Income tax	<>	Chapter 1 – Charge and principal rates
	=	
	--+	A
	=	
	--+	BILL
	=	TO
	--+	Grant certain duties, to alter other duties, and to amend the law relating to the national debt and the public revenue, and to make further provision in connection with finance.
	=	
	--+	Most Gracious Sovereign
	=	
	--+	WE, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and to grant unto Your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:–
PART 1	=	PART 1
DIRECT TAXES		DIRECT TAXES
CHAPTER 1		CHAPTER 1
	--+	CHARGE AND PRINCIPAL RATES
	=	

		Income
	--+ tax charge and rates 5	
	=	
	--+ 1 Income tax charge for tax year 2017-18 Income tax is charged for the tax year 2017-18.	
	=	
	--+ 2 Main rates of income tax for tax year 2017-18 For the tax year 2017-18 the main rates of income tax are as follows- (a) the basic rate is 20%; 10	
	=	
	--+ Bill 156 2 (No. 2) Bill Finance Part 1 – Direct taxes Chapter 1 – Charge and principal rates	
	=	
	--+ (b) the higher rate is 40%; (c) the additional rate is 45%.	
	=	
	--+ 3 Default and savings rates of income tax for tax year 2017-18 (1) For the tax year 2017-18 the default rates of income tax are as follows- (a) the default basic rate is 20%; 5 (b) the default higher rate is 40%; (c) the default additional rate is 45%. (2) For the tax year 2017-18 the savings rates of income tax are as follows- (a) the savings basic rate is 20%; 10 (b) the savings higher rate is 40%; (c) the savings additional rate is 45%.	
	=	
	--+ 4 Starting rate limit for savings for tax year 2017-18 (1) For the amount specified in section 12(3) of ITA 2007 (starting rate for savings) substitute “£5000”. (2) The amendment made by subsection (1) has effect in relation to the tax year 15 2017-18 and subsequent tax years. (3) Section 21 of ITA 2007 (indexation), so far as relating to the starting rate limit	

		for savings, does not apply in relation to the tax year 2017-18 (but this section does not override that section for subsequent tax years).
=		
-+	5	Dividend nil rate for tax year 2018-19 etc 20 (1) In section 13A of ITA 2007 (income charged at the divided nil rate), for "£5000", in each place, substitute "£2000". (2) The amendments made by this section have effect for the tax year 2018-19 and subsequent tax years.
=		
-+	25	Corporation tax charge
=		
-+	6	Corporation tax charge for financial year 2018 Corporation tax is charged for the financial year 2018.
=		
-+	CHAPTER 2	
INCOME TAX	=	INCOME TAX
Employment income	<>	Employment income 30
=		
1 Workers' services provided to public sector through intermediaries	<>	7 Workers' services provided to public sector through intermediaries
Schedule 1 makes provision about workers' services provided to the public sector through intermediaries.	=	Schedule 1 makes provision about workers' services provided to the public sector through intermediaries.
	-+	Finance (No. 2) Bill 3 Part 1 – Direct taxes Chapter 2 – Income tax
	=	
2 Optional remuneration arrangements Schedule 2 contains provisions about optional remuneration arrangements.	<>	8 Optional remuneration arrangements Schedule 2 makes provision about optional remuneration arrangements.
	=	
3 Taxable benefits: time limit for making good (1) Part 3 of ITEPA 2003 (employment income: earnings and benefits etc treated as earnings) is amended as follows.	<>	9 Taxable benefits: time limit for making good (1) Part 3 of ITEPA 2003 (employment income: earnings and benefits etc treated as earnings) is amended as follows. 5
(2) In section 87 (cash equivalent of benefit of non-cash voucher)– (a) in subsection (2)(b), for "to the person incurring it" substitute ", to the person incurring it, on or before 6 July following the relevant tax year",	=	(2) In section 87 (cash equivalent of benefit of non-cash voucher)– (a) in subsection (2)(b), for "to the person incurring it" substitute ", to the person incurring it, on or before 6 July following the relevant tax year",

and (b) after subsection (2) insert	<>	and (b) after subsection (2) insert
10		
<p>“(2A) If the voucher is a non-cash voucher other than a cheque voucher, the relevant tax year is—</p> <p style="margin-left: 40px;">(a) the tax year in which the cost of provision is incurred, or</p> <p style="margin-left: 40px;">(b) if later, the tax year in which the employee receives the voucher.</p>	=	<p>“(2A) If the voucher is a non-cash voucher other than a cheque voucher, the relevant tax year is—</p> <p style="margin-left: 40px;">(a) the tax year in which the cost of provision is incurred, or</p> <p style="margin-left: 40px;">(b) if later, the tax year in which the employee receives the voucher.</p>
15		
<p>(2B) If the voucher is a cheque voucher, the relevant tax year is the tax year in which the voucher is handed over in exchange for money, goods or services.”</p> <p>(3) In section 88(3) (time at which cheque voucher treated as handed over), at the beginning insert “For the purposes of subsection (2) and section 87(2B),”.</p>	=	<p>(2B) If the voucher is a cheque voucher, the relevant tax year is the tax year in which the voucher is handed over in exchange for money, goods or services.”</p> <p>(3) In section 88(3) (time at which cheque voucher treated as handed over), at the beginning insert “For the purposes of subsection (2) and sections 87(2B) and 87A(6),”.</p>
<p>(4) In section 94(2) (cash equivalent of benefit of credit-token), in paragraph (b), for the words from “employee” to the end substitute “employee—</p> <p style="margin-left: 40px;">(i) to the person incurring it, and</p> <p style="margin-left: 40px;">(ii) on or before 6 July following the tax year which contains the occasion in question.”</p>	=	<p>(4) In section 94(2) (cash equivalent of benefit of credit-token), in paragraph (b), for the words from “employee” to the end substitute “employee—</p> <p style="margin-left: 40px;">(i) to the person incurring it, and</p> <p style="margin-left: 40px;">(ii) on or before 6 July following the tax year which contains 25 the occasion in question.”</p>
<p style="color: red;">2</p> <p style="color: red;">Draft provisions for Finance Bill 2017</p> <p style="color: red;">Part 1 – Direct taxes</p> <p style="color: red;">Chapter 1 – Income tax</p>	+-	
<p>(5) In section 105(2) (cash equivalent of benefit of living accommodation costing £75,000 or less), in paragraph (b), after “made good” insert “, on or before 6 July following the tax year which contains the taxable period,.”.</p>	=	<p>(5) In section 105(2) (cash equivalent of benefit of living accommodation costing £75,000 or less), in paragraph (b), after “made good” insert “, on or before 6 July following the tax year which contains the taxable period,.”.</p>
<p>(6) In section 106(3) (cash equivalent of benefit of living accommodation costing over £75,000), in paragraph (a), for the words from “paid” to “exceeds”</p>	=	<p>(6) In section 106(3) (cash equivalent of benefit of living accommodation costing 30 over £75,000), in paragraph (a), for the words from “paid” to “exceeds”</p>

substitute “paid– (i) by the employee, (ii) in respect of the accommodation, (iii) to the person providing it, and (iv) on or before 6 July following the tax year which contains the taxable period, exceeds”. (7) In section 144 (deduction for payments for private use of car)– (a) in subsection (1)(b), for “in” substitute “on or before 6 July following”, (b) in subsection (2), after “paid” insert “as mentioned in subsection (1)(b)”, and (c) in subsection (3), after “paid” insert “as mentioned in subsection (1)(b)”. (8) In section 151(2) (when cash equivalent of benefit of car fuel is nil)–	<>	substitute “paid– (i) by the employee, (ii) in respect of the accommodation, (iii) to the person providing it, and 35 (iv) on or before 6 July following the tax year which contains the taxable period, exceeds”. (7) In section 144 (deduction for payments for private use of car)– (a) in subsection (1)(b), for “in” substitute “on or before 6 July following”, 40 (b) in subsection (2), after “paid” insert “as mentioned in subsection (1) (b)”, and (c) in subsection (3), after “paid” insert “as mentioned in subsection (1) (b)”. (8) In section 151(2) (when cash equivalent of benefit of car fuel is nil)–
	=	
	-+	4 Finance (No. 2) Bill Part 1 – Direct taxes Chapter 2 – Income tax
(a) in the words before paragraph (a) omit “in the tax year in question”, (b) in paragraph (a), at the beginning insert “in the tax year in question,”, and (c) in paragraph (b), at the end insert “on or before 6 July following that tax year”.	=	(a) in the words before paragraph (a) omit “in the tax year in question”, (b) in paragraph (a), at the beginning insert “in the tax year in question,”, and (c) in paragraph (b), at the end insert “on or before 6 July following that tax year”.
(9) In section 152(2) (car fuel: proportionate reduction of cash equivalent)– (a) in the words before paragraph (a) omit “for any part of the tax year in question”, (b) in paragraph (a), at the beginning insert “for any part of the tax year in question,”, (c) in paragraph (b), at the beginning insert “for any part of the tax year in question,”, and (d) in paragraph (c)–	=	(9) In section 152(2) (car fuel: proportionate reduction of cash equivalent)– (a) in the words before paragraph (a) omit “for any part of the tax year in question”, (b) in paragraph (a), at the beginning insert “for any part of the tax year in question”, (c) in paragraph (b), at the beginning insert “for any part of the tax year in question,”, and (d) in paragraph (c)–

(i) after "employee", in the first place it occurs, insert "-	=>	(i) after "employee", in the first place it occurs, insert "-
(i) for any part of the tax year in question,","	<>	(i) for any part of the tax year in question,"," 15
and (ii) for "and the employee does make good that expense" substitute ", and (ii) the employee does make good that	=	and (ii) for "and the employee does make good that expense" substitute ", and (ii) the employee does make good that
expense on or before 6 July following that	<>	expense on or before 6 July following that 20
tax year". (10) In section 158 (reduction for payments for private use of van)- (a) in subsection (1)(b), for "in" substitute "on or before 6 July following", (b) in subsection (2), after "paid" insert "as mentioned in subsection (1)(b)", and	=	tax year". (10) In section 158 (reduction for payments for private use of van)- (a) in subsection (1)(b), for "in" substitute "on or before 6 July following", (b) in subsection (2), after "paid" insert "as mentioned in subsection (1)(b)", and 25
(c) in subsection (3), after "paid" insert "as mentioned in subsection (1)(b)". (11) In section 162(2) (when cash equivalent of benefit of van fuel is nil)- (a) in the words before paragraph (a) omit "in the tax year in question", Draft provisions for Finance Bill 2017 3 Part 1 – Direct taxes Chapter 1 – Income tax	=	(c) in subsection (3), after "paid" insert "as mentioned in subsection (1)(b)". (11) In section 162(2) (when cash equivalent of benefit of van fuel is nil)- (a) in the words before paragraph (a) omit "in the tax year in question",
(b) in paragraph (a), at the beginning insert "in the tax year in question,"," and	=>	(b) in paragraph (a), at the beginning insert "in the tax year in question,"," and 30
(c) in paragraph (b), at the end insert "on or before 6 July following that tax year". (12) In section 163(3) (van fuel: proportionate reduction of cash equivalent)- (a) in the words before paragraph (a) omit "for any part of the tax year in question",	=	(c) in paragraph (b), at the end insert "on or before 6 July following that tax year". (12) In section 163(3) (van fuel: proportionate reduction of cash equivalent)- (a) in the words before paragraph (a) omit "for any part of the tax year in question", 35
(b) in paragraph (a), at the beginning insert "for any part of the tax year in question,"," (c) in paragraph (b), at the beginning insert "for any part of the tax	=	(b) in paragraph (a), at the beginning insert "for any part of the tax year in question,"," (c) in paragraph (b), at the beginning insert "for any part of the tax

year in question,”, and (d) in paragraph (c)–	<>	year in question,”, and (d) in paragraph (c)– 40
(i) after “employee”, in the first place it occurs, insert “– (i) for any part of the tax year in question,”, and (ii) for “and the employee does make good that expense” substitute “, and	=	(i) after “employee”, in the first place it occurs, insert “– (i) for any part of the tax year in question,”, and (ii) for “and the employee does make good that expense” substitute “, and
(ii) the employee does make good that expense on or before 6 July following that tax year”.	=	(ii) the employee does make good that expense on or before 6 July following that tax year”.
	--+	Finance (No. 2) Bill 5 Part 1 – Direct taxes Chapter 2 – Income tax
(13) In section 203(2) (cash equivalent of benefit treated as earnings), for “to the persons providing the benefit” substitute “, to the persons providing the benefit, on or before 6 July following the tax year in which it is provided”. (14) The amendments made by this section have effect for the purpose of calculating income tax charged for the tax year 2017-18 or any subsequent tax year.	=	(13) In section 203(2) (cash equivalent of benefit treated as earnings), for “to the persons providing the benefit” substitute “, to the persons providing the benefit, on or before 6 July following the tax year in which it is provided”. (14) The amendments made by this section have effect for the purpose of calculating income tax charged for the tax year 2017-18 or any subsequent tax 5 year.
4 Taxable benefits: ultra-low emission vehicles	<>	10 Taxable benefits: ultra-low emission vehicles
(1) ITEPA 2003 is amended as follows. (2) In section 139 (car with a CO2 emissions figure: the appropriate percentage), for subsections (1) to (6) substitute–	=	(1) ITEPA 2003 is amended as follows. (2) In section 139 (car with a CO2 emissions figure: the appropriate percentage), for subsections (1) to (6) substitute–
“(1) The appropriate percentage for a year for a car with a CO2 emissions figure of less than 75 is determined in accordance with the following table.	=	“(1) The appropriate percentage for a year for a car with a CO2 emissions figure of less than 75 is determined in accordance with the following table.
4 Draft provisions for Finance Bill 2017	--+	

Part 1 –		
Chapter 1 –		
Income tax		
Car Appropriate	=	Car Appropriate
percentage	<>	percentage 15
Car with CO2 emissions figure of 0 2% Car with CO2 emissions figure of 1 - 50 Car with electric range figure of 130 or more 2% Car with electric range figure of 70 - 129 5%	=	Car with CO2 emissions figure of 0 2% Car with CO2 emissions figure of 1 - 50 Car with electric range figure of 130 or more 2% Car with electric range figure of 70 - 129 5%
Car with electric range figure of 40 - 69 8%	<>	Car with electric range figure of 40 - 69 8% 20
Car with electric range figure of 30 - 39 12% Car with electric range figure of less than 30 14% Car with CO2 emissions figure of 51 - 54 15% Car with CO2 emissions figure of 55 - 59 16%	=	Car with electric range figure of 30 - 39 12% Car with electric range figure of less than 30 14% Car with CO2 emissions figure of 51 - 54 15% Car with CO2 emissions figure of 55 - 59 16%
Car with CO2 emissions figure of 60 - 64 17%	<>	Car with CO2 emissions figure of 60 - 64 17% 25
Car with CO2 emissions figure of 65 - 69 18% Car with CO2 emissions figure of 70 - 74 19% (2) For the purposes of subsection (1) and the table, if a CO2 emissions figure or an electric range figure is not a whole number, round it down	=	Car with CO2 emissions figure of 65 - 69 18% Car with CO2 emissions figure of 70 - 74 19% (2) For the purposes of subsection (1) and the table, if a CO2 emissions figure or an electric range figure is not a whole number, round it down
to the nearest whole number.	<>	to the nearest whole number. 30
(3) The appropriate percentage for a year for a car with a CO2 emissions figure of 75 or more is whichever is the lesser of— (a) 20% plus one percentage point for each 5 grams per kilometre driven by which the CO2 emissions figure exceeds 75, and (b) 37%.	=	(3) The appropriate percentage for a year for a car with a CO2 emissions figure of 75 or more is whichever is the lesser of— (a) 20% plus one percentage point for each 5 grams per kilometre driven by which the CO2 emissions figure exceeds 75, and (b) 37%.
		35

(4) For the purposes of subsection (3), if a CO2 emissions figure is not a multiple of 5, round it down to the nearest multiple of 5.	=	(4) For the purposes of subsection (3), if a CO2 emissions figure is not a multiple of 5, round it down to the nearest multiple of 5.
	-+	6 Finance (No. 2) Bill Part 1 – Direct taxes Chapter 2 – Income tax
(5) In this section, an “electric range figure” is the number of miles which is the equivalent of the number of kilometres specified in an EC certificate of conformity, an EC type-approval certificate or a UK approval certificate on the basis of which a car is registered, as being the maximum distance for which the car can be driven in electric mode without recharging the battery.” (3) In section 140 (car without a CO2 emissions figure: the appropriate percentage)– (a) in subsection (2), in the table – (i) for “23%” substitute “24%”, and (ii) for “34%” substitute “35%”; (b) in subsection (3)(a), for “16%” substitute “2%”. (4) In section 142(2) (car first registered before 1 January 1998: the appropriate percentage), in the table–	=	(5) In this section, an “electric range figure” is the number of miles which is the equivalent of the number of kilometres specified in an EC certificate of conformity, an EC type-approval certificate or a UK approval certificate on the basis of which a car is registered, as being the maximum distance for which the car can be driven in electric mode 5 without recharging the battery.” (3) In section 140 (car without a CO2 emissions figure: the appropriate percentage)– (a) in subsection (2), in the table – (i) for “23%” substitute “24%”, and 10 (ii) for “34%” substitute “35%”; (b) in subsection (3)(a), for “16%” substitute “2%”. (4) In section 142(2) (car first registered before 1 January 1998: the appropriate percentage), in the table–
Draft provisions for Finance Bill 2017 5 Part 1 – Direct taxes Chapter 1 – Income tax	-+	
	=	
(a) for “23%” substitute “24%”, and (b) for “34%” substitute “35%”. (5) Omit subsection 170(3). (6) The amendments made by this section have effect for the tax year 2020-21 and subsequent tax years.	<>	(a) for “23%” substitute “24%”, and 15 (b) for “34%” substitute “35%”. (5) Omit subsection 170(3). (6) The amendments made by this section have effect for the tax year 2020-21 and subsequent tax years.
5 Taxable benefits: asset made available without transfer	<>	11 Taxable benefits: asset made available without transfer 20

(1) ITEPA 2003 is amended as follows. (2) In section 205 (cost of taxable benefit subject to the residual charge: asset made available without transfer)– (a) in subsection (1), for paragraph (a) substitute– “(a) the benefit consists in an asset being made available for private use, and”, (b) after subsection (1) insert – “(1A) In this section and section 205A, “private use” means private use by the employee or a member of the employee’s family or household.	=	(1) ITEPA 2003 is amended as follows. (2) In section 205 (cost of taxable benefit subject to the residual charge: asset made available without transfer)– (a) in subsection (1), for paragraph (a) substitute– “(a) the benefit consists in an asset being made available for private use, and”, (b) after subsection (1) insert – “(1A) In this section and section 205A, “private use” means private use by the employee or a member of the employee’s family or household.
“(1B) For the purposes of subsection (1) and sections 205A and 205B, an asset made available in a tax year for use by the employee or a member of the employee’s family or household is to be treated as made available throughout the year for private use unless– (a) at all times in the year when it is available for use by the employee or a member of the employee’s family or household, the terms under which it is made available prohibit private use, and (b) no private use is made of it in the year.	=	(1B) For the purposes of subsection (1) and sections 205A and 205B, an asset made available in a tax year for use by the employee or a member of the employee’s family or household is to be treated as made available throughout the year for private use unless– (a) at all times in the year when it is available for use by the employee or a member of the employee’s family or household, the terms under which it is made available prohibit private use, and (b) no private use is made of it in the year.
(1C) The cost of the taxable benefit is– (a) the annual cost of the benefit determined in accordance with subsection (2), less (b) any amount required to be deducted by section 205A (deduction for periods when asset unavailable for private use).	=	(1C) The cost of the taxable benefit is– (a) the annual cost of the benefit determined in accordance with subsection (2), less (b) any amount required to be deducted by section 205A (deduction for periods when asset unavailable for private use).
		45 Finance (No. 2) Bill Part 1 – Direct taxes Chapter 2 – Income tax

<p>(1D) In certain cases, the cost of the taxable benefit is calculated under this section in accordance with section 205B (reduction of cost of taxable benefit where asset is shared).”, and (c) in subsection (2), in the words before paragraph (a), for “cost of the taxable” substitute “annual cost of the”.</p>	=	<p>(1D) In certain cases, the cost of the taxable benefit is calculated under this section in accordance with section 205B (reduction of cost of taxable benefit where asset is shared).”, and (c) in subsection (2), in the words before paragraph (a), for “cost of the taxable” substitute “annual cost of the”.</p>
<p>(3) After section 205 insert—“205A Deduction for periods when asset unavailable for private use (1) A deduction is to be made under section 205(1C)(b) if the asset mentioned in section 205(1) has been unavailable for private use on any day during the tax year concerned.</p>	=>	<p>(3) After section 205 insert—“205A Deduction for periods when asset unavailable for private use (1) A deduction is to be made under section 205(1C)(b) if the asset mentioned in section 205(1) has been unavailable for private use on any day during the tax year concerned.</p>
<p>(2) For the purposes of this section an asset is “unavailable” for private use on any day if—</p>	=>	<p>(2) For the purposes of this section an asset is “unavailable” for private use on any day if—</p>
<p>6 Draft provisions for Finance Bill 2017 Part 1 – Direct taxes Chapter 1 – Income tax</p>	+-	
<p>(a) that day falls before the day on which the asset is first available to the employee,</p>	=	<p>(a) that day falls before the day on which the asset is first available to the employee,</p>
<p>(b) that day falls after the day on which the asset is last available to</p>	=>	<p>(b) that day falls after the day on which the asset is last available to</p>
<p>the employee, (c) for more than 12 hours during that day the asset— (i) is not in a condition fit for use, (ii) is undergoing repair or maintenance,</p>	=	<p>the employee, (c) for more than 12 hours during that day the asset— (i) is not in a condition fit for use, (ii) is undergoing repair or maintenance,</p>
<p>(iii) could not lawfully be used,</p>	=>	<p>(iii) could not lawfully be used,</p>
<p>(iv) is in the possession of a person who has a lien over it and who is not the employer, not a person connected with the employer, not the employee, not a member of the employee’s family and not a member of the employee’s household, or</p>	=	<p>(iv) is in the possession of a person who has a lien over it and who is not the employer, not a person connected with the employer, not the employee, not a member of the employee’s family and not a member of the employee’s household,</p>

		or 25
(v) is used in a way that is neither use by, nor use at the direction of, the employee or a member of the employee's family or household, or (d) on that day the employee—	=	(v) is used in a way that is neither use by, nor use at the direction of, the employee or a member of the employee's family or household, or (d) on that day the employee—
(i) uses the asset in the performance of the duties of the employment, and (ii) does not use the asset otherwise than in the performance of the duties of the employment. (3) The amount of the deduction is given by—	<>	(i) uses the asset in the performance of the duties of the 30 employment, and (ii) does not use the asset otherwise than in the performance of the duties of the employment. (3) The amount of the deduction is given by—
U -xA ---	<>	U -xA -- 35
where— U is the number of days, in the tax year concerned, on which the asset is unavailable for private use, Y is the number of days in that year, and A is the annual cost of the benefit of the asset determined under section 205(2). (4) The reference in subsection (2)(a) to the time when the asset is first available to the employee is to the earliest time when the asset is made available, by reason of the employment and without any transfer of the property in it, for private use.	=	where— U is the number of days, in the tax year concerned, on which the asset is unavailable for private use, Y is the number of days in that year, and A is the annual cost of the benefit of the asset determined under 40 section 205(2). (4) The reference in subsection (2)(a) to the time when the asset is first available to the employee is to the earliest time when the asset is made available, by reason of the employment and without any transfer of the property in it, for private use. 45 8 (No. 2) Bill Finance Part 1 – Direct taxes Chapter 2 – Income tax
(5) The reference in subsection (2)(b) to the time when the asset is last available to the employee is to the last time when the asset is made available, by reason of the employment and without any transfer of the property in it, for private use.	=	(5) The reference in subsection (2)(b) to the time when the asset is last available to the employee is to the last time when the asset is made available, by reason of the employment and without any transfer of the property in it, for private use.

205B Reduction of cost of taxable benefit where asset is shared	<>	205B Reduction of cost of taxable benefit where asset is shared 5
(1) This section applies where the cost of an employment-related benefit (“the taxable benefit”) is to be determined under section 205.	=	(1) This section applies where the cost of an employment-related benefit (“the taxable benefit”) is to be determined under section 205.
(2) If, for the whole or part of the tax year concerned, the same asset is available for more than one employee’s private use at the same time,		(2) If, for the whole or part of the tax year concerned, the same asset is available for more than one employee’s private use at the same time,
the total of the amounts which are the cost of the taxable benefit for each	<>	the total of the amounts which are the cost of the taxable benefit for each 10
of those employees is to be limited to the annual cost of the benefit of the asset determined in accordance with section 205(2).	=	of those employees is to be limited to the annual cost of the benefit of the asset determined in accordance with section 205(2).
Draft provisions for Finance Bill 2017	+-	
7		
Part 1 – Direct taxes		
Chapter 1 – Income tax		
(3) The cost of the taxable benefit for each employee is determined by taking the amount given by section 205(1C) and then reducing that amount on a just and reasonable basis.	=	(3) The cost of the taxable benefit for each employee is determined by taking the amount given by section 205(1C) and then reducing that amount on a just and reasonable basis. 15
(4) For the purposes of this section, an asset is available for an employee’s private use if it is available for private use by the employee or a member of the employee’s family or household.”	=	(4) For the purposes of this section, an asset is available for an employee’s private use if it is available for private use by the employee or a member of the employee’s family or household.”
(4) In section 365 (deductions where employment-related benefit provided)–		(4) In section 365 (deductions where employment-related benefit provided)–
(a) in subsection (1)–	<>	(a) in subsection (1)– 20
(i) omit the “and” at the end of paragraph (a), and (ii) after that paragraph insert– “(aa) the cost of the benefit was determined under section 204 or 206, and”,	=	(i) omit the “and” at the end of paragraph (a), and (ii) after that paragraph insert– “(aa) the cost of the benefit was determined under section 204 or 206, and”,
(b) in subsection (3), for “sections 204 to 206” substitute “section 204 or	<>	(b) in subsection (3), for “sections 204 to 206” substitute “section 204 or 25
206”, and (c) in the heading, for “employment-related benefit” substitute “certain employment-related benefits”.	=	206”, and (c) in the heading, for “employment-related benefit” substitute “certain employment-related benefits”.
(5) The amendments made by this section have effect for the tax year 2017-18 and		(5) The amendments made by this section have effect for the tax year 2017-18 and
subsequent tax years.	<>	subsequent tax years.

6 Pensions advice	<> 12 Pensions advice	
(1) In Chapter 9 of Part 4 of ITEPA 2003, after section 308B insert— “308C Provision of pensions advice: limited exemption (1) No liability to income tax arises in respect of— (a) the provision of relevant pensions advice to an employee or former or prospective employee, or (b) the payment or reimbursement of costs incurred, by or in respect of an employee or former or prospective employee, in obtaining relevant pensions advice, if Condition A or B is met.	= (1) In Chapter 9 of Part 4 of ITEPA 2003, after section 308B insert— “308C Provision of pensions advice: limited exemption (1) No liability to income tax arises in respect of— (a) the provision of relevant pensions advice to an employee or former or prospective employee, or (b) the payment or reimbursement of costs incurred, by or in respect of an employee or former or prospective employee, in obtaining relevant pensions advice, if Condition A or B is met.	
(2) But subsection (1) does not apply in relation to a person in a tax year so far as the value of the exemption in the person’s case in that year exceeds £500.	= (2) But subsection (1) does not apply in relation to a person in a tax year so far as the value of the exemption in the person’s case in that year exceeds £500.	
	-+ Finance (No. 2) Bill Part 1 – Direct taxes Chapter 2 – Income tax	9
(3) The “value of the exemption”, in relation to a person and a tax year, is the amount exempted by subsection (1) from income tax in the person’s case in that year, disregarding subsection (2) for this purpose. (4) If in a tax year there is in relation to an individual more than one person who is an employer or former employer, subsections (1) to (3) apply in relation to the individual as employee or former or prospective employee of any one of those persons separately from their application in relation to the individual as employee or former or prospective employee of any other of those persons.	= (3) The “value of the exemption”, in relation to a person and a tax year, is the amount exempted by subsection (1) from income tax in the person’s case in that year, disregarding subsection (2) for this purpose. (4) If in a tax year there is in relation to an individual more than one person who is an employer or former employer, subsections (1) to (3) apply in relation to the individual as employee or former or prospective employee of any one of those persons separately from their application in relation to the individual as employee or former or prospective employee of any other of those persons.	
(5) “Relevant pensions advice”, in relation to a person, means information, or advice, in connection with—	<> (5) “Relevant pensions advice”, in relation to a person, means information, or advice, in connection with—	10

<p>(a) the person's pension arrangements, or (b) the use of the person's pension funds.</p>	<p>(a) the person's pension arrangements, or (b) the use of the person's pension funds.</p>
<p>8 Draft provisions for Finance Bill 2017 Part 1 – Direct taxes Chapter 1 – Income tax</p>	<p>+-</p>
<p>(6) Condition A is that the relevant pensions advice, or payment or reimbursement, is provided under a scheme that is open-</p>	<p>(6) Condition A is that the relevant pensions advice, or payment or reimbursement, is provided under a scheme that is open- 15</p>
<p>(a) to the employer's employees generally, or (b) generally to the employer's employees at a particular location. (7) Condition B is that the relevant pensions advice, or payment or reimbursement, is provided under a scheme that is open generally to</p>	<p>(a) to the employer's employees generally, or (b) generally to the employer's employees at a particular location. (7) Condition B is that the relevant pensions advice, or payment or reimbursement, is provided under a scheme that is open generally to</p>
<p>the employer's employees, or generally to those of the employer's</p>	<p>the employer's employees, or generally to those of the employer's 20</p>
<p>employees at a particular location, who- (a) have reached the minimum qualifying age, or (b) meet the ill-health condition. (8) The "minimum qualifying age", in relation to an employee, means the</p>	<p>employees at a particular location, who- (a) have reached the minimum qualifying age, or (b) meet the ill-health condition. (8) The "minimum qualifying age", in relation to an employee, means the</p>
<p>employee's relevant pension age less 5 years.</p>	<p>employee's relevant pension age less 5 years. 25</p>
<p>(9) "Relevant pension age", in relation to an employee, means- (a) where paragraph 22 or 23 of Schedule 36 to FA 2004 applies in relation to the employee and a registered pension scheme of which the employee is a member, the employee's protected</p>	<p>(9) "Relevant pension age", in relation to an employee, means- (a) where paragraph 22 or 23 of Schedule 36 to FA 2004 applies in relation to the employee and a registered pension scheme of which the employee is a member, the employee's protected</p>
<p>pension age (see paragraph 22(8) and 23(8) of Schedule 36 to FA</p>	<p>pension age (see paragraph 22(8) and 23(8) of Schedule 36 to FA 30</p>
<p>2004), or (b) in any other case, the employee's normal minimum pension age, as defined by section 279(1) of FA 2004. (10) The "ill-health condition" is met by an employee if the employer is</p>	<p>2004), or (b) in any other case, the employee's normal minimum pension age, as defined by section 279(1) of FA 2004. (10) The "ill-health condition" is met by an employee if the employer is</p>
<p>satisfied, on the basis of evidence provided by a registered medical</p>	<p>satisfied, on the basis of evidence provided by a registered medical 35</p>
<p>practitioner, that the employee is (and will continue to be)</p>	<p>practitioner, that the employee is (and will continue to be)</p>

incapable of carrying on his or her occupation because of physical or mental impairment.”	incapable of carrying on his or her occupation because of physical or mental impairment.”
(2) In section 228 of ITEPA 2003 (effect of exemptions on liability under provisions outside Part 2 of ITEPA 2003), in subsection (2), after paragraph (da) insert-	(2) In section 228 of ITEPA 2003 (effect of exemptions on liability under provisions outside Part 2 of ITEPA 2003), in subsection (2), after paragraph (da) insert- 40
“(db) section 308C (provision of pensions advice),”. (3) Regulation 5 of the Income Tax (Exemption of Minor Benefits) Regulations 2002 (S.I. 2002/205) (exemption in respect of the provision of pensions advice) is revoked.	“(db) section 308C (provision of pensions advice),”. (3) Regulation 5 of the Income Tax (Exemption of Minor Benefits) Regulations 2002 (S.I. 2002/205) (exemption in respect of the provision of pensions advice) is revoked.
(4) In regulation 2 of the Income Tax (Exemption of Minor Benefits) (Amendment)	(4) In regulation 2 of the Income Tax (Exemption of Minor Benefits) (Amendment) 45
Regulations 2004 (S.I. 2004/3087) omit the inserted regulation 5.	Regulations 2004 (S.I. 2004/3087) omit the inserted regulation 5.
	10 Finance (No. 2) Bill Part 1 – Direct taxes Chapter 2 – Income tax
(5) The amendments made by this section have effect for the tax year 2017-18 and subsequent tax years.	(5) The amendments made by this section have effect for the tax year 2017-18 and subsequent tax years.
7 Deductions for employee liabilities: certain legal expenses etc	13 Legal expenses etc
(1) ITEPA 2003 is amended as follows.	(1) ITEPA 2003 is amended as follows.
(2) In section 346 (employment income : deductions for employee liabilities) –	(2) In section 346 (deduction for employee liabilities) – 5
(a) in the heading, at the end insert “and expenses”, (b) after paragraph B (in subsection (1)) insert – “BA Payment of any costs or expenses not falling within paragraph B which are incurred in connection with the employee giving evidence about matters related to the	(a) in the heading, at the end insert “and expenses”, (b) after paragraph B (in subsection (1)) insert – “BA Payment of any costs or expenses not falling within paragraph B which are incurred in connection with the employee giving evidence about matters related to the
employment in, or for the purposes of –	employment in, or for the purposes of – 10
Draft provisions for Finance Bill 2017 9 Part 1 – Direct taxes Chapter 1 – Income tax	
(a) a proceeding or other process (whether or not	(a) a proceeding or other process (whether or not

<p>involving the employee), or</p> <p>(b) an investigation (whether or not likely to lead to any</p>	<p>involving the employee), or</p> <p>(b) an investigation (whether or not likely to lead to any</p>
<p>proceeding or other process involving the employee).</p>	<p><></p> <p>proceeding or other process involving the employee).</p>
<p>BB Payment of any costs or expenses not falling within paragraph B or BA which are incurred in connection with a proceeding or other process, or an investigation, in which-</p> <p>(a) acts of the employee related to the employment, or</p>	<p>BB Payment of any costs or expenses not falling within paragraph B or BA which are incurred in connection with a proceeding or other process, or an investigation, in which-</p> <p>(a) acts of the employee related to the employment, or</p>
<p>(b) any other matters related to the employment,</p>	<p><></p> <p>(b) any other matters related to the employment,</p>
<p>are being or are likely to be considered.",</p> <p>(c) in paragraph C(b) (in subsection (1)), after "B" insert ", BA or BB",</p> <p>(d) in subsection (2) for "or B" substitute "B, BA or BB",</p> <p>(e) in subsection (2A), for "paragraph A, B or C" substitute "any of paragraphs A to C", and</p>	<p>are being or are likely to be considered.",</p> <p>(c) in paragraph C(b) (in subsection (1)), after "B" insert ", BA or BB",</p> <p>(d) in subsection (2) for "or B" substitute "B, BA or BB",</p> <p>(e) in subsection (2A), for "paragraph A, B or C" substitute "any of paragraphs A to C", and</p>
<p>25</p> <p>(f) after subsection (3) insert-</p>	<p>25</p> <p>(f) after subsection (3) insert-</p>
<p>"(4) In this section</p>	<p>"(4) In this section</p>
<p>and section 349-</p> <p>(a) "acts" includes failures to act and acts are "related to the employment" if the employee was acting-</p>	<p>and section 349-</p> <p>(a) "acts" includes failures to act and acts are "related to the employment" if the employee was acting-</p>
<p>(i) in the capacity of the holder of the employment,</p> <p>or</p>	<p>(i) in the employee's capacity as holder of the employment, or</p>
<p>(ii) in any other capacity in which the employee was</p> <p>acting in the performance of the duties of the</p> <p>employment,</p>	<p>(ii) in any other capacity in which the employee was</p> <p>acting in the performance of the duties of the</p> <p>employment,</p>
<p>(b) "giving evidence" includes making a formal or informal</p>	<p>(b) "giving evidence" includes making a formal or informal</p>
<p>statement or answering questions,</p> <p>(c) "proceeding or other process" includes any civil, criminal or arbitration proceedings, any disciplinary or regulatory proceedings of any kind and any process</p>	<p>statement or answering questions,</p> <p>(c) "proceeding or other process" includes any civil, criminal or arbitration proceedings, any disciplinary or regulatory proceedings of any kind and any process</p>
	<p><></p>

operated for resolving disputes or adjudicating on	operated for resolving disputes or adjudicating on
complaints, and (d) references to a proceeding or other process or an investigation include a reference to a proceeding or other process or an investigation that is likely to take place.”	complaints, and (d) references to a proceeding or other process or an investigation include a reference to a proceeding or other process or an investigation that is likely to take place.”
(3) In section 349 (meaning of qualifying insurance contract), in subsection (2)–	(3) In section 349 (section 346: meaning of “qualifying insurance contract”), in subsection (2)–
Finance (No. 2) Bill	Finance (No. 2) Bill
Part 1 – Direct taxes	Part 1 – Direct taxes
Chapter 2 – Income tax	Chapter 2 – Income tax
(a) after paragraph (c) insert– “(ca) the payment of costs or expenses incurred in connection with an employee giving evidence about matters related to the employee’s employment in, or for the purposes of–	(a) after paragraph (c) insert– “(ca) the payment of costs or expenses incurred in connection with an employee giving evidence about matters related to the employee’s employment in, or for the purposes of–
(i) a proceeding or other process (whether or not involving the employee), or (ii) an investigation (whether or not likely to lead to any proceeding or other process involving the employee),	(i) a proceeding or other process (whether or not involving the employee), or (ii) an investigation (whether or not likely to lead to any proceeding or other process involving the employee),
(cb) the payment of any costs or expenses incurred in connection with a proceeding or other process, or an investigation, in which– (i) acts of an employee related to the employment,	(cb) the payment of any costs or expenses incurred in connection with a proceeding or other process, or an investigation, in which– (i) acts of an employee related to the employment,
or	or
10	15
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Income tax	=	
(ii) any other matters related to the employment of an employee,	=	(ii) any other matters related to the employment of an employee,
are being or are likely to be considered.”, and (b) in subsection (2)(d), after “(c)” insert “, (ca) or (cb)”.	<>	are being or are likely to be considered,”, and (b) in subsection (2)(d), after “(c)” insert “, (ca) or (cb)”.
(4) In section 558 (deductions for liabilities of former employees: meaning of deductible payment)– (a) in paragraph B (in subsection (1)) insert– “BA Payment of any costs or expenses not falling within paragraph B which are incurred in connection with the former employee giving evidence about matters related to the former employment in, or for the purposes of–	<>	(4) In section 409 (payments and benefits on termination of employment etc: 20 exception for payments and benefits in respect of employee liabilities and indemnity insurance)– (a) in the heading, for “employee liabilities etc” substitute “certain legal expenses etc”, and (b) in subsection (3), at the end insert “or by the employer or former 25 employer on behalf of the individual”. (5) In section 410 (payments and benefits on termination of employment etc: exception for certain payments and benefits received by personal representatives of deceased individual)– (a) in the heading for “employee liabilities etc” substitute “certain legal 30 expenses etc”, and (b) in subsection (3), at the end insert “or by the former employer on behalf of the individual’s personal representatives”. (6) In section 558 (deductions for liabilities of former employees: meaning of “deductible payment”)– 35 (a) after paragraph B (in subsection (1)) insert– “BA Payment of any costs or expenses not falling within paragraph B which are incurred in connection with the former employee giving evidence about matters related to the former employment in, or for the purposes of– 40
(a) a proceeding or other process (whether or not involving the former employee), or (b) an investigation (whether or not likely to lead to any proceeding or other process involving the former employee).	=	(a) a proceeding or other process (whether or not involving the former employee), or (b) an investigation (whether or not likely to lead to any proceeding or other process involving the former employee).
	<>	45

BB Payment of any costs or expenses not falling within paragraph B or BA which are incurred in connection with a proceeding or other process, or an investigation, in which –	=	BB Payment of any costs or expenses not falling within paragraph B or BA which are incurred in connection with a proceeding or other process, or an investigation, in which –
	--+	12 Finance (No. 2) Bill Part 1 – Direct taxes Chapter 2 – Income tax
(a) acts of the former employee related to the former employment, or (b) any other matters related to the former employment, are being or are likely to be considered.”, and (b) in paragraph C(b) (in subsection (1)), after “B” insert “, BA or BB”, (c) in subsection (2), for “or B” substitute “B, BA or BB”, (d) after subsection (3) insert –	=	(a) acts of the former employee related to the former employment, or (b) any other matters related to the former employment, are being or are likely to be considered.”, and (b) in paragraph C(b) (in subsection (1)), after “B” insert “, BA or BB”, (c) in subsection (2), for “or B” substitute “B, BA or BB”, (d) after subsection (3) insert –
“(4) In this section –	<>	“(4) In this section and section 560 –
(a) “acts” includes failures to act and acts are “related to the former employment” if the former employee was	=	(a) “acts” includes failures to act and acts are “related to the former employment” if the former employee was
acting –	=	acting –
(i) in the capacity of the holder of that employment, or (ii) in any other capacity in which the former employee was acting in the performance of the	<>	(i) in the employee’s capacity as holder of the former employment, or (ii) in any other capacity in which the former employee was acting in the performance of the
duties of that employment, (b) “giving evidence” includes making a formal or informal statement or answering questions, (c) “proceeding or other process” includes any civil, criminal or arbitration proceedings, any disciplinary or	=	duties of that employment, (b) “giving evidence” includes making a formal or informal statement or answering questions, (c) “proceeding or other process” includes any civil, criminal or arbitration proceedings, any disciplinary or
regulatory proceedings of any kind and any process	=	regulatory proceedings of any kind and any process

operated for resolving disputes or adjudicating on complaints, and (d) references to a proceeding or other process or an	operated for resolving disputes or adjudicating on complaints, and (d) references to a proceeding or other process or an
investigation include a reference to a proceeding or other process or an investigation that is likely to take place.”	<> investigation include a reference to a proceeding or 25 other process or an investigation that is likely to take place.”
(5) In section 560 (deductions for liabilities of former employees: meaning of qualifying insurance contract), in subsection (2)– (a) after paragraph (c) insert– Draft provisions for Finance Bill 2017 11 Part 1 – Direct taxes Chapter 1 – Income tax	<> (7) In section 560 (section 558: meaning of “qualifying insurance contract”), in subsection (2)– (a) after paragraph (c) insert– 30
the payment of costs or expenses incurred in connection “(ca)”	= “(ca) the payment of costs or expenses incurred in connection
with a former employee giving evidence about matters related to the former employment in, or for the purposes of–	= with a former employee giving evidence about matters related to the former employment in, or for the purposes of–
(i) a proceeding or other process (whether or not involving the former employee), or (ii) an investigation (whether or not likely to lead to any proceeding or other process involving the former employee).	<> (i) a proceeding or other process (whether or not involving the former employee), or 35 (ii) an investigation (whether or not likely to lead to any proceeding or other process involving the former employee).
(cb) the payment of any costs or expenses incurred in connection with a proceeding or other process, or an investigation, in which– (i) acts of a former employee related to the employment, or (ii) any other matters related to the former employment of a former employee,	<> (cb) the payment of any costs or expenses incurred in 40 connection with a proceeding or other process, or an investigation, in which– (i) acts of a former employee related to the employment, or (ii) any other matters related to the former 45 employment of a former employee,

<p>are being or are likely to be considered.”, and</p> <p>(b) in paragraph (d), after “(c)” insert “, (ca) or (cb)”.</p> <p>(6) The amendments made by this section have effect in relation to the tax year</p> <p>2017-18 and subsequent tax years.</p>	<>	<p>are being or are likely to be considered,”, and</p> <p>(b) in paragraph (d), after “(c)” insert “, (ca) or (cb)”.</p> <p>(8) The amendments made by this section have effect in relation to the tax year</p> <p>2017-18 and subsequent tax years.</p>
<p>8 Termination payments: treatment of certain legal expenses etc</p> <p>(1) Chapter 3 of Part 6 of ITEPA 2003 (employment income which is not earnings or share-related: employer-financed retirement benefits) is amended as follows.</p> <p>(2) In section 409 (exception for payments and benefits in respect of employee liabilities etc)–</p> <p>(a) in the heading for “employee liabilities etc” substitute “certain legal expenses etc”, and</p> <p>(b) in subsection (3), at the end insert “or by the employer or former employer on behalf of the individual”.</p> <p>(3) In section 410 (exception for payments and benefits in respect of employee liabilities etc: individual deceased)–</p> <p>(a) in the heading for “employee liabilities etc” substitute “certain legal expenses etc”, and</p> <p>(b) in subsection (3), at the end insert “or by the former employer on behalf of the individual’s personal representatives”.</p> <p>(4) The amendments made by this section have effect in relation to the tax year</p> <p>2017-18 and subsequent tax years.</p>	<>	<p>50 Finance (No. 2) Bill</p> <p>13</p> <p>Part 1 – Direct taxes</p> <p>Chapter 2 – Income tax</p>
<p>9 Termination payments etc: amounts chargeable to tax on employment income</p> <p>(1) ITEPA 2003 is amended in accordance with subsections (2) to (11).</p>	<>	<p>14 Termination payments etc: amounts chargeable on employment income</p> <p>(1) ITEPA 2003 is amended in accordance with subsections (2) to (9).</p>
<p>(2) In section 7(5) (list of provisions under which amounts are treated as earnings),</p> <p>before the “or” at the end of paragraph (c) insert–</p> <p>“(ca) section 402B (termination payments, and other benefits, that</p>	<>	<p>(2) In section 7(5) (list of provisions under which amounts are treated as earnings),</p> <p>before the “or” at the end of paragraph (c) insert–</p> <p>“(ca) section 402B (termination payments, and other benefits, that</p>
<p>cannot benefit from section 403 threshold),”.</p>	<>	<p>5 cannot benefit from section 403 threshold),”.</p>
<p>12 Draft provisions for Finance Bill 2017</p> <p>Part 1 – Direct taxes</p>	+-	

<p style="color: red; font-weight: bold;">Chapter 1 –</p> <p style="color: red; font-weight: bold;">Income tax</p>	<p>=</p>	
<p>(3) Before section 403 (charge on payments and benefits in excess of £30,000 threshold) insert– “402A Split of payments and other benefits between sections 402B and 403</p> <p>(1) In this Chapter “termination award” means a payment or other benefit</p> <p>to which this Chapter applies because of section 401(1)(a). (2) Section 402B (termination awards not benefiting from threshold treated as earnings) applies to termination awards to the extent determined under section 402C. (3) Section 403 (charge on payment or benefit where threshold applies)</p> <p>applies to termination awards so far as they are not ones to which section 402B applies. (4) Section 403 also applies to payments and other benefits to which this Chapter applies because of section 401(1)(b) or (c) (change in duties or</p> <p>earnings).</p>	<p><></p>	<p>(3) Before section 403 (charge on payments and benefits in excess of £30,000 threshold) insert– “402A Split of payments and other benefits between sections 402B and 403</p> <p>(1) In this Chapter “termination award” means a payment or other benefit</p> <p>to which this Chapter applies because of section 401(1)(a). (2) Section 402B (termination awards not benefiting from threshold treated as earnings) applies to termination awards to the extent determined under section 402C. (3) Section 403 (charge on payment or benefit where threshold applies)</p> <p>applies to termination awards so far as they are not ones to which section 402B applies. (4) Section 403 also applies to payments and other benefits to which this Chapter applies because of section 401(1)(b) or (c) (change in duties or</p> <p>earnings).</p>
<p>402B Termination awards not benefiting from threshold to be treated as earnings (1) The amount of a termination award to which this section applies is treated as an amount of earnings of the employee, or former employee, from the employment.</p>	<p><></p>	<p>402B Termination awards not benefiting from threshold to be treated as earnings (1) The amount of a termination award to which this section applies is treated as an amount of earnings of the employee, or former employee, from the employment.</p>
<p>(2) See also section 7(3)(b) and (5)(ca) (which cause amounts treated as earnings under this section to be included in general earnings). (3) Section 403(3) (when benefits are received) does not apply in relation to payments or other benefits to which this section applies.</p>	<p><></p>	<p>(2) See also section 7(3)(b) and (5)(ca) (which cause amounts treated as earnings under this section to be included in general earnings). (3) Section 403(3) (when benefits are received) does not apply in relation to payments or other benefits to which this section applies.</p>
<p>402C The termination awards to which section 402B applies</p> <p>(1) This section has effect for the purpose of identifying the extent to which section 402B applies to termination awards in respect of the termination of the employment of the employee. (2) In this section “relevant termination award” means a termination</p>	<p><></p>	<p>402C The termination awards to which section 402B applies</p> <p>(1) This section has effect for the purpose of identifying the extent to which section 402B applies to termination awards in respect of the termination of the employment of the employee. (2) In this section “relevant termination award” means a termination</p>

award that is neither–	<>	award that is neither–
		35
(a) a redundancy payment, nor (b) so much of an approved contractual payment as is equal to or less than the amount which would have been due if a redundancy payment had been payable.	=	(a) a redundancy payment, nor (b) so much of an approved contractual payment as is equal to or less than the amount which would have been due if a redundancy payment had been payable.
(3) If the post-employment notice pay (see section 402D) in respect of the	<>	(3) If the post-employment notice pay (see section 402D) in respect of the 40
termination is greater than, or equal to, the total amount of the relevant termination awards in respect of the termination, section 402B applies to all of those relevant termination awards.	=	termination is greater than, or equal to, the total amount of the relevant termination awards in respect of the termination, section 402B applies to all of those relevant termination awards.
	--	14 Finance (No. 2) Bill Part 1 – Direct taxes Chapter 2 – Income tax
(4) If the post-employment notice pay in respect of the termination is less than the total amount of the relevant termination awards in respect of the termination but is not nil– (a) section 402B applies to a part of those relevant termination awards, and	=	(4) If the post-employment notice pay in respect of the termination is less than the total amount of the relevant termination awards in respect of the termination but is not nil– (a) section 402B applies to a part of those relevant termination awards, and
		5
(b) the amount of that part is equal to the post-employment notice pay.	=	(b) the amount of that part is equal to the post-employment notice pay.
Draft provisions for Finance Bill 2017	+-	
13 Part 1 – Direct taxes Chapter 1 – Income tax		
(5) Section 309(4) to (6) (meaning of “redundancy payment” and “approved contractual payment” etc) apply for the purposes of subsection (2) as they apply for the purposes of section 309.	=	(5) Section 309(4) to (6) (meaning of “redundancy payment” and “approved contractual payment” etc) apply for the purposes of subsection (2) as they apply for the purposes of section 309.
		10
402D “Post-employment notice pay” (1) “The post-employment notice pay” in respect of a termination is	=	402D “Post-employment notice pay” (1) “The post-employment notice pay” in respect of a termination is
(subject to subsection (9)) given by–	<>	(subject to subsection (11)) given by–
		BP

$\boxed{BP} \times D - \boxed{Y} = T$ <p style="text-align: center;">where—</p> <p>BP, D and Y are given by subsections (3) to (8), and T is the total of the amounts of any payment or benefit received by the employee in connection with the termination which would fall within section 401(1)(a) but for section 401(3).</p> <p>(2) If the amount given by the formula in subsection (1) is a negative amount, the post-employment notice pay is nil.</p> <p>(3) Subject to subsections (5) to (7)— BP is the employee's basic pay (see subsection (8)) from the employment for the year ending with the trigger date, D is the number of days in the post-employment notice period, and Y is 365.</p> <p>(4) See section 402E for the meaning of "post-employment notice period" and "trigger date".</p> <p>(5) If the period beginning with the day the employment starts, and ending with the trigger date, is shorter than a year then— BP is the employee's basic pay from the employment for that shorter period, D is the number of days in the post-employment notice period, and Y is the number of days in that shorter period.</p> <p>(6) If subsection (5) does not apply, and the employee is paid weekly throughout the 52 weeks ending with the trigger date, then— BP is the employee's basic pay from the employment for the 52 weeks ending with the trigger date, D is the number of</p>	$xD - \boxed{P} = T$ <p style="text-align: center;">where—</p> <p>15 BP, D and P are given by subsections (3) to (7), and T is the total of the amounts of any payment or benefit received in connection with the termination which—</p> <ul style="list-style-type: none"> (a) would fall within section 401(1)(a) but for section 401(3), (b) is taxable as earnings under Chapter 1 of Part 3, (c) is not pay in respect of holiday entitlement for a period before the employment ends, and (d) is not a bonus payable for termination of the employment. <p>(2) If the amount given by the formula in subsection (1) is a negative amount, the post-employment notice pay is nil.</p> <p>(3) Subject to subsections (5) and (6)— BP is the employee's basic pay (see subsection (7)) from the employment in respect of the last pay period of the employee to date, P is the number of days in</p>
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days in the post-employment notice period, and Y is 364.

(7) If neither of subsections (5) and (6) applies, and the minimum notice (see section 402E) is given by contractual terms and is expressed to be a whole number of months, and if the post-employment notice period is equal in length to the minimum notice or is otherwise a whole number of months—

BP is the employee's basic pay from the employment for the year

ending with the trigger date,	=	that pay period, and
D is the length of the post-employment notice period expressed in months, and	<>	D is the number of days in that period, and 40
14 Draft provisions for Finance Bill 2017		D is the number of days in the post-employment notice period.
Part 1 – Direct taxes	=	(6) If the last pay period of the employee to end before the trigger date is a month, the minimum notice (see section 402E) is given by contractual terms and is expressed to be a whole number of months, and the post-Finance (No. 2) Bill
Chapter 1 – Income tax	<>	Part 1 – Direct taxes
	=	Chapter 2 – Income tax
Y is 12.	<>	employment notice period is equal in length to the minimum notice or is otherwise a whole number of months, then—
(8) In this section “basic pay” means—		BP is the employee's basic pay from the employment in respect of the last pay period of the employee to end before the trigger date,
(a) employment income of the employee from the employment but disregarding—		5 P is 1, and D is the length of the post-employment notice period expressed in months.
(i) any amount received by way of overtime, bonus,	=	(7) In this section “basic pay” means—
		(a) employment income of the employee from the employment but
		10 disregarding—
		(i) any amount received by way of overtime, bonus,

<p>commission, gratuity or allowance, (ii) any amount received in connection with the termination of the employment, and (iii) any amount treated as earnings under Chapters 2 to 11 of Part 3 (the benefits code), and</p>	<p>commission, gratuity or allowance, (ii) any amount received in connection with the termination of the employment, 15 (iii) any amount treated as earnings under Chapters 2 to 10 of Part 3 (the benefits code) or which would be so treated apart from section 64, (iv) any amount which is treated as earnings under Chapter 12 of Part 3 (amounts treated as earnings), 20 (v) any amount which counts as employment income by virtue of Part 7 (income relating to securities and securities options), and (vi) any employment-related securities that constitute earnings under Chapter 1 of Part 3 (earnings), and 25</p>
<p>(b) any amount which the employee has given up the right to receive but which would have fallen within paragraph (a) had the employee not done so.</p>	<p>(b) any amount which the employee has given up the right to receive but which would have fallen within paragraph (a) had the employee not done so.</p>
<p>(9) Where the purpose, or one of the purposes, of any arrangements is the avoidance of tax by causing the post-employment notice pay calculated under subsection (1) to be less than it would otherwise be, the post-employment notice pay is to be treated as the amount which the post-employment notice pay would have been but for the arrangements.</p>	<p>(8) In subsection (7) “employment-related securities” has the same meaning as it has in Chapter 1 of Part 7 (see section 421B). 30 (9) The Treasury may by regulations amend this section for the purpose of altering the meaning of “basic pay”. (10) A statutory instrument containing regulations under subsection (9) may not be made unless a draft of it has been laid before, and approved by a resolution of, the House of Commons. 35 (11) Where the purpose, or one of the purposes, of any arrangements is the</p>
<p>avoidance of tax by causing the post-employment notice pay calculated under subsection (1) to be less than it would otherwise be, the post-employment notice pay is to be treated as the amount which the post-employment notice pay would have been but for the arrangements.</p>	<p>avoidance of tax by causing the post-employment notice pay calculated under subsection (1) to be less than it would otherwise be, the post-employment notice pay is to be treated as the amount which the post-</p>
<p>(10) In subsection (9) “arrangements” includes any scheme, arrangement or understanding of any kind,</p>	<p>employment notice pay would have been but for the arrangements. 40 (12) In subsection (11) “arrangements” includes any scheme, arrangement or understanding of any</p>

whether or not legally enforceable, involving a single transaction or two or more transactions.	=	kind, whether or not legally enforceable, involving a single transaction or two or more transactions.
402E Meaning of “post-employment notice period” and “trigger date” in section 402D	<>	402E Meaning of “trigger date” and “post-employment notice period” in section 402D
(1) Subsections (2), (3), (6) and (7) have effect for the purposes of section 402D (and subsection (6) has effect also for the purposes of this section).		45 (1) Subsections (2) and (4) to (6) have effect for the purposes of section 402D (and subsection (4) has effect also for the purposes of this section). 16 Finance (No. 2) Bill Part 1 – Direct taxes Chapter 2 – Income tax
	=	
	<>	(2) The “trigger date” is– (a) if the termination is not a notice case, the last day of the employment, and (b) if the termination is a notice case, the day the notice is given. (3) For the purposes of this section, the termination is a “notice case” if the employer or employee gives notice to the other to terminate the employment, and here it does not matter– (a) whether the notice is more or less than, or the same as, the minimum notice, or (b) if the employment ends before the notice expires. 10 (4) The “minimum notice” is the minimum notice required to be given by the employer to terminate the employee’s employment by notice in accordance with the law and contractual terms effective– (a) where the termination is not a notice case– (i) immediately before the employment ends, or 15 (ii) where the employment ends by agreement entered into after the start of the employment, immediately before the agreement is entered into, and (b) where the termination is a notice case, immediately before the notice is given. 20 (5) The “post-employment notice period” is the period–
(2) The “post-employment notice period” is the period– (a) beginning at the end of the last day of the employment, and (b) ending with the earliest lawful termination date.	=	(a) beginning at the end of the last day of the employment, and (b) ending with the earliest lawful termination date.
	<>	(But see subsection (8) for

(3) If the earliest lawful termination date is, or precedes, the last day of the employment, the number of days in the post-employment notice period is nil.	=	provision about limited-term contracts.) (6) If the earliest lawful termination date is, or precedes, the last day of the 25
(4) “The earliest lawful termination date” is the last day of the period which–	<>	(7) “The earliest lawful termination date” is the last day of the period
which–	=	which–
(a) is equal in length to the minimum notice, and	<>	(a) is equal in length to the minimum notice, and 30
(b) begins at the end of the trigger date.	=	(b) begins at the end of the trigger date.
(5) For the purposes of this section, the termination is a “notice case” if the employer or employee gives notice to the other to terminate the employment, and here it does not matter–	<>	(8) In the case of a contract of employment which is a limited-term contract and which does not include provision for termination by notice by the employer, the post-employment notice period is the period–
(a) whether the notice is more or less than, or the same as, the minimum notice, or (b) if the employment ends before the notice expires.		(a) beginning at the end of the last day of the employment, and 35 (b) ending with the day of the occurrence of the limiting event.
(6) The “minimum notice” is the minimum notice required to be given by the employer to terminate the employee’s employment in accordance with the law and contractual terms effective–		(9) If, in a case to which subsection (8) applies, on the last day of the employment the day of the occurrence of the limiting event is not ascertained or ascertainable (because, for example, the limiting event is the performance of a task), then subsection (8) has effect as if for 40 paragraph (b) there were substituted–
(a) where the termination is not a notice case, immediately before the employment ends, and Draft provisions for Finance Bill 2017		“(b) ending with the day on which notice would have expired if the employer had, on the last day of the employment, given to the employee the minimum notice required to terminate the contract under section 86 of the Employment Rights Act 1996 45 (assuming that that section applies to the employment).”
15		Finance (No. 2) Bill
Part 1 – Direct taxes	=	17
Chapter 1 – Income tax	<>	Part 1 – Direct taxes
	=	Chapter 2 – Income tax
(b) where the termination is a notice case, immediately before the notice is given.	<>	(10) In this section “limited-term contract” and “limiting event” have the same meaning as in the Employment Rights Act 1996 (see section 235(2A) and (2B)).
(7) The “trigger date” is–		
(a) if the termination is not a notice case, the last day of the employment,		
(b) if the termination		

is a notice case, the day the notice is given.”		
(4) In section 403 (charges on payments and benefits which can benefit from threshold)–	=	(4) In section 403 (charges on payments and benefits which can benefit from threshold)–
	<>	5
(a) in subsection (1), for “Chapter” substitute “section”, (b) in subsection (3), after “Chapter” insert “(but see section 402B(3))”, (c) in subsection (4), for the words from “when” to “exceeds” substitute “when aggregated with–	=	(a) in subsection (1), for “Chapter” substitute “section”, (b) in subsection (3), after “Chapter” insert “(but see section 402B(3))”, (c) in subsection (4), for the words from “when” to “exceeds” substitute “when aggregated with–
(a) other payments or benefits in respect of the employee or	<>	(a) other payments or benefits in respect of the employee or 10
former employee that are payments or benefits to which this section applies, and	=	former employee that are payments or benefits to which this section applies, and
(b) other payments or benefits in respect of the employee or	<>	(b) other payments or benefits in respect of the employee or
former employee that are payments or benefits–	=	former employee that are payments or benefits–
(i) received in the tax year 2017-18 or an earlier tax	<>	(i) received in the tax year 2017-18 or an earlier tax 15
year, and (ii) to which this Chapter applied in the tax year of receipt, it exceeds”,	=	year, and (ii) to which this Chapter applied in the tax year of receipt, it exceeds”,
(d) in subsection (5)(a), for “Chapter” substitute “section”,	<>	(d) in subsection (5)(a), for “Chapter” substitute “section”, 20
(e) in subsection (6), after “employment income” insert “or, as the case may be, in relation to whom section 402B(1) provides for an amount to be treated as an amount of earnings”, and (f) in the heading, at the end insert “where threshold applies”.	=	(e) in subsection (6), after “employment income” insert “or, as the case may be, in relation to whom section 402B(1) provides for an amount to be treated as an amount of earnings”, and (f) in the heading, at the end insert “where threshold applies”.
(5) In section 404 (how the threshold applies)–	<>	(5) In section 404 (how the threshold applies)– 25
(a) in subsection (3)(b) (meaning of “termination or change date”), for “this Chapter” substitute “section 403”, and (b) after subsection (5) insert– “(6) In subsection (3)(b), the reference to a payment or other benefit	=	(a) in subsection (3)(b) (meaning of “termination or change date”), for “this Chapter” substitute “section 403”, and (b) after subsection (5) insert– “(6) In subsection (3)(b), the reference to a payment or other benefit
to which section 403 applies includes a reference to a payment	<>	to which section 403 applies includes a reference to a payment 30
or other benefit– (a) received	=	or other benefit– (a) received in

in the tax year 2017-18 or an earlier tax year, and (b) to which this Chapter applied in the tax year of receipt.”	the tax year 2017-18 or an earlier tax year, and (b) to which this Chapter applied in the tax year of receipt.”
(6) After section 404A insert–	<> (6) After section 404A insert– 35
“404B Power to vary threshold (1) The Treasury may by regulations amend the listed provisions by substituting, for the amount for the time being mentioned in those provisions, a different amount.	= “404B Power to vary threshold (1) The Treasury may by regulations amend the listed provisions by substituting, for the amount for the time being mentioned in those provisions, a different amount.
(2) The listed provisions are – subsections (1), (4) and (5) of section 403, and subsections (1), (4) and (5) of section 404 and its heading. (3) Regulations under this section may include transitional provision.	<> (2) The listed provisions are– 40 subsections (1), (4) and (5) of section 403, and subsections (1), (4) and (5) of section 404 and its heading. (3) Regulations under this section may include transitional provision.
16 Draft provisions for Finance Bill 2017	<> (4) A statutory instrument containing regulations under this section which reduce the mentioned amount may not be made unless a draft of it has 45 18 Finance (No. 2) Bill
Part 1 – Direct taxes	= Part 1 – Direct taxes
Chapter 1 – Income tax	<> Chapter 2 – Income tax
(4) A statutory instrument containing regulations under this section which reduce the mentioned amount may not be made unless a draft of it has	=
been laid before, and approved by a resolution of, the House of Commons.” (7) In section 406 (exception in cases of death, injury or disability)– (a) the existing text becomes subsection (1), and	= been laid before, and approved by a resolution of, the House of Commons.” (7) In section 406 (exception in cases of death, injury or disability)– (a) the existing text becomes subsection (1), and
(b) after that subsection insert– “(2) In subsection (1) “injury” does not include injured feelings unless they amount to a psychiatric injury or other recognised medical condition.” (8) After section 412 insert– “412A Exception in certain cases of non-UK-based employment	<> (b) after that subsection insert– 5 “(2) Although “injury” in subsection (1) includes psychiatric injury,

(1) This Chapter does not apply to a payment or other benefit received in

connection with the termination of an employee's employment if the

condition in subsection (2) is met.

(2) The condition is that the employee's relevant earnings (see subsection (3))-

(a) so far as they are earnings from a period of employment in or after the tax year 2008-09, are earnings to which neither section

15, nor section 27, applies,

(b) so far as they are earnings from a period of employment in or after the tax year 2003-04 but before the tax year 2008-09, are earnings to which none of sections 15, 21, 25 and 27 as originally

enacted applies,

(c) so far as they are earnings from a period of employment in or after the tax year 1974-75 but before the tax year 2003-04, are earnings-

(i) which were not chargeable under Case I of Schedule E, or
(ii) for which a deduction equal to the whole amount of the earnings was allowable under a foreign earnings deduction provision,

(d) so far as they are earnings from a period of employment in or after the tax year 1956-57 but before the tax year 1974-75, are earnings which were not chargeable under Case I of Schedule E,

and
(e) so far as they are earnings from a period of employment before the tax year 1956-57, are earnings which were not chargeable under Schedule E.

(3) The relevant earnings of the employee are-

(a) the earnings from the employment ("the terminated employment") in connection with which the payment or other benefit mentioned in subsection (1) is received, and
(b) the earnings from all employments associated with the terminated employment.

(4) For this purpose, earnings from an employment are associated with the

terminated employment if

it does not include injured feelings."

at the time the earnings are received—
(a) the employer is
the same,
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=

(b) one of the employers is under the control of the other employer,
or
(c) one of the employers is under the control of a third person who
controls or is under the control of the other employer.
(5) In this section “foreign earnings deduction provision” means
(a) paragraph 1 of Schedule 2 to FA 1974,
(b) paragraph 1 of Schedule 7 to FA 1977, or
(c) section 192A or 193(1) of ICTA.”
(9) In section 413 (exception in certain cases of foreign service)—
(a) in subsection (2) omit “(2A),”,
(b) omit subsection (2A),
(c) in subsection (3)—
(i) omit “but before the tax year 2013-14”, and
(ii) omit paragraph (a), including the “or” at the end,
(d) omit subsections (3ZA) and (3A),
(e) in subsection (4) omit paragraph (a), including the “or” at the end,
(f) in subsection (5)—
(i) in paragraph (a), after “1974” insert “so far as relating to employment as a seafarer”,
(ii) in paragraph (b), after “1977” insert “so far as relating to employment as a seafarer”,
(iii) before the “or” at the end of paragraph (b) insert—
“(ba)
section 193(1) of ICTA so far as relating to employment as a seafarer,”, and
(iv) in paragraph (c) omit “or 193(1)”,
(g) in subsection (6), after “1974-75” insert “in an employment as a seafarer”,
(h) after subsection (6) insert—
“(7) In this section “employment as a seafarer” is to be read in accordance with section 384.”, and

<>

(8) In section 414(2) (proportionate reduction for foreign service in certain cases),

for “otherwise count as employment income under this Chapter” substitute

<p>(i) in the heading, after “foreign service” insert “as seafarer”.</p> <p>(10) In section 414 (proportionate reduction for foreign service, as seafarer, in certain cases)–</p> <p>(a) in subsection (1)(b), after “service” insert “as seafarer”,</p> <p>(b) in subsection (2), for “otherwise count as employment income under this Chapter” substitute “otherwise–</p>		<p>“otherwise–</p> <p>10</p>
<p>(a) be treated as earnings by section 402B(1), or</p> <p>(b) count as employment income as a result of section 403”, and</p> <p>(c) in the heading, after “foreign service” insert “as seafarer”.</p> <p>(11) In section 717(4) (regulations etc not subject to negative procedure), before “or</p> <p>section 681F(3)” insert “, section 404B(4) (reduction of tax-free threshold for</p> <p>employment-termination etc payments)”.</p> <p>(12) In consequence of amendments made by this section in section 413 of ITEPA 2003–</p> <p>(a) in Schedule 7 to FA 2008, omit paragraph 30, and</p> <p>(b) in Schedule 46 to FA 2013, omit paragraph 38.</p>	=>>	<p>(a) be treated as earnings by section 402B(1), or</p> <p>(b) count as employment income as a result of section 403”.</p> <p>(9) In section 717(4) (regulations etc not subject to negative procedure), before “or</p> <p>section 681F(3)” insert “, section 402D(10) (meaning of basic pay for purpose of calculating charge on termination award), section 404B(4) (reduction of tax-free threshold for employment-termination etc payments)”.</p>
<p>18</p> <p style="text-align: center;">Draft provisions for Finance Bill 2017</p>		
<p style="text-align: center;">Part 1 – Direct taxes</p> <p style="text-align: center;">Chapter 1 – Income tax</p>	=	
<p>(13) The amendments made by this section have effect for the tax year 2018-19 and</p> <p>subsequent tax years.</p>	=>>	<p>(10) The amendments made by this section have effect for the tax year 2018-19 and</p> <p>subsequent tax years.</p>
<p>10 PAYE settlement agreements</p> <p>(1) In Chapter 5 of Part 11 of ITEPA 2003 (PAYE settlement agreements), in</p>	=>>	<p>15 PAYE settlement agreements</p> <p>(1) In Chapter 5 of Part 11 of ITEPA 2003 (PAYE settlement agreements), in</p>
<p>sections 703(a) and 704(1)(a), for “an officer of Revenue and Customs” substitute “Her Majesty’s Revenue and Customs”.</p> <p>(2) The amendment made by this section has effect in relation to the tax year 2018–</p> <p>19 and subsequent tax years.</p>	=>>	<p>sections 703(a) and 704(1)(a), for “an officer of Revenue and Customs” substitute “Her Majesty’s Revenue and Customs”.</p> <p>(2) The amendment made by this section has effect in relation to the tax year 2018–</p> <p>19 and subsequent tax years.</p>
	-+>>	<p>Pensions</p>

	=	
	--+	<p>16 Money purchase annual allowance</p> <p>(1) Part 4 of FA 2004 is amended as follows.</p> <p>(2) In section 227ZA (chargeable amount), in subsection (1)(b), for “£10,000” substitute “£4,000”.</p> <p>(3) In section 227B (alternative chargeable amount), in subsections (1)(b) and (2), 30 for “£10,000” substitute “£4,000”.</p> <p>(4) In section 227D (pension input amounts in respect of certain hybrid arrangements), in Steps 4 and 5 of subsection (4), for “£10,000” substitute “£4,000”.</p> <p>(5) The amendments made by this section have effect for the tax year 2017-18 and 35 subsequent tax years.</p>
	=	
11	Overseas pensions	<p><> 17 Overseas pensions</p> <p>Schedule 3 makes provision about–</p> <p>(a) registered pension schemes established outside the United Kingdom, and</p> <p>40</p> <p>Finance (No. 2) Bill</p> <p>Part 1 – Direct taxes</p> <p>Chapter 2 – Income tax</p>
	=	
	--+	(b) payments made in respect of overseas pension entitlement.
	=	
<p>Schedule 3 contains provision about payments made in respect of overseas pensions.</p>		<p><> 18 Pensions: offshore transfers</p> <p>Schedule 4 contains provision about charging income tax–</p> <p>(a) where payments are made in respect of overseas pensions, and</p> <p>(b) on transfers to qualifying recognised overseas pension schemes.</p> <p>5</p> <p>Trading and property businesses income</p>
	=	
	--+	<p>19 Calculation of profits of trades and property businesses</p> <p>Schedule 5 contains provision about the calculation of the profits of a trade,</p> <p>profession or vocation or a property business, in particular the calculation of profits on the cash basis.</p> <p>10</p>
	=	
	--+	<p>20 Trading and property allowances</p> <p>Schedule 6 contains provision about a trading allowance and a property allowance giving relief from income tax.</p>

Investment income	=	Investment income
12 Deduction of income tax at source Schedule 4 contains provisions about deduction of income tax at source.	<>	21 Deduction of income tax at source 15 Schedule 7 makes provision about deduction of income tax at source.
13 Life insurance policies: recalculating gains on part surrenders etc (1) ITTOIA 2005 is amended as follows. (2) After section 507 (method for making periodic calculations in part surrender or assignment cases) insert–	<>	22 Life insurance policies: recalculating gains on part surrenders etc (1) ITTOIA 2005 is amended as follows. (2) After section 507 (method for making periodic calculations in part surrender or assignment cases) insert–
“507A Recalculating gains under section 507 (1) A person may apply to an officer of Revenue and Customs for a review of a calculation under section 507 on the ground that the gain arising from it is wholly disproportionate. (2) Applications under subsection (1) must be– (a) made in writing, and (b) received by an officer of Revenue and Customs within– (i) two years after the end of the insurance year in which the gain arose, or (ii) such longer period as the officer may agree.	<>	(1) An interested person may apply to an officer of Revenue and Customs for a review of a calculation under section 507 on the ground that the gain arising from it is wholly disproportionate. (2) For the purposes of this section an interested person in relation to a 25 calculation under section 507 is a person who would be liable for all or any part of the amount of tax that would be chargeable under this Chapter if the gain were not recalculated. (3) Applications under subsection (1) must be– (a) made in writing, and (b) received by an officer of Revenue and Customs within– (i) the four tax years following the tax year in which the gain arose, or (ii) such longer period as the officer may agree. (4) In considering whether the gain is wholly disproportionate, the officer 35 may take into account (as well as the amount of the gain) any factor 20 2) Bill Part 1 – Direct taxes Chapter 2 – Income tax
	=	

<p>(3) If, following an application under subsection (1), an officer considers</p> <p>that the gain arising from the calculation under section 507 is wholly disproportionate, the officer must recalculate the gain on a just and reasonable basis.</p> <p>(4) Following a recalculation under subsection (3), references in this</p>	<p>which the officer considers appropriate including, so far as the officer</p> <p>to do so—</p> <p>(a) the economic gain on the rights surrendered or assigned, (b) the amount of the premiums paid under the policy or contract, (c) the amount of tax that would be chargeable under this Chapter</p> <p>5 if the gain were not recalculated.</p> <p>(5) If, following an application under subsection (1), an officer considers</p>
<p>that the gain arising from the calculation under section 507 is wholly disproportionate, the officer must recalculate the gain on a just and reasonable basis.</p> <p>(4) Following a recalculation under subsection (3), references in this</p>	<p>that the gain arising from the calculation under section 507 is wholly disproportionate, the officer must recalculate the gain on a just and reasonable basis.</p> <p>10 (6) Following a recalculation under subsection (5), references in this</p>
<p>Chapter (but excluding this section) to a calculation under section 507 are to be regarded as references to a recalculation under this section.</p>	<p>Chapter (but excluding this section) to a calculation under section 507 are to be regarded as references to a recalculation under this section.</p>
<p>(5) Following a recalculation under subsection (3), an officer of Revenue and Customs must notify the applicant of the result of the recalculation.”</p> <p>Draft provisions for Finance Bill 2017</p>	<p>(7) Following a recalculation under subsection (5), an officer of Revenue and Customs must notify the interested person of the result of the recalculation.</p> <p>15 (8) If two or more persons are interested persons in relation to a calculation under section 507—</p>
<p>19</p> <p>Part 1 – Direct taxes</p>	<p>(a) an application under subsection (1) may be made only by all the interested persons jointly, and</p> <p>20 (b) subsection (7) applies as if the reference to the interested person were a reference to each of the interested persons.</p> <p>(9) Following a recalculation under subsection (5), all necessary adjustments and repayments of income tax are to be made.</p> <p>(10) No recalculation is to be made under this section if the gain mentioned</p> <p>25 in subsection (1) arises as a result of one or more transactions which form part of arrangements, the main purpose, or one of the main purposes, of which is to</p>

	<p>obtain a tax advantage for any person.</p> <p>(11) In this section— “arrangements” includes any agreement, understanding, scheme, 30 transaction or series of transactions (whether or not legally enforceable), and “tax advantage” has the meaning given by section 1139 of CTA 2010.”</p> <p>(3) After section 512 (available premium left for relevant transaction in certain part 35</p>
<p>surrender or assignment cases)</p> <p>insert— “512A Recalculating gains under section 511</p>	<p>surrender or assignment cases)</p> <p>insert— “512A Recalculating gains under section 511</p>
<p>(1) A person may apply to an officer of Revenue and Customs for a review of a calculation under section 511 on the ground that the gain arising from it is wholly disproportionate.</p>	<p>(1) An interested person may apply to an officer of Revenue and Customs for a review of a calculation under section 511 on the ground that the gain arising from it is wholly disproportionate.</p> <p>(2) For the purposes of this section an interested person in relation to a calculation under section 511 is a person who would be liable for all or any part of the amount of tax that would be chargeable under this Chapter—</p> <p>(a) if the gain were not recalculated, or</p> <p>45</p> <p>Finance (No. 2) Bill</p> <p>21</p> <p>Part 1 – Direct taxes</p> <p>Chapter 2 – Income tax</p>
<p>(2) Applications under subsection (1) must be—</p> <p>(a) made in writing, and</p>	<p>(b) if all rights under the policy or contract had been surrendered immediately after the surrender or assignment of rights which gave rise to the calculation.</p> <p>(3) Applications under subsection (1) must be—</p> <p>(a) made in writing, and</p> <p>5</p>
<p>(b) received by an officer of Revenue and Customs within—</p>	<p>(b) received by an officer of Revenue and Customs within—</p>
<p>(i) two years after the end of the insurance year in which the gain arose, or</p>	<p>(i) the four tax years following the tax year in which the gain arose, or</p>
<p>(ii) such longer period as the officer may agree.</p>	<p>(ii) such longer period as the officer may agree.</p>
	<p>(4) In considering whether the gain is wholly disproportionate, the officer 10 may take into account (as well as the amount of the gain) any factor which the officer considers</p>

<p>(3) If, following an application under subsection (1), an officer considers</p>	<p>appropriate including, so far as the officer considers it appropriate to do so-</p> <p>(a) the economic gain on the rights surrendered or assigned,</p> <p>(b) the amount of the premiums paid under the policy or contract,</p> <p style="text-align: center;">15</p> <p>(c) the amount of tax that would be chargeable under this Chapter if the gain were not recalculated.</p> <p>(5) If, following an application under subsection (1), an officer considers</p>
<p>that the gain arising from the calculation under section 511 is wholly</p>	<p>= that the gain arising from the calculation under section 511 is wholly</p>
<p>disproportionate, the officer must recalculate the gain on a just and</p>	<p><> disproportionate, the officer must recalculate the gain on a just and</p> <p style="text-align: center;">20</p>
<p>reasonable basis.</p>	<p>= reasonable basis.</p>
<p>(4) Following a recalculation under subsection (3), references in this</p>	<p><> (6) Following a recalculation under subsection (5), references in this</p>
<p>Chapter (but excluding this section) to a calculation under section 511</p> <p>are to be regarded as references to a recalculation under this section.</p>	<p>= Chapter (but excluding this section) to a calculation under section 511</p> <p>are to be regarded as references to a recalculation under this section.</p>
<p>(5) Following a recalculation under subsection (3), an officer of Revenue and Customs must notify the applicant of the result of the recalculation.”</p>	<p><> (7) Following a recalculation under subsection (5), an officer of Revenue</p> <p style="text-align: center;">25</p> <p>and Customs must notify the interested person of the result of the recalculation.</p>
	<p>(8) If two or more persons are interested persons in relation to a calculation</p> <p style="text-align: center;">under section 511-</p> <p>(a) an application under subsection (1) may be made only by all the</p> <p style="text-align: center;">30</p> <p>interested persons jointly, and</p> <p>(b) subsection (7) applies as if the reference to the interested person</p> <p style="text-align: center;">were a reference to each of the interested persons.</p> <p>(9) Following a recalculation under subsection (5), all necessary adjustments and repayments of income tax are to be made.</p> <p style="text-align: center;">35</p> <p>(10) No recalculation is to be made under this section if the gain mentioned in subsection (1) arises as a result of one or more transactions which form part of arrangements, the main purpose, or one of the main purposes, of which is to obtain a tax advantage for any person.</p> <p>(11) In this section-</p>
	<p style="text-align: center;">40</p> <p>“arrangements” includes any agreement, understanding, scheme,</p>

		<p>transaction or series of transactions (whether or not legally enforceable), and “tax advantage” has the meaning given by section 1139 of CTA 2010.”</p> <p>45 22</p> <p>2) Bill</p> <p>Finance (No. 22)</p> <p>Part 1 – Direct taxes</p> <p>Chapter 2 – Income tax</p>
	=	
	--+	<p>(4) In section 538 (recovery of tax from trustees), after subsection (6) insert–</p> <p>“(7) Subsection (8) applies where–</p> <p>(a) an individual has recovered an amount from trustees under this section, and</p> <p>(b) subsequently the individual’s liability to tax under this Chapter 5</p> <p>has been reduced (or removed) as a result of a recalculation under section 507A or 512A.</p> <p>(8) The individual must repay to the trustees the amount (if any) by which the recovered amount exceeds the individual’s revised entitlement.</p> <p>(9) In subsection (8) the individual’s revised entitlement is the amount to 10</p> <p>which the individual is entitled under this section calculated by reference to the individual’s liability to tax under this Chapter as</p> <p>reduced (or removed) as a result of the recalculation under section 507A or 512A.”</p> <p>(5) The amendments made by subsection (4) have effect in relation to amounts 15</p> <p>recovered before, as well as after, the day on which this Act is passed.</p>
	=	
14	Personal portfolio bonds	<> 23 Personal portfolio bonds
	In section 520 of ITTOIA 2005 (property categories), after subsection (4) insert–	= In section 520 of ITTOIA 2005 (property categories), after subsection (4) insert–
	“(5) The Treasury may by regulations–	<> “(5) The Treasury may by regulations–
	(a) amend the table in subsection (2) by adding, removing or amending a category of property;	= (a) amend the table in subsection (2) by adding, removing or amending a category of property;
	(b) add, remove or amend a definition relating to any category of	(b) add, remove or amend a definition relating to any category of

property in that table; and	<>	property in that table; and
(c) make consequential amendments.	<>	(c) make consequential amendments. 25
(6) A statutory instrument containing regulations under this section which have the effect of removing a category of property from the table in subsection (2)– (a) must be laid before the House of Commons; and	=	(6) A statutory instrument containing regulations under this section which have the effect of removing a category of property from the table in subsection (2)– (a) must be laid before the House of Commons; and
(b) ceases to have effect at the end of the period of 28 days	<>	(b) ceases to have effect at the end of the period of 28 days 30
beginning with the day on which it was made, unless it is approved during that period by a resolution of the House of Commons. (7) In reckoning the period of 28 days, no account is to be taken of any time	=	beginning with the day on which it was made, unless it is approved during that period by a resolution of the House of Commons. (7) In reckoning the period of 28 days, no account is to be taken of any time
during which Parliament is dissolved or prorogued, or during which the House of Commons is adjourned for more than four days.”	<>	during which Parliament is dissolved or prorogued, or during which 35
20 Draft provisions for Finance Bill 2017	+-	
Part 1 – Direct taxes		
Income tax	=	
Income tax reliefs and allowances	<>	Reliefs relating to investments
15 EIS and SEIS: the no pre-arranged exits requirement	<>	24 EIS and SEIS: the no pre-arranged exits requirement
(1) ITA 2007 is amended as follows.	=	(1) ITA 2007 is amended as follows.
(2) In section 177 (EIS: the no pre-arranged exits requirement), for subsection (2)	<>	(2) In section 177 (EIS: the no pre-arranged exits requirement), for subsection (2) 40
substitute– “(2) The arrangements referred to in subsection (1)(a) do not include–	=	substitute– “(2) The arrangements referred to in subsection (1)(a) do not include–
	+-	Finance (No. 2) Bill 23 Part 1 – Direct taxes Chapter 2 – Income tax
(a) any arrangements with a view to such an exchange of shares, or shares and securities, as is mentioned in section 247(1), or (b) any arrangements with a view to any shares in the issuing	=	(a) any arrangements with a view to such an exchange of shares, or shares and securities, as is mentioned in section 247(1), or (b) any arrangements with a view to any shares in the issuing

company being exchanged for, or converted into, shares in that	<>	company being exchanged for, or converted into, shares in that
company of a different class.”	<>	company of a different class.”
(3) In section 257CD (SEIS: the no pre-arranged exits requirement), for subsection (2) substitute— “(2) The arrangements referred to in subsection (1)(a) do not include— (a) any arrangements with a view to such an exchange of shares, or shares and securities, as is mentioned in section 257HB(1), or	=	(3) In section 257CD (SEIS: the no pre-arranged exits requirement), for subsection (2) substitute— “(2) The arrangements referred to in subsection (1)(a) do not include— (a) any arrangements with a view to such an exchange of shares, or shares and securities, as is mentioned in section 257HB(1), or
(b) any arrangements with a view to any shares in the issuing company being exchanged for, or converted into, shares in that	=	(b) any arrangements with a view to any shares in the issuing company being exchanged for, or converted into, shares in that
company of a different class.”	<>	company of a different class.”
(4) The amendments made by this section have effect in relation to shares issued	<>	(4) The amendments made by this section have effect in relation to shares issued
on or after 5 December 2016.	<>	on or after 5 December 2016.
	=	
16 VCTs: follow-on funding	<>	25 VCTs: follow-on funding
(1) ITA 2007 is amended as follows. (2) In section 326 (restructuring to which sections 326A and 327 apply)— (a) in the heading to section 326, for “section 327 applies” substitute “sections 326A, 327 and 327A apply”;	=	(1) ITA 2007 is amended as follows. (2) In section 326 (restructuring to which sections 326A and 327 apply)— (a) in the heading to section 326, for “section 327 applies” substitute “sections 326A, 327 and 327A apply”;
(b) in subsection (1), for “Sections 326A and 327 apply” substitute “Sections 326A, 327 and 327A apply”.	=	(b) in subsection (1), for “Sections 326A and 327 apply” substitute “Sections 326A, 327 and 327A apply”.
(3) After section 327 insert— “327A Follow-on funding	<>	(3) After section 327 insert— “327A Follow-on funding
(1) Subsections (2) and (3) apply where—	<>	(1) Subsections (2) and (3) apply where—
(a) this section applies (see section 326(1)), (b) the acquisition by the new company of all the old shares, which is provided for by the arrangements mentioned in section 326(1), takes place, and	=	(a) this section applies (see section 326(1)), (b) the acquisition by the new company of all the old shares, which is provided for by the arrangements mentioned in section 326(1), takes place, and
(c) the acquisition falls within section 326(2).	<>	(c) the acquisition falls within section 326(2).
(2) If, after the acquisition, another company makes an investment in the new company, section 280C (the permitted maximum age condition)	=	(2) If, after the acquisition, another company makes an investment in the new company, section 280C (the permitted maximum age condition)

has effect in relation to that investment as if— (a) in subsection (4) (a) the reference to a relevant investment	<>	has effect in relation to that investment as if— (a) in subsection (4) (a) the reference to a relevant investment
having been made in the relevant company before the end of the	<>	having been made in the relevant company before the end of the 35
initial investing period included a reference to a relevant	=	initial investing period included a reference to a relevant
Draft provisions for Finance Bill 2017 21 Part 1 – Direct taxes Chapter 1 – Income tax	+-	
investment having been made in the old company before the acquisition and before the end of the initial investing period, and	=	investment having been made in the old company before the acquisition and before the end of the initial investing period, and
(b) in subsection (6)(a) the reference to relevant investments made	<>	(b) in subsection (6) (a) the reference to relevant investments made 40
in the relevant company included a reference to relevant investments made in the old company before the acquisition. (3) In relation to any relevant holding issued by the new company after the acquisition, section 294A (the permitted company age requirement) has	=	in the relevant company included a reference to relevant investments made in the old company before the acquisition. (3) In relation to any relevant holding issued by the new company after the acquisition, section 294A (the permitted company age requirement) has
effect as if—	<>	effect as if— 45 24 2) Bill Finance (No. Part 1 – Direct taxes Chapter 2 – Income tax
(a) in subsection (3) (a) the reference to a relevant investment having been made in the relevant company before the end of the initial investing period included a reference to a relevant investment having been made in the old company before the	=	(a) in subsection (3) (a) the reference to a relevant investment having been made in the relevant company before the end of the initial investing period included a reference to a relevant investment having been made in the old company before the
acquisition and before the end of the initial investing period,	<>	acquisition and before the end of the initial investing period, 5
and (b) in subsection (5) (a) the reference to relevant investments	=	and (b) in subsection (5) (a) the reference to relevant investments

made in the relevant company included a reference to relevant investments made in the old company before the acquisition.	made in the relevant company included a reference to relevant investments made in the old company before the acquisition.
(4) In subsection (3) “relevant holding” has the same meaning as in	<> (4) In subsection (3) “relevant holding” has the same meaning as in 10
Chapter 4.” (4) The amendments made by this section have effect— (a) for the purposes of section 280C of ITA 2007, in relation to investments made on or after 6 April 2017;	= Chapter 4.” (4) The amendments made by this section have effect— (a) for the purposes of section 280C of ITA 2007, in relation to investments made on or after 6 April 2017;
(b) for the purposes of section 294A of ITA 2007, in relation to relevant holdings issued on or after 6 April 2017.	<> (b) for the purposes of section 294A of ITA 2007, in relation to relevant 15 holdings issued on or after 6 April 2017.
17 VCTs: exchange of non-qualifying shares and securities	<> 26 VCTs: exchange of non-qualifying shares and securities
(1) Section 330 of ITA 2007 (power to facilitate company reorganisations etc involving exchange of shares) is amended as follows.	= (1) Section 330 of ITA 2007 (power to facilitate company reorganisations etc involving exchange of shares) is amended as follows.
(2) After subsection (1) insert—	<> (2) After subsection (1) insert— 20
“(1A) The Treasury may by regulations make provision for the purposes of this Part for cases where— (a) a holding of shares or securities that does not meet the requirements of Chapter 4 is exchanged for other shares or securities not meeting those requirements, and	= “(1A) The Treasury may by regulations make provision for the purposes of this Part for cases where— (a) a holding of shares or securities that does not meet the requirements of Chapter 4 is exchanged for other shares or securities not meeting those requirements, and 25
(b) the exchange is made for genuine commercial reasons and does not form part of a scheme or arrangement the main purpose or one of the main purposes of which is the avoidance of tax.” (3) In subsection (2), for “subsection (1)” substitute “subsections (1) and (1A)”. (4) In subsection (3), for “The regulations” substitute “Regulations under	= (b) the exchange is made for genuine commercial reasons and does not form part of a scheme or arrangement the main purpose or one of the main purposes of which is the avoidance of tax.” (3) In subsection (2), for “subsection (1)” substitute “subsections (1) and (1A)”. (4) In subsection (3), for “The regulations” substitute “Regulations under 30
subsection (1)”. (5) After subsection (3) insert— “(3A) Regulations under subsection (1A) may, among other things, make provision—	= subsection (1)”. (5) After subsection (3) insert— “(3A) Regulations under subsection (1A) may, among other things, make provision—
(a) for the new shares or securities to be treated in any respect in the	<> (a) for the new shares or securities to be treated in any respect in the 35
same way as the original shares and securities for any period;	= same way as the original shares and securities for any period;

(b) as to when the new shares or securities are to be regarded as having been acquired;
 (c) as to the valuation of the original or the new shares or securities.”

(6) In subsection (4), for “The regulations” substitute “Regulations under this section”.
 (7) In subsection (6). in paragraph (c), at the beginning insert “in the case of regulations under subsection (1)”.
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18 Business investment relief

(1) Chapter A1 of Part 14 of ITA 2007 (remittance basis) is amended as follows.

(2) In section 809VC (qualifying investments), in subsection (1)(a), after “issued

to” insert “or acquired by”.
 (3) In section 809VD (condition relating to qualifying investments)–
 (a) in subsection (1), omit the “or” at the end of paragraph (b) and after that paragraph insert–

“(ba) an eligible hybrid company, or”;

(b) in subsection (2)(b), for “2” substitute “5”;
 (c) in subsection (3)(c), for “2” substitute “5”;
 (d) after subsection (3) insert–
 “(3A) A company is an “eligible hybrid company” if–

(a) it is a private limited company,

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=

(b) as to when the new shares or securities are to be regarded as having been acquired;
 (c) as to the valuation of the original or the new shares or securities.”

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(6) In subsection (4), for “The regulations” substitute “Regulations under this section”.

(7) In subsection (6). in paragraph (c), at the beginning insert “in the case of regulations under subsection (1)”.
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Finance (No. 2) Bill

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Part 1 – Direct taxes
Chapter 2 – Income tax

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27 Social investment tax relief
Schedule 8 makes provision about income tax relief for social investments.

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28 Business investment relief

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(1) Chapter A1 of Part 14 of ITA 2007 (remittance basis) is amended as follows.

<>

(2) In section 809VC (qualifying investments), in subsection (1)(a), after “issued

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=

to” insert “or acquired by”.

(3)

In section 809VD (condition relating to qualifying investments)–
 (a) in subsection (1), omit the “or” at the end of paragraph (b) and after that paragraph insert–

<>

“(ba) an eligible hybrid company, or”;

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=

(b) in subsection (2)(b), for “2” substitute “5”;
 (c) in subsection (3)(c), for “2” substitute “5”;

–

(d) after subsection (3) insert–
 “(3A) A company is an “eligible hybrid company” if–

<>

(a) it is a private limited company,

		15
(b) it is not an eligible trading company or an eligible stakeholder company, (c) it carries on one or more commercial trades or is preparing to do so within the next 5 years, (d) it holds one or more investments in eligible trading	=	(b) it is not an eligible trading company or an eligible stakeholder company, (c) it carries on one or more commercial trades or is preparing to do so within the next 5 years, (d) it holds one or more investments in eligible trading 20
companies or is preparing to do so within the next 5 years, and (e) carrying on commercial trades and making investments in eligible trading companies are all or substantially all	=	companies or is preparing to do so within the next 5 years, and (e) carrying on commercial trades and making investments in eligible trading companies are all or substantially all
of what it does (or of what it is reasonably expected to	<>	of what it does (or of what it is reasonably expected to 25
do once it begins operating).”; (e) in subsection (4), for “reference in subsection (3)” substitute “references in subsections (3) and (3A)”; (f) in subsection (5)(a), for “2” substitute “5”.	=	do once it begins operating).”; (e) in subsection (4), for “reference in subsection (3)” substitute “references in subsections (3) and (3A)”; (f) in subsection (5)(a), for “2” substitute “5”.
(4) In section 809VE (commercial trades), after subsection (5) insert–	<>	(4) In section 809VE (commercial trades), after subsection (5) insert– 30
“(6) A company which is a partner in a partnership is not to be regarded as carrying on a trade carried on by the partnership.” (5) In section 809VH (meaning of “potentially chargeable event”)- (a) in subsection (1)(a), after “eligible stakeholder company” insert “nor an	=	“(6) A company which is a partner in a partnership is not to be regarded as carrying on a trade carried on by the partnership.” (5) In section 809VH (meaning of “potentially chargeable event”)- (a) in subsection (1)(a), after “eligible stakeholder company” insert “nor an
eligible hybrid company”;	<>	eligible hybrid company”; 35
(b) in subsection (1)(d), for “2-year” substitute “5-year”; (c) in subsection (2), for paragraph (b) substitute–	=	(b) in subsection (1)(d), for “2-year” substitute “5-year”; (c) in subsection (2), for paragraph (b) substitute–
Draft provisions for Finance Bill 2017	+-	
23 Part 1 – Direct taxes Chapter 1 – Income tax		
“(b) the value is received from any person in circumstances that are directly or indirectly attributable to the	=	“(b) the value is received from any person in circumstances that are directly or indirectly attributable to the
investment, and”;	<>	investment, and”; 40

<p>(d) omit subsection (4); (e) in subsection (5)– (i) for “2-year” substitute “5-year”; (ii) in paragraph (a), for “2” substitute “5”;</p>	=	<p>(d) omit subsection (4); (e) in subsection (5)– (i) for “2-year” substitute “5-year”; (ii) in paragraph (a), for “2” substitute “5”;</p>
<p>(f) in subsection (6), omit the “or” at the end of paragraph (b) and after that</p>	<>	<p>(f) in subsection (6), omit the “or” at the end of paragraph (b) and after that 45 26 Finance (No. 2) Bill Part 1 – Direct taxes Chapter 2 – Income tax</p>
<p>paragraph insert– “(ba) it is an eligible hybrid company but is not trading and– (i) it holds no investments in eligible trading companies, or</p>	=	<p>paragraph insert– “(ba) it is an eligible hybrid company but is not trading and– (i) it holds no investments in eligible trading companies, or</p>
<p>(ii) none of the eligible trading companies in which</p>	<>	<p>(ii) none of the eligible trading companies in which 5</p>
<p>it holds investments is trading, or”; (g) in subsection (10)(b), after “eligible stakeholder company” insert “or an eligible hybrid company”. (6) In section 809VJ (grace period), after subsection (2) insert–</p>	=	<p>it holds investments is trading, or”; (g) in subsection (10)(b), after “eligible stakeholder company” insert “or an eligible hybrid company”. (6) In section 809VJ (grace period), after subsection (2) insert–</p>
<p>“(2A) But subsection (2B) applies instead of subsections (1) and (2) where the</p>	<>	<p>“(2A) But subsection (2B) applies instead of subsections (1) and (2) where the 10</p>
<p>potentially chargeable event is a breach of the 5-year start-up rule by virtue of section 809VH(5)(b). (2B) The grace period allowed for the steps mentioned in section 809VI(2) (a) and (2)(b) is the period of 2 years beginning with the day on which a</p>	=	<p>potentially chargeable event is a breach of the 5-year start-up rule by virtue of section 809VH(5)(b). (2B) The grace period allowed for the steps mentioned in section 809VI(2) (a) and (2)(b) is the period of 2 years beginning with the day on which a</p>
<p>relevant person first became aware or ought reasonably to have become</p>	<>	<p>relevant person first became aware or ought reasonably to have become 15</p>
<p>aware of the potentially chargeable event referred to in subsection (2A).” (7) In section 809VN (order of disposals etc), in subsections (1)(c) and (5)(a) and (b), after “eligible stakeholder company” insert “or eligible hybrid company”.</p>	=	<p>aware of the potentially chargeable event referred to in subsection (2A).” (7) In section 809VN (order of disposals etc), in subsections (1)(c) and (5) (a) and (b), after “eligible stakeholder company” insert “or eligible hybrid company”.</p>
<p>(8) The amendments made by this section come into force on 6 April 2017.</p>	<>	<p>(8) The amendments made by this section come into force on 6 April 2017.</p>
	=	

19	Trading and property allowances Schedule 5 contains provision about a trading allowance and a property allowance giving relief from income tax.	+-	
		=	
CHAPTER 2		<>	CHAPTER 3
CORPORATION TAX		=	CORPORATION TAX
Corporation tax reliefs			Corporation tax reliefs
20	Carried-forward losses Schedule 6 contains provision about corporation tax relief for losses and other amounts that are carried forward.	<>	29 (1) Carried-forward losses Schedule 9 makes provision about corporation tax relief for losses and other amounts that are carried forward.
		=	25
		--+	(2) The Commissioners may by regulations made by statutory instrument make provision consequential on any provision made by Schedule 9. (3) Regulation under subsection (2)– (a) may make provision amending or modifying any provision of the Taxes Acts (including any provision inserted by Schedule 9), (b) may make incidental, supplemental, transitional, transitory or saving provision, and (c) may make different provision for different purposes. (4) A statutory instrument containing regulations under subsection (2) is subject to annulment in pursuance of a resolution of the House of Commons. (5) In this section “the Taxes Acts” has the same meaning as in the Taxes Management Act 1970 (see section 118(1) of that Act). Finance (No. 2) Bill
			30 35 27 Part 1 – Direct taxes Chapter 3 – Corporation tax
		=	
		<>	30 Losses: counteraction of avoidance arrangements (1) Any loss-related tax advantage that would (in the absence of this section) arise from relevant tax arrangements is to be counteracted by the making of such adjustments as are just and reasonable. (2) Any adjustments required to be made under this section (whether or not by an officer of Revenue and Customs) may be made by way of– (a) an assessment, (b) the modification of an
			5

assessment, (c) amendment or disallowance of a claim, or otherwise.

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(3) For the purposes of this section arrangements are “relevant tax arrangements” if conditions A and B are met.

(4) Condition A is that the purpose, or one of the main purposes, of the arrangements is to obtain a loss-related tax advantage.

(5) Condition B is that it is reasonable to regard the arrangements as

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circumventing the intended limits of relief under the relevant provisions or otherwise exploiting shortcomings in the relevant provisions.

(6) In determining whether or not condition B is met all the relevant circumstances

are to be taken into account, including whether the arrangements include any

steps that-

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(a) are contrived or abnormal, or (b) lack a genuine commercial purpose.

(7) In this section “loss-related tax advantage” means a tax advantage as a result of a deduction (or increased deduction) under a provision mentioned in subsection (8).

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(8) The provisions are-

(a) sections 37, 45, 45A, 45B and 45F of CTA 2010 (deductions in respect of trade losses);

(b) section 62(5) of CTA 2010 (losses of a UK property business);

(c) Part 5 of CTA 2010 (group relief);

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(d) Part 5A of CTA 2010 (group relief for carried-forward losses);

(e) sections 457, 459, 461, 462, 463B and 463G of CTA 2009 (non-trading deficits from loan

relationships);

(f) section 753 of CTA 2009 (non-trading losses on intangible fixed assets);

(g) section 1219 of CTA 2009 (management expenses etc);

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(h) section 124B of FA 2012 (excess carried-forward BLAGAB trade losses).

(9) In this section—
“arrangements” includes any agreement, understanding, scheme transaction or series of transactions (whether or not legally

		<p>enforceable);</p> <p style="text-align: center;">40</p> <p>“tax advantage” has the meaning given by section 1139 of CTA 2010.</p> <p>(10) This section has effect in relation to a tax advantage that relates (or would apart from this section relate) to an accounting period beginning on or after 1 April 2017 (regardless of when the arrangements in question were made).</p> <p style="text-align: right;">28</p> <p style="text-align: right;">Finance (No. 2) Bill</p>
Part 1 – Direct taxes	=	Part 1 – Direct taxes
Chapter 2 – Corporation tax	<>	Chapter 3 – Corporation tax
	=	
	--+	<p>(11) Where a tax advantage would (apart from this subsection) relate to an accounting period beginning before 1 April 2017 and ending on or after that date (“the straddling period”)-</p> <p style="margin-left: 20px;">(a) so much of the straddling period as falls before 1 April 2017, and so much of that period as falls on or after that date, are treated as separate 5 accounting periods, and</p> <p style="margin-left: 20px;">(b) the extent (if any) to which the tax advantage relates to the second of those accounting periods is to be determined by apportioning amounts-</p> <p style="margin-left: 20px;">(i) in accordance with section 1172 of CTA 2010 (time basis), or 10</p> <p style="margin-left: 20px;">(ii) if that method would produce a result that is unjust or unreasonable, on a just and reasonable basis.</p>
	=	
21 Corporate interest restriction Schedule 7 contains provision about the amounts that may be brought into account for the purposes of corporation tax in respect of interest paid and similar expenses.	<>	31 Corporate interest restriction Schedule 10 makes provision about the amounts that may be brought into account for the purposes of corporation tax in respect of interest and other 15 financing costs.
	=	
22 Museum and gallery exhibitions Schedule 8 contains provision about relief in respect of the production of museum and gallery exhibitions.	<>	32 Museum and gallery exhibitions Schedule 11 makes provision about relief in respect of the production of museum and gallery exhibitions.
	=	
23 Grassroots sport (1) In section 1(2) of CTA 2010 (overview of Act)-	<>	33 Grassroots sport 20 (1) CTA 2010 is amended as follows. (2) In section 1(2) (overview of Act)

<p>(a) omit the “and” at the end of paragraph (g), and (b) after that paragraph insert–</p>	=	<p>(a) omit the “and” at the end of paragraph (g), and (b) after that paragraph insert–</p>
<p>“(ga) relief for expenditure on grassroots sport (see Part 6A), and”.</p>	<>	<p>“(ga) relief for expenditure on grassroots sport (see Part 6A), and”.</p> <p style="color: red;">(3) In section 99(1) (group relief: losses and other amounts which may be surrendered), after paragraph (d) insert–</p> <p style="color: red;">“(da) amounts allowable as qualifying expenditure on grassroots sport (see Part 6A),”.</p> <p style="color: red;">(4) In section 105(4) (group relief: order in which amounts are treated as surrendered)–</p> <p style="color: red;">(a) after paragraph (a) insert–</p> <p style="color: red;">“(aa) second, expenditure within section 99(1)(da),”,</p> <p style="color: red;">(b) in paragraph (b), for “second” substitute “third”,</p> <p style="color: red;">(c) in paragraph (c), for “third” substitute “fourth”, and</p> <p style="color: red;">(d) in paragraph (d), for “fourth” substitute “fifth”.</p> <p style="color: red;">Finance (No. 2) Bill</p> <p style="text-align: right;">29</p> <p style="color: red;">Part 1 – Direct taxes Chapter 3 – Corporation tax</p>
<p>(2) In CTA 2010, after Part 6 insert–</p>	=	<p>(5) After Part 6 insert–</p>
<p>“PART 6A</p> <p>RELIEF FOR EXPENDITURE ON GRASSROOTS SPORT</p> <p>217A Relief for expenditure on grassroots sport</p>	=	<p>“PART 6A</p> <p>RELIEF FOR EXPENDITURE ON GRASSROOTS SPORT</p> <p>217A Relief for expenditure on grassroots sport</p>
<p>(1) A payment made by a company which is qualifying expenditure on</p>	<>	<p>(1) A payment made by a company which is qualifying expenditure on</p> <p style="color: red;">5</p>
<p>grassroots sport (and which is not refunded) is allowed as a deduction in accordance with this section from the company’s total profits in calculating the corporation tax chargeable for the accounting period in which the payment is made.</p>	=	<p>grassroots sport (and which is not refunded) is allowed as a deduction in accordance with this section from the company’s total profits in calculating the corporation tax chargeable for the accounting period in which the payment is made.</p>
<p>(2) The deduction is from the company’s total profits for the accounting</p>	<>	<p>(2) The deduction is from the company’s total profits for the accounting</p> <p style="color: red;">10</p>
<p>period after any other relief from corporation tax other than–</p> <p>(a) relief under Part 6,</p> <p>(b) group relief, and</p> <p>(c) group relief for carried-forward losses.</p>	=	<p>period after any other relief from corporation tax other than–</p> <p>(a) relief under Part 6,</p> <p>(b) group relief, and</p> <p>(c) group relief for carried-forward losses.</p>
<p>(3) If the company is a</p>	<>	<p>(3) If the company is a</p>

sport governing body at the time of the payment, a deduction is allowed for the amount of the payment.	=	qualifying sport body at the time of the payment, a deduction is allowed for the amount of the payment.
(See section 217C for the meaning of “sport governing body”.) (4) If the company is not a sport governing body at the time of the payment, a deduction is allowed–	<>	See section 217C for the meaning of “qualifying sport body”. (4) If the company is not a qualifying sport body at the time of the payment, a deduction is allowed–
(a) if the payment is to a sport governing body, for the amount of the payment, and (b) if the payment does not fall within paragraph (a) (a “direct payment”), in accordance with subsections (7) and (8). (5) If at any time on or after 1 April 2017 the company receives income for use for charitable purposes which are exclusively purposes for facilitating participation in amateur eligible sport, the amount of the deduction is reduced by the amount of that income which–	<>	(a) if the payment is to a qualifying sport body, for the amount of 20 the payment, and (b) if the payment does not fall within paragraph (a) (a “direct payment”), in accordance with subsections (7) and (8). (5) If at any time on or after 1 April 2017 the company receives income for use for charitable purposes which are purposes for facilitating 25 participation in amateur eligible sport, a deduction is allowed only if, and in so far as, the payment exceeds an amount which is equal to the amount of that income which –
(a) the company does not have to bring into account for corporation tax purposes, and	=	(a) the company does not have to bring into account for corporation tax
Draft provisions for Finance Bill 2017 25 Part 1 – Direct taxes Chapter 2 – Corporation tax	<>	purposes, and 30
(b) has not previously been taken into account under this	=	(b) has not previously been taken into account under this
subsection to reduce the amount of a deduction allowed to the company under this Part. See section 217B(2) for the meaning of terms used in this subsection. (6) But in any case, the amount of the deduction is limited to the amount	<>	subsection to disallow a deduction under this Part of all or any part of a payment. See section 217B(3) for the meaning of terms used in this subsection. (6) But in any case, the amount of the deduction is limited to the amount 35
that reduces the company’s taxable total profits for the accounting period to nil. (7) If the total of all the direct payments made by the company in the accounting period is equal to or less than the maximum deduction for	=	that reduces the company’s taxable total profits for the accounting period to nil. (7) If the total of all the direct payments made by the company in the accounting period is equal to or less than the maximum deduction for

direct payments, a deduction is allowed under subsection (4)(b) in respect of that total. (8) If the total of all the direct payments made by the company in the accounting period is more than the maximum deduction for direct payments, a deduction is allowed under subsection (4)(b) in respect of	<>	direct payments, a deduction is allowed under subsection (4)(b) in respect of that total. (8) If the total of all the direct payments made by the company in the accounting period is more than the maximum deduction for direct payments, a deduction is allowed under subsection (4)(b) in respect of
so much of that total as does not exceed the maximum deduction for direct payments.	<>	so much of that total as does not exceed the maximum deduction for
	=	direct payments.
	-+	30 Finance (No. 2) Bill Part 1 – Direct taxes Chapter 3 – Corporation tax
(9) The maximum deduction for direct payments is £2,500 or, if the accounting period is shorter than 12 months, a proportionately reduced amount. (10) The Treasury may by regulations amend subsection (9) by substituting	=	(9) The maximum deduction for direct payments is £2,500 or, if the accounting period is shorter than 12 months, a proportionately reduced amount. (10) The Treasury may by regulations amend subsection (9) by substituting
a higher amount for the amount for the time being specified there.	<>	a higher amount for the amount for the time being specified there.
5 217B Meaning of qualifying expenditure on grassroots sport (1) For the purposes of this Part, a payment is qualifying expenditure on grassroots sport if- (a) it is expenditure incurred for charitable purposes which are	=	217B Meaning of qualifying expenditure on grassroots sport (1) For the purposes of this Part, a payment is qualifying expenditure on grassroots sport if- (a) it is expenditure incurred for charitable purposes which are
exclusively purposes for facilitating participation in amateur eligible sport, and	<>	purposes for facilitating participation in amateur eligible sport, 10 and
(b) apart from this Part, no deduction from total profits, or in calculating any component of total profits, would be allowed in respect of the payment.	=	(b) apart from this Part, no deduction from total profits, or in calculating any component of total profits, would be allowed in respect of the payment.
(For the meaning of charitable purposes, see sections 2, 7 and 8 of the Charities Act 2011.)	<>	For the meaning of charitable purposes, see sections 2, 7 and 8 of the 15 Charities Act 2011. (2) Where expenditure is incurred for both- (a) charitable purposes which are purposes for facilitating participation in amateur eligible sport, and (b) other purposes, 20 then, for the purposes of

<p>(2) For the purposes of section 217A(5) and subsection (1)(a)– (a) paying a person to play or take part in a sport does not facilitate</p>	<p>subsection (1), it is to be apportioned between the purposes in paragraph (a) and the purposes in paragraph (b) on a just and reasonable basis. (3) For the purposes of section 217A(5) and subsection (1)(a)– (a) paying a person to play or take part in a sport does not facilitate</p> <p style="text-align: center;">25</p>
<p>participation in amateur sport, but paying coaches or officials for their services may do so, and</p> <p>(b) “eligible sport” means a sport that for the time being is an eligible sport for the purposes of Chapter 9 of Part 13 (see</p>	<p>participation in amateur sport, but paying coaches or officials for their services may do so, and</p> <p>(b) “eligible sport” means a sport that for the time being is an eligible sport for the purposes of Chapter 9 of Part 13 (see</p>
<p>section 661).</p>	<p>section 661).</p>
<p>217C Meaning of sport governing body</p> <p>(1) For the purposes of this Part, a “sport governing body” is a body which</p>	<p style="text-align: center;">30</p> <p>217C Meaning of qualifying sport body</p> <p>(1) For the purposes of this Part, a “qualifying sport body” is–</p>
<p>is designated for those purposes by regulations made by the Treasury.</p>	<p>(a) a recognised sport governing body;</p> <p>(b) a body which is wholly owned by a recognised sport governing body.</p>
<p>(2) Regulations under this section may designate a body by reference to its</p>	<p style="text-align: center;">35</p> <p>(2) A “recognised sport governing body” is a body which is included from time to time in a list, maintained by the National Sports Councils, of governing bodies of sport recognised by them.</p>
<p>inclusion from time to time in a list maintained by a body specified in the regulations.</p>	<p>(3) The Treasury may by regulations–</p> <p>(a) amend this section for the purpose of altering the meaning of</p>
<p style="text-align: center;">26</p> <p>Draft provisions for Finance Bill 2017</p>	<p style="text-align: center;">40</p> <p>(b) designate bodies to be treated as qualifying sport bodies for the purposes of this Part.</p>
<p>Part 1 –</p>	<p>(4) Regulations under section (3)(b) may designate a body by reference to its inclusion in a class or description of bodies.</p>
<p>Direct taxes</p>	<p style="text-align: center;">45</p> <p>(5) In this section “the National Sports Councils” means–</p> <p>Finance (No. 2) Bill</p>
<p>Corporation tax</p>	<p style="text-align: center;">31</p>

		<p>(a) the United Kingdom Sports Council, (b) the English Sports Council, (c) the Scottish Sports Council, (d) the Sports Council for Wales, and (e) the Sports Council for Northern Ireland.</p> <p>5</p> <p>(3) Regulations under this section made before 1 April 2018 may include provision having effect in relation to times before the regulations are made (but not times earlier than 1 April 2017).</p>
		<p>(6) Regulations under subsection (3)(b) made before 1 April 2018 may include provision having effect in relation to times before the regulations are made (but not times earlier than 1 April 2017).</p>
217D Relationship between this Part and Part 6	=	217D Relationship between this Part and Part 6
If, but for section 217A, an amount—	<>	If, but for section 217A, an amount— <p>10</p>
(a) would be deductible under Part 6, or (b) would be deductible under Part 6 but for Chapter 2A of Part 6, the amount is not deductible under this Part, and nothing in this Part affects the amount's deductibility (or non-deductibility) under Part 6.”	=	(a) would be deductible under Part 6, or (b) would be deductible under Part 6 but for Chapter 2A of Part 6, the amount is not deductible under this Part, and nothing in this Part affects the amount's deductibility (or non-deductibility) under Part 6.”
(3) The amendments made by this section have effect for the purpose of allowing	<>	(6) The amendments made by this section have effect for the purpose of allowing <p>15</p>
deductions for payments made on or after 1 April 2017.	=	deductions for payments made on or after 1 April 2017.
(4) Where a company has an accounting period beginning before 1 April 2017 and	<>	(7) Where a company has an accounting period beginning before 1 April 2017 and
ending on or after that date, the accounting period for the purposes of the new section 217A(9) is so much of the accounting period as falls on or after 1 April 2017.	=	ending on or after that date, the accounting period for the purposes of the new section 217A(9) is so much of the accounting period as falls on or after 1 April <p>20</p>
	=	
Patents	+-	
	=	
24 Profits from the exploitation of patents: cost-sharing arrangements	<>	34 Profits from the exploitation of patents: cost-sharing arrangements
(1) Part 8A of CTA 2010 (profits from the exploitation of patents) is amended as follows.	=	(1) Part 8A of CTA 2010 (profits from the exploitation of patents) is amended as follows.
(2) After section 357BLE insert—“357BLEA Cases where the company is a party to a CSA	<>	(2) After section 357BLE insert—“357BLEA Cases where the company is a party to a CSA <p>25</p>
(1) Subsection (2) applies	=	(1) Subsection (2) applies if

if during the relevant period–	<>	during the relevant period–
(a) the company is a party to an arrangement of a kind mentioned in section 357GC(1) (cost-sharing arrangements),	<>	(a) the company is a party to a cost-sharing arrangement (see section 357GC),
(b) the company incurs expenditure in making payments under the arrangement that are within section 357BLC(2) by reason of subsections (7) or (8) of section 357GC, and	<>	(b) the company incurs expenditure in making payments under the arrangement that are within section 357BLC(2) by reason of 30 section 357GCZC, and
(c) persons who are not connected with the company make payments under the arrangement to the company in respect of relevant research and development undertaken or contracted out by the company.	<>	(c) persons who are not connected with the company make payments under the arrangement to the company in respect of relevant research and development undertaken or contracted out by the company. 35
(2) So much of the expenditure referred to in paragraph (b) of subsection	=	(2) So much of the expenditure referred to in paragraph (b) of subsection
(1) as is equal to the amount of the payments referred to in paragraph		(1) as is equal to the amount of the payments referred to in paragraph
(c) of that subsection is to be disregarded in determining the R&D fraction for the sub-stream.		(c) of that subsection is to be disregarded in determining the R&D fraction for the sub-stream.
(3) Subsection (4) applies if during the relevant period–	<>	(3) Subsection (4) applies if during the relevant period– 40
(a) the company is a party to an arrangement of a kind mentioned in section 357GC(1) (cost-sharing arrangements),		(a) the company is a party to a cost-sharing arrangement,
(b) the company incurs expenditure in making payments under the arrangement that are within subsection (5), and	=	(b) the company incurs expenditure in making payments under the arrangement that are within subsection (5), and
	--+	32 Finance (No. 2) Bill
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(c) the company receives payments under the arrangement that are within subsection (6).	=	(c) the company receives payments under the arrangement that are within subsection (6).
Draft provisions for Finance Bill 2017	+-	
27		
Part 1 – Direct taxes		
Chapter 2 – Corporation tax		
	=	
(4) So much of the expenditure referred to in paragraph (b) of subsection		(4) So much of the expenditure referred to in paragraph (b) of subsection

(3) as is equal to the amount of the payments referred to in paragraph	<>	(3) as is equal to the amount of the payments referred to in paragraph
(c) of that subsection is to be disregarded in determining the R&D fraction for the sub-stream.	=	(c) of that subsection is to be disregarded in determining the R&D fraction for the sub-stream.
(5) A payment is within this subsection if–	<>	(5) A payment is within this subsection if–
(a) it is within section 357BLD(2) by reason of subsections (7) or (8) of section 357GC, or (b) it is within section 357BLE(2) or (3) by reason of subsections (9) or (10) of section 357GC.	<>	(a) it is within section 357BLD(2) by reason of section 357GCZC, or (b) it is within section 357BLE(2) or (3) by reason of section 357GCZD.
(6) A payment is within this subsection if–	=	(6) A payment is within this subsection if–
(a) it is made by persons connected with the company in respect of relevant research and development undertaken or contracted out by the company, or	<>	(a) it is made by persons connected with the company in respect of relevant research and development undertaken or contracted out by the company, or
(b) it is made in respect of an assignment to the company of a relevant qualifying IP right or a grant or transfer to the company of an exclusive licence in respect of such a right.”	<>	(b) it is made in respect of an assignment to the company of a relevant qualifying IP right or a grant or transfer to the company of an exclusive licence in respect of such a right.”
(3) For section 357GC substitute– “357GC Application of this Part in relation to cost-sharing arrangements	<>	(3) For section 357GC substitute– “357GC Meaning of “cost-sharing arrangement” etc
(1) This section applies where a company is a party to an arrangement under which–	<>	(1) This section applies for the purposes of this Part.
(a) each of the parties to the arrangement is required to contribute to the cost of, or undertake research and development for the purpose of, creating or developing an item or process (“the invention”), and	=	(a) each of the parties to the arrangement is required to contribute to the cost of, or undertake activities for the purpose of, creating or developing an item or process,
(b) each of those parties–	<>	(b) each of those parties–
(i) is entitled to a share of any income attributable to the invention, or (ii) has one or more rights in respect of the invention.	=	(i) is entitled to a share of any income attributable to the item or process, or (ii) has one or more rights in respect of the item or process, and (c) the amount of any income received by each of those parties is

proportionate to its participation in the arrangement as described in paragraph (a).

(3) "Invention", in relation to a cost-sharing arrangement, means the item or process that is the subject of the arrangement (or any item or process incorporated within it).

357GCZA Qualifying IP right held by another party to CSA

(1) This section applies if-
(a) a company is a party to a cost-sharing arrangement,
(b) another party to the arrangement ("P") holds a qualifying IP right granted in respect of the invention, and

(c) the company does not hold an exclusive licence in respect of the right.

(2) But this section does not apply if the arrangement produces for the

company a return within section 357BG(1)(c).

(2) But this section does not apply where the arrangement produces for the company a return within section 357BG(1)(c).

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=

(3) If any party to the arrangement (other than the company) holds a qualifying IP right granted in respect of the invention ("a relevant

qualifying IP right")
the company is to be treated for the purposes of this Part as if it held the right.

qualifying IP right"),
the company is to be treated for the purposes of this Part as if it held the right.

(4) If any party to the arrangement (other than the company) ("P") holds a

relevant qualifying IP right, the right is to be treated for the

(3) The company is to be treated for the purposes of this Part as if it held the right.

(4) The right is to be treated for the purposes of this Part as a new qualifying IP right in relation to the company if-

(a) the company or P (or both) became a party to the arrangement
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on or after 1 April

2017, or
(b) the right is a new qualifying IP right in relation to P (or would

be if P was a company).
(5) Subsection (4) does not apply if-

(a) the company held an exclusive licence in respect of the right
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immediately before it became a party to the arrangement, and

(b) that licence was granted to the company before the relevant date.

(6) The right is to be treated for the purposes of this Part as an old

purposes of

this Part as a new
qualifying IP right in relation to the
company if-

(a) the company became
a party to the arrangement on or after 1
April 2017,
(b) P became a party
to the arrangement on or after that date, or
(c) the right is a new
qualifying IP right in relation to P.

Otherwise it is to be
treated for the purposes of this Part as an
old

qualifying IP right in
relation to the company.

(5) If any party to the
arrangement (other than the company) holds
an

exclusive licence in
respect of a relevant qualifying IP right,
the

company is to be treated
for the purposes of this Part as if it held
the
licence.

qualifying IP right in
relation to the company if it is not to be
treated as 15

a new qualifying IP right
by reason of subsection (4).

(7) Subsections (7) and (8) of
section 357BP (meaning of "relevant date")
apply for the purposes of
subsection (5) of this section as they apply
for

the purposes of subsection
(6) of that section.

357GCZB Exclusive licence held by
another party to CSA
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(1) This section applies if-
(a) a company is a party
to a cost-sharing arrangement,

(b) another party to the
arrangement ("P") holds an exclusive
licence in respect
of a qualifying IP right granted in respect
of
the invention, and

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(c) the company does not
hold the right or another exclusive
licence in respect
of it.

(2) But this section does not
apply if the arrangement produces for the
company a return within
section 357BG(1)(c).

(3) The company is to be
treated for the purposes of this Part as if
it held an 30
exclusive licence in
respect of the right.

(4) The right is to be treated
for the purposes of this Part as a new

qualifying IP right in
relation to the company if-

(a) the company or P (or
both) became a party to the arrangement

on or after 1 April
2017, or
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(b) the right is a new
qualifying IP right in relation to P (or
would

be if P was a
company).

(5) Subsection (4) does not
apply if-

(a) the company held the
right immediately before it became a
party to the
arrangement, and
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(b) either-
(i) the right had
been granted or issued to the company in

response to an application filed before 1 July 2016, or
 (ii) the right had been assigned to the company before the relevant date.

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 (6) Subsection (4) also does not apply if-
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	Part 1 – Direct taxes	=
	Chapter 2 – Corporation tax	<>
		=
<p>(6) If any party to the arrangement (other than the company) ("P") holds an exclusive licence in respect of a relevant qualifying IP right, the right is to be treated for the purposes of this Part as a new qualifying IP right</p> <p>in relation to the company if-</p> <p>(a) the company became a party to the arrangement on or after 1 April 2017,</p> <p>(b) P became a party to the arrangement on or after that date, or</p> <p>(c) the right is a new qualifying IP right in relation to P.</p> <p>Otherwise it is to be treated for the purposes of this Part as an old qualifying IP right in relation to the company.</p> <p>(7) If any party to the arrangement (other than the company) undertakes research and development for the purpose of creating or developing the invention ("relevant research and development"), the research and development is to be treated for the purposes of sections 357BLC and 357BLD as having been contracted out by the company to that party.</p> <p>(8) If any party to the arrangement</p>	<p>(a) the company held an exclusive licence in respect of the right immediately before it became a party to the arrangement, and</p> <p>(b) that licence was granted to the company before the relevant date.</p> <p>(7) The right is to be treated for the purposes of this Part as an old qualifying IP right in relation to the company if it is not to be treated as a new qualifying IP right by reason of subsection (4).</p> <p>(8) Subsections (7) and (8) of section 357BP (meaning of "relevant date") apply for the purposes of subsections (5) and (6) of this section as they apply for the purposes of subsections (5) and (6) of that section.</p> <p>10</p> <p>357GCZC R&D undertaken or contracted out by another party to CSA</p> <p>(1) Subsection (2) applies if-</p> <p>(a) a company is a party to a cost-sharing arrangement, and</p> <p>(b) another party to the arrangement ("P") undertakes research and development for the purpose of creating or developing the invention.</p> <p>(2) The research and development is to be treated for the purposes of sections 357BLC and 357BLD as having been contracted out by the company to P.</p> <p>(3) Subsection (4) applies if-</p> <p>20</p> <p>(a) a company is a party to a cost-sharing arrangement,</p> <p>(b) another party to the</p>	

(other than the company) ("P") contracts out relevant research and development to another person ("A")-

(a) the research and development is to be treated for the purposes of section 357BLC and 357BLD as if it has been contracted out to A by the company, and

(b) any payment made under the arrangement by the company in respect of the research and development is to be treated for the purposes of those sections as if it had been made to A (if that is not in fact the case).

(9) If-

(a) any person ("A") assigns a qualifying IP right to a party to the arrangement (other than the company) ("P"), and

(b) the company makes a payment under the arrangement in respect of the assignment (whether to A or to P),

the payment is to be treated for the purposes of section 357BLE as if it

were a payment to A in respect of the assignment by A to the company of the right.

(10) If-

(a) any person ("A") grants or transfers an exclusive licence in respect of a relevant

arrangement ("P") contracts out to another person ("A") research and development for the purpose of creating or developing the invention, and

(c) the company makes a payment under the arrangement in

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respect of that research and development (whether to P or to A).

(4) For the purposes of sections 357BLC and 357BLD-

(a) the company is to be treated as having contracted out to P research and development which is the same as that contracted out by P to A, and

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(b) the payment mentioned in subsection (3)(c) is to be treated as if it were a payment made to P in respect of the research and development the company is treated as having contracted out

to P.

(5) In this section "research and development" has the meaning given by

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section 1138.

357GCZD Acquisition of qualifying IP rights etc by another party to CSA

(1) Subsection (2) applies if-

(a) a company is a party to a cost-sharing arrangement,
(b) a person ("A") assigns to another party to the arrangement ("P")

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a qualifying IP right,
(c) the qualifying IP right is a right in respect of the invention, and
(d) the company makes under the arrangement a payment in respect of the assignment (whether to A or to P).

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(2) The payment is to be treated for the purposes of section 357BLE as if it

=

were a payment to A in respect of the assignment by A to the company of the right.

<>

(3) Subsection (4) applies if-
(a) a company is a party to a cost-sharing arrangement,

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(b) a person ("A") grants or transfers to another party to the arrangement ("P") an exclusive licence in respect of qualifying IP right,
(c) the qualifying IP

<p>qualifying IP right to a party to the arrangement (other than the company) ("P"), and</p> <p>(b) the company makes a payment under the arrangement in respect of the grant or transfer (whether to A or to P), the payment is to be treated for the purposes of section 357BLE as if it</p>	<p>right is a right granted in respect of the invention, and</p> <p>10</p> <p>(d) the company makes a payment under the arrangement in respect of the grant or transfer (whether to A or to P).</p> <p>(4) The payment is to be treated for the purposes of section 357BLE as if it</p>
<p>were a payment to A in respect of the grant or transfer by A to the company of the licence.</p>	<p>were a payment to A in respect of the grant or transfer by A to the company of the licence.</p>
<p>(11) In this section—</p> <p>“relevant qualifying IP right” has the meaning given by subsection (3),</p> <p>“relevant research and development” has the meaning given by subsection (7), and</p> <p>“research and development” has the meaning given by section 1138.</p>	<p>15</p>
<p>Draft provisions for Finance Bill 2017</p>	
<p>29</p> <p>Part 1 – Direct taxes</p> <p>Chapter 2 – Corporation tax</p>	
<p>(12) In this section—</p> <p>(a) references to the invention include references to any item or process incorporated in the invention,</p> <p>(b) references to developing the invention include references to developing ways in which the invention may be used or applied.</p> <p>357GCA Treatment of expenditure in connection with formation of CSA etc</p>	<p><></p> <p>357GCZE Treatment of expenditure in connection with formation of CSA etc</p>
<p>(1) Where—</p> <p>(a) a company makes a payment to a person ("P") in consideration of that person entering into a cost-sharing arrangement with the</p>	<p>=</p> <p>(1) Where—</p> <p>(a) a company makes a payment to a person ("P") in consideration of that person entering into a cost-sharing arrangement with the</p>
<p>company, and</p>	<p><></p> <p>company, and</p>
<p>20</p> <p>(b) P holds a qualifying IP right granted in respect of the invention</p> <p>or holds an exclusive licence in respect of such a right,</p> <p>a just and reasonable amount of the payment is to be treated for the purposes of section 357BLE as if it was an amount paid in respect of the</p>	<p>=</p> <p>(b) P holds a qualifying IP right granted in respect of the invention</p> <p>or holds an exclusive licence in respect of such a right,</p> <p>a just and reasonable amount of the payment is to be treated for the purposes of section 357BLE as if it was an amount paid in respect of the</p>
<p>assignment to the company of the right or (as the case may be) the</p>	<p><></p> <p>assignment to the company of the right or (as the case may be) the</p>

		25
transfer to the company of the licence. (2) Where— (a) a company makes a payment to a party to a cost-sharing arrangement (“P”) in consideration of P agreeing to the company becoming a party to the arrangement (whether in	=	transfer to the company of the licence. (2) Where— (a) a company makes a payment to a party to a cost-sharing arrangement (“P”) in consideration of P agreeing to the company becoming a party to the arrangement (whether in
place of P or in addition to P), and (b) any party to the arrangement holds a qualifying IP right in respect of the invention or holds an exclusive licence in respect of such a right, a just and reasonable amount of the payment is to be treated for the	=>	place of P or in addition to P), and (b) any party to the arrangement holds a qualifying IP right in respect of the invention or holds an exclusive licence in respect of such a right, a just and reasonable amount of the payment is to be treated for the
purposes of section 357BLE as if it was an amount paid in respect of the assignment to the company of the right or (as the case may be) the transfer to the company of the licence. (3) Where—	=	purposes of section 357BLE as if it was an amount paid in respect of the assignment to the company of the right or (as the case may be) the transfer to the company of the licence. (3) Where—
(a) a company that is a party to a cost-sharing arrangement makes a payment to another party to the arrangement in consideration of that party agreeing to the company becoming entitled to a greater share of the income attributable to the invention or acquiring additional rights in relation to the invention, and	=>	(a) a company that is a party to a cost-sharing arrangement makes a payment to another party to the arrangement in consideration of that party agreeing to the company becoming entitled to a greater share of the income attributable to the invention or acquiring additional rights in relation to the invention, and
(b) any party to the arrangement holds a qualifying IP right in respect of the invention or holds an exclusive licence in respect of such a right, a just and reasonable amount of the payment is to be treated for the purposes of section 357BLE as if it was an amount paid in respect of the	=>	(b) any party to the arrangement holds a qualifying IP right in respect of the invention or holds an exclusive licence in respect of such a right, a just and reasonable amount of the payment is to be treated for the purposes of section 357BLE as if it was an amount paid in respect of the
	-+ 36 2) Bill Direct taxes Corporation tax	Finance (No. Part 1 – Chapter 3 –
assignment to the company	=	assignment to the company

of the right or (as the case may be) the transfer to the company of the licence.	of the right or (as the case may be) the transfer to the company of the licence.
<p>(4) In this section—</p> <p>“cost-sharing arrangement” means an arrangement of a kind mentioned in section 357GC(1), and</p> <p>“invention”, in relation to a cost-sharing arrangement, means the</p> <p>item or process that is the subject of the arrangement (or any item or process incorporated within it).</p> <p>30 Draft provisions for Finance Bill 2017</p> <p style="text-align: center;">Part 1 – Direct taxes</p> <p style="text-align: center;">Chapter 2 – Corporation tax</p>	<p>+-</p>
	=
357GCB Treatment of income in connection with formation of CSA etc	<> 357GCZF Treatment of income in connection with formation of CSA etc
(1) Where—	= (1) Where—
(a) a company receives a payment in consideration of its entering	<> (a) a company receives a payment in consideration of its entering
5 into a cost-sharing arrangement, and	= into a cost-sharing arrangement, and
(b) the company holds a qualifying IP right granted in respect of the invention or holds an exclusive licence in respect of such a right,	(b) the company holds a qualifying IP right granted in respect of the invention or holds an exclusive licence in respect of such a right,
a just and reasonable amount of the payment is to be treated as relevant	<> a just and reasonable amount of the payment is to be treated as relevant
10 IP income of the company.	= IP income of the company.
(2) Where—	(2) Where—
(a) a company that is a party to a cost-sharing arrangement receives a payment from a person in consideration of its agreeing to that	(a) a company that is a party to a cost-sharing arrangement receives a payment from a person in consideration of its agreeing to that
15 person becoming a party to the arrangement (whether in place	<> person becoming a party to the arrangement (whether in place
of the company or in addition to it), and	= of the company or in addition to it), and
(b) any party to the arrangement holds a qualifying IP right in respect of the invention or holds an exclusive licence in respect	(b) any party to the arrangement holds a qualifying IP right in respect of the invention or holds an exclusive licence in respect
of such a right,	of such a right,
a just and reasonable amount of the payment is to be treated as relevant	<> a just and reasonable amount of the payment is to be treated as relevant
20 IP income of the company.	= IP income of the company.
(3) Where—	(3) Where—

(a) a company that is a party to a cost-sharing arrangement receives a payment from another party to the arrangement in consideration of its agreeing to that party becoming entitled to	<>	(a) a company that is a party to a cost-sharing arrangement receives a payment from another party to the arrangement in consideration of its agreeing to that party becoming entitled to
a greater share of the income attributable to the invention or acquiring additional rights in relation to the invention, and (b) any party to the arrangement holds a qualifying IP right in respect of the invention or holds an exclusive licence in respect	=	a greater share of the income attributable to the invention or acquiring additional rights in relation to the invention, and (b) any party to the arrangement holds a qualifying IP right in respect of the invention or holds an exclusive licence in respect
of such a right,	<>	of such a right,
a just and reasonable amount of the payment is to be treated as relevant	=	a just and reasonable amount of the payment is to be treated as relevant
IP income of the company.	<>	IP income of the company.” (4) In section “cost-sharing arrangement” and “invention” have the meaning given by section 357GCA(4). (4) The amendments made by this section have effect in relation to accounting periods beginning on or after 1 April 2017.
	=	
	-+	Hybrids and other mismatches
	=	
	--+	35 Permitted taxable periods of payees and deductions for amortisation (1) Part 6A of TIOPA 2010 (hybrid and other mismatches) is amended as follows. (2) In section 259CC(2) (hybrid and other mismatches from financial instruments: meaning of “permitted” taxable period of a payee), for paragraph (b) 45 Finance (No. 2) Bill 37 Part 1 – Direct taxes Chapter 3 – Corporation tax
	=	
(5) Subsection (6) applies where a company has an accounting period (“the	<>	substitute– “(b) the period begins at a later time and it is just and

straddling period") which begins before, and ends on or after, 1 April 2017.

(6) For the purposes of this section and Part 8A of CTA 2010—

(a) so much of the straddling period as falls before the 1 April 2017, and so

much of that period as falls on or after that date, are treated as separate

reasonable for the amount of ordinary income to arise for the period (rather than an earlier one)."

(3) In section 259DD(2) (hybrid transfer deduction/non-inclusion mismatches:

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meaning of "permitted" taxable period of a payee), for paragraph (b) substitute—

"(b) the period begins at a later time and it is just and reasonable for the amount of ordinary income to arise for the period (rather than an earlier one)."

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(4) In section 259EB (hybrid payer deduction/non-inclusion mismatches and their extent), after subsection (1) insert—

"(1A) But there is no hybrid payer deduction/non-inclusion mismatch so far as the relevant deduction is—

(a) a debit in respect of amortisation that is brought into account

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under section 729 or 731 of CTA 2009 (writing down the capitalised cost of an intangible fixed asset), or

(b) an amount that is deductible in respect of amortisation under a

provision of the law of a territory outside the United Kingdom that is equivalent to either of those sections."

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(5) In section 259FA (deduction/non-inclusion mismatches relating to transfers by permanent establishments), after subsection (4) insert—

"(4A) For the purposes of this section "the PE deduction" does not include—

(a) a debit in respect of amortisation that is brought into account under section 729 or 731 of CTA 2009 (writing down the

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capitalised cost of an intangible fixed asset), or

(b) an amount that is deductible in respect of amortisation under a provision of the law of a territory outside the United Kingdom that is equivalent to either of those sections."

(6) In section 259GB (hybrid payee deduction/non-inclusion mismatches and

30 their extent), after subsection (1) insert—

"(1A) But there is no hybrid payee deduction/non-inclusion mismatch so far

<p>accounting periods, and</p> <p>(b) any amounts brought into account for the purposes of calculating for corporation tax purposes the profits or any trade of the company for the straddling period are apportioned to the two separate accounting periods on such basis as is just and reasonable.</p> <p>Draft provisions for Finance Bill 2017</p> <p>31</p>	<p>as the relevant deduction is—</p> <p>(a) a debit in respect of amortisation that is brought into account under section 729 or 731 of CTA 2009 (writing down the capitalised cost of an intangible fixed asset), or</p> <p>(b) an amount that is deductible in respect of amortisation under a provision of the law of a territory outside the United Kingdom that is equivalent to either of those sections.”</p> <p>(7) In section 259HB (multinational payee deduction/non-inclusion mismatches and their extent), after subsection (1) insert—</p> <p>“(1A) But there is no multinational payee deduction/non-inclusion mismatch so far as the relevant deduction is—</p> <p>(a) a debit in respect of amortisation that is brought into account under section 729 or 731 of CTA 2009 (writing down the capitalised cost of an intangible fixed asset), or</p> <p>38</p> <p>Finance (No. 2) Bill</p>
Part 1 – Direct taxes	= Part 1 – Direct taxes
Chapter 2 – Corporation tax	<> Chapter 3 – Corporation tax
	=
Corporation tax: Northern Ireland	+-
25 Trading profits taxable at the Northern Ireland rate: SMEs Schedule 9 contains amendments of and relating to Part 8B of CTA 2010 (trading profits taxable at the Northern Ireland rate) about the application of that Part to SMEs.	<> (b) an amount that is deductible in respect of amortisation under a provision of the law of a territory outside the United Kingdom that is equivalent to either of those sections.”
26 Trading profits taxable at the Northern Ireland rate: minor amendments (1) Part 8B of CTA 2010 (trading profits taxable at the Northern Ireland rate) is amended in accordance with subsections (2) and (3). (2) In section 357IA, for “Minister of Finance and Personnel” substitute “Minister of Finance”.	<> (8) In section 259KB (imported mismatches: meaning of “excessive PE deduction” etc), after subsection (3) insert –

(3) In section 357QB(5)(b), for "Chapter 2" substitute "land remediation".

(4) In CAA 2001, in Schedule A1 (first-year tax credits), in paragraph 2, for sub- paragraphs (3A) and (4) substitute—

"(4) The Treasury may by regulations amend sub-paragraph (1)–
(a) so as to provide for a different percentage to apply where the surrenderable loss relates to a qualifying activity that is an NI rate activity, or
(b) so as to substitute for any percentage for the time being

specified in that sub-paragraph such other percentage as the Treasury thinks fit."

(5) In consequence of subsection (4), in the Corporation Tax (Northern Ireland) Act 2015, in Schedule 1, omit paragraph 10.

CHAPTER 3

PROVISIONS
RELATING TO MORE THAN ONE TAX

Chargeable gains

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“(3A) For the purposes of this section a “PE deduction” does not include—
(a) a debit in respect of amortisation that is brought into account under section 729 or 731 of CTA 2009 (writing down the capitalised cost of an intangible fixed asset), or

(b) an amount that is deductible in respect of amortisation under a

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provision of the law of a territory outside the United Kingdom that is equivalent to either of those sections.”

(9) Part 6A of TIOPA 2010 has effect, and is to be deemed always to have had effect, with the amendments set out in this section.

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Northern Ireland
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<> 36 Trading profits taxable at the Northern Ireland rate
Schedule 12 contains—
(a) amendments of Part 8B of CTA 2010 (trading profits taxable at the Northern Ireland rate), and
(b) amendments consequential on or related to those amendments.
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<> CHAPTER 4

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CHARGEABLE GAINS

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--+ 37 Exemption from attribution of carried interest gains
(1) TCGA 1992 is amended as follows.
(2) In section 13(1A) (attribution of gains to members of non-resident companies)—
(a) omit the “or” at the end of paragraph (a), and
(b) at the end of paragraph (b), insert “, or
(c) a chargeable gain treated as accruing under section 103KA(2) or
(3) (carried interest gains).”

		<p style="text-align: right;">30</p> <p>(3) In section 86 (attribution of gains to settlors with interest in non-resident or dual resident settlements), after subsection (4ZA) insert-</p> <p style="padding-left: 40px;">“(4ZB) Where (apart from this subsection) the amount mentioned in subsection (1)(e) would include an amount of chargeable gains treated as accruing under section 103KA(2) or (3) (carried interest gains), the</p> <p style="text-align: right;">35</p> <p style="padding-left: 40px;">amount of the gains is to be disregarded for the purposes of subsection (1)(e).”</p> <p>(4) In section 87 (non-UK resident settlements: attribution of gains to Finance (No. 2) Bill</p>
	39	<p>Part 1 – Direct taxes</p> <p>Chapter 4 – Chargeable gains</p>
=		
-+		<p>beneficiaries), after subsection (5A) insert-</p> <p style="padding-left: 40px;">“(5B) Where (apart from this subsection) the amount mentioned in subsection (4)(a) would include an amount of chargeable gains treated as accruing under section 103KA(2) or (3) (carried interest gains), the amount of the gains is to be disregarded for the purposes of</p> <p style="text-align: right;">5</p> <p style="padding-left: 40px;">determining the section 2(2) amount.”</p> <p>(5) The amendments made by this section have effect in relation to chargeable gains treated as accruing under section 103KA(2) or (3) of TCGA 1992 at any time before, as well as after, the passing of this Act.</p>
=		
-+		<p>38 Elections in relation to assets appropriated to trading stock</p> <p style="text-align: right;">10</p> <p>(1) Section 161 of TCGA 1992 (appropriations to and from trading stock) is amended as follows.</p> <p>(2) In subsection (3)–</p> <p style="padding-left: 40px;">(a) for “a person’s appropriation of an asset for the purposes of a trade”</p> <p style="padding-left: 40px;">substitute “a case where a chargeable gain would have accrued to a</p> <p style="text-align: right;">15</p> <p style="padding-left: 40px;">person on the appropriation of an asset for the purposes of a trade as mentioned in that subsection”, and</p> <p style="padding-left: 40px;">(b) for “the chargeable gain or increased by the amount of the allowable loss referred to in subsection (1), and where that subsection”</p> <p style="padding-left: 40px;">substitute “that chargeable gain, and where subsection (1)”. “</p>

		<p style="text-align: right;">20</p> <p>(3) In subsection (3ZB)–</p> <p>(a) in paragraph (a)–</p> <p>(i) omit “or loss”, and</p> <p>(ii) omit “or an allowable loss”,</p> <p>(b) in paragraph (b)–</p>
		<p style="text-align: right;">25</p> <p>(i) omit “, or increased by the amount of any loss,” and</p> <p>(ii) omit “or allowable loss”, and</p> <p>(c) in paragraph (c), at the end insert “and a loss which accrues on that disposal which is not ATED-related is also unaffected by the election”.</p>
		<p>(4) The amendments made by this section have effect in relation to appropriations</p> <p style="text-align: right;">30</p> <p>of assets made on or after 8 March 2017.</p>
	=	
27 Substantial shareholding exemption	<>	39 Substantial shareholding exemption
(1) Schedule 7AC to TCGA 1992 (exemptions for disposals by companies with substantial shareholding) is amended as follows.	=	(1) Schedule 7AC to TCGA 1992 (exemptions for disposals by companies with substantial shareholding) is amended as follows.
(2) Omit the following (which relate to requirements to be met by investing	<>	(2) Omit the following (which relate to requirements to be met by investing
company)–	=	company)–
(a) in paragraph 1(2), “the investing company and”;		(a) in paragraph 1(2), “the investing company and”;
(b) in paragraph 3–		(b) in paragraph 3–
(i) in sub-paragraph (2)(b), “(but see sub-paragraph (3) below)”;		(i) in sub-paragraph (2)(b), “(but see sub-paragraph (3) below)”;
(ii) sub-paragraph (3);	<>	(ii) sub-paragraph (3);
(iii) in sub-paragraph (4), “of paragraph 18(1)(b) and”;	=	(iii) in sub-paragraph (4), “of paragraph 18(1)(b) and”;
(c) in the heading to Part 3, “investing company and”;		(c) in the heading to Part 3, “investing company and”;
(d) paragraph 18 and the preceding italic heading;		(d) paragraph 18 and the preceding italic heading;
(e) in paragraph 23(3), “a member of a trading group or”.		(e) in paragraph 23(3), “a member of a trading group or”.
32 Draft provisions for Finance Bill 2017	<>	40 Finance (No. 2) Bill
Part 1	=	Part 1 –
– Direct taxes		Direct taxes
Chapter 3 – Provisions relating to more than one tax	<>	Chapter 4 – Chargeable gains
(3) In paragraph 7 (substantial shareholding requirement), for “two” substitute “six”.	=	(3) In paragraph 7 (substantial shareholding requirement), for “two” substitute “six”.
	<>	(4) In paragraph 10 (effect of earlier no-gain/no-loss transfer), in sub-paragraph

(4) In paragraph 19 (requirements relating to company invested in)–

(a) in sub-paragraph (1)(b), at the beginning insert “where the disposal is a

disposal to a person connected with the investing company,”;

(b) at the end insert–
“(4) Section 1122 of CTA 2010 (meaning of “connected” persons)

applies for the purposes of sub-paragraph (1)(b).”

(5) The amendments made by this section have effect in relation to disposals made

on or after 1 April 2017.

28 Substantial shareholding exemption: institutional investors

(1) Schedule 7AC to TCGA 1992 (exemptions for disposals by companies with

substantial shareholding) is amended as follows.

(2) After paragraph 3 insert–

“Subsidiary exemption: qualifying institutional investors

3A (1) This paragraph applies in relation to a gain or loss accruing to a

company (“the investing company”) on a disposal of shares or an

interest in shares in another company (“the company invested in”).

(2) This paragraph applies if–

(a) the requirement in paragraph 7 is met (substantial

shareholder requirement), and

(b) the requirement in paragraph 19 is not met (requirement

relating to company invested in).

(3) If immediately before the disposal 80% or more of the ordinary share

(2)(b), after “but for” insert “subsection (1A) or”.

(5) In paragraph 19 (requirements relating to company invested in)–

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(a) in sub-paragraph (1)(b), at the beginning insert “in a case where sub-

paragraph 1A) applies,”;
(b) after sub-paragraph (1)

insert–

“(1A) This sub-paragraph applies where–

(a) the disposal is a disposal to a person connected with

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the investing company, or

(b) the requirement in paragraph 7 is met by virtue of

paragraph 15A.”;

(c) at the end insert–
“(4) Section 1122 of CTA 2010 (meaning of “connected” persons)

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applies for the purposes of sub-paragraph (1A)(a).”

(6) The amendments made by this section have effect in relation to disposals made

on or after 1 April 2017.

40 Substantial shareholding exemption: institutional investors

(1) Schedule 7AC to TCGA 1992 (exemptions for disposals by companies with

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substantial shareholding) is amended as follows.

(2) After paragraph 3 insert–

“Subsidiary exemption: qualifying institutional investors

3A (1) This paragraph applies in relation to a gain or loss accruing to a

company (“the investing company”) on a disposal of shares or an

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interest in shares in another company (“the company invested in”).

(2) This paragraph applies if–

(a) the requirement in paragraph 7 is met (substantial

shareholder requirement),

(b) the requirement in paragraph 19 is not met (requirement

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relating to company invested in), and

(c) the investing company is not a disqualified listed company.

(3) If, immediately before the disposal, 80% or more of the ordinary

<p>capital of the investing company is owned by qualifying institutional investors, no chargeable gain or loss accrues on the disposal.</p> <p>(4) If immediately before the disposal at least 25% but less than 80% of</p>	<p>share capital of the investing company is owned by qualifying institutional investors, no chargeable gain or loss accrues on the disposal.</p> <p>(4) If, immediately before the disposal, at least 25% but less than 80% of</p>
<p>the ordinary share capital of the investing company is owned by qualifying institutional investors, the amount of the chargeable gain</p>	<p>the ordinary share capital of the investing company is owned by qualifying institutional investors, the amount of the chargeable gain</p>
<p>or loss accruing on the disposal is reduced by the percentage of the</p>	<p>or loss accruing on the disposal is reduced by the percentage of the</p>
<p>ordinary share capital of the investing company which is owned by the qualifying institutional investors.</p>	<p>ordinary share capital of the investing company which is owned by the qualifying institutional investors.</p>
<p>Finance (No. 2) Bill 41 Part 1 – Direct taxes Chapter 4 – Chargeable gains</p>	<p>Finance (No. 2) Bill 41 Part 1 – Direct taxes Chapter 4 – Chargeable gains</p>
<p>(5) For the purposes of this paragraph a person “owns” ordinary share capital if the person owns it–</p>	<p>(5) A company is a “disqualified listed company” for the purposes of this Part of this Schedule if–</p> <p>(a) any of the shares forming part of the ordinary share capital of the company are listed on a recognised stock exchange, (b) the company is not a qualifying institutional investor, and</p> <p>5 (c) the company is not a qualifying UK REIT</p> <p>(6) In sub-paragraph (5)(c) “qualifying UK REIT” means a UK REIT within the meaning of Part 12 of CTA 2010 which–</p> <p>(a) meets the condition in section 528(4)(b) of that Act (company not a close company by virtue of having an institutional</p> <p>10 investor as a participant), or</p> <p>(b) by virtue of section 443 of that Act (companies controlled by or on behalf of Crown) is not treated as a close company.</p> <p>3B (1) This paragraph applies for the purposes of paragraph 3A.</p> <p>(2) A person “owns” ordinary share capital if the person owns it–</p> <p>15</p>
<p>(a) directly, (b) indirectly, or (c) partly directly and partly indirectly.</p>	<p>(a) directly, (b) indirectly, or (c) partly directly and partly indirectly.</p>

(6) Sections 1155 to 1157 of CTA 2010 (meaning of “indirect ownership” and calculation of amounts owned indirectly) apply for the purposes

of sub-paragraph (5).

(7) **But** for the purposes of sections 1155 to 1157 of CTA 2010 as applied

by sub-paragraph (6), ordinary share capital may not be owned

(3) Sections 1155 to 1157 of CTA 2010 (meaning of “indirect ownership” and calculation of amounts owned indirectly) apply for the purposes

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of sub-paragraph (2).

(4) For the purposes of sections 1155 to 1157 of CTA 2010 as applied by

sub-paragraph (3)–

(a) ordinary share capital may not be owned through a disqualified listed company;

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(b) treat references to a body corporate as including an exempt unauthorised unit trust (and references to ordinary share capital, in the case of such a trust, as references to units in the

trust).

(5) A person is also to be regarded as owning ordinary share capital in a

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company in circumstances where a person would, under paragraphs 12 and 13 of this Schedule, be regarded as holding shares in a company.

(6) Where the assets of a partnership include ordinary share capital of a

company, each partner is to be regarded as owning a proportion of

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that share capital equal to the partner’s proportionate interest in that

ordinary share capital.

(7) In this Schedule “exempt unauthorised unit trust” has the same meaning as in the Unauthorised Unit Trusts (Tax) Regulations 2013

(SI 2013/2819). ”

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(3) After paragraph 8 insert–

“8A (1) This paragraph applies for the purposes of the exemption in

paragraph 3 or 3A in a case where at least 25% of the ordinary share capital of the investing company is owned by qualifying institutional investors.

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42

Finance (No. 2) Bill

through a body corporate where—
Draft provisions for Finance Bill 2017

33

Part 1 – Direct taxes

Chapter 3 – Provisions relating to more than one tax

<>

<>

(3) Sections 1155 to 1157 of CTA 2010 (meaning of “indirect ownership” and calculation of amounts owned indirectly) apply for the purposes

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of sub-paragraph (2).

(4) For the purposes of sections 1155 to 1157 of CTA 2010 as applied by

sub-paragraph (3)–

(a) ordinary share capital may not be owned through a disqualified listed company;

25

(b) treat references to a body corporate as including an exempt unauthorised unit trust (and references to ordinary share capital, in the case of such a trust, as references to units in the

trust).

(5) A person is also to be regarded as owning ordinary share capital in a

30

company in circumstances where a person would, under paragraphs 12 and 13 of this Schedule, be regarded as holding shares in a company.

(6) Where the assets of a partnership include ordinary share capital of a

company, each partner is to be regarded as owning a proportion of

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that share capital equal to the partner’s proportionate interest in that

ordinary share capital.

(7) In this Schedule “exempt unauthorised unit trust” has the same meaning as in the Unauthorised Unit Trusts (Tax) Regulations 2013

(SI 2013/2819). ”

(3) After paragraph 8 insert–

“8A (1) This paragraph applies for the purposes of the exemption in

paragraph 3 or 3A in a case where at least 25% of the ordinary share capital of the investing company is owned by qualifying institutional investors.

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42

Finance (No. 2) Bill

Part 1 –

Direct taxes

Chapter 4 –

	Chargeable gains
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<p>(a) the body is not a qualifying institutional investor, and</p> <p>(b) any of the shares forming part of the ordinary share capital of the body are listed on a recognised stock exchange.</p> <p>(8) For the purposes of this paragraph a person is also to be regarded as owning ordinary share capital in a company in circumstances where</p> <p>a person would, under paragraphs 12 and 13 of this Schedule, be regarded as holding shares in a company.</p>	<p><></p> <p>(2) The investing company also holds a “substantial shareholding” in the company invested in for the purposes of paragraph 7 if–</p> <p>(a) the investing company holds shares or interests in shares in the company invested in the cost of which on acquisition was at least £20,000,000, and</p> <p>5</p> <p>(b) by virtue of those shares or interests in shares the investing company–</p> <p>(i) is beneficially entitled to not less than a proportionate percentage of the profits available for distribution to equity holders of the company invested in, and</p> <p>10</p> <p>(ii) would be beneficially entitled on a winding up to not less than a proportionate percentage of the assets of the company invested in available for distribution to equity holders.</p> <p>(3) In sub-paragraph (2)–</p> <p>15</p> <p>“cost” means the amount or value of the consideration, in money or money’s worth, given by the investing company or on its behalf wholly and exclusively for the acquisition of the shares or interests in shares, together with the incidental costs to it of the acquisition;</p> <p>20</p> <p>“proportionate percentage” means a percentage equal to the percentage of the ordinary share capital held by the investing company by virtue of the shares and interests in shares referred to in sub-paragraph (2)(a).</p> <p>(4) For the purposes of sub-paragraph (2)(a) it does not matter whether</p> <p>25</p> <p>there was a single acquisition or a series of acquisitions.</p>

		<p>(5) Paragraph 3B (owning ordinary share capital) applies for the purposes of sub-paragraph (1).</p> <p>(6) Paragraph 8(2) applies for the purposes of sub-paragraph (2)."</p> <p>(4) In paragraph 9 (aggregation), in sub-paragraph (1), for "paragraph 7" 30 substitute "paragraphs 7 and 8A(2)".</p> <p>(5) After paragraph 30 insert—</p>
	=	
	--+	"Meaning of "qualifying institutional investor"
	=	
<p>(9) In this paragraph "qualifying institutional investor" means a person falling within any of A to F below.</p>	<>	<p>30A (1) In this Schedule "qualifying institutional investor" means a person falling within any of A to G below.</p> <p>35</p>
<p>A Pension schemes The trustee or manager of— (a) a registered pension scheme, other than an investment-regulated pension scheme, or</p> <p>(b) an overseas pension scheme, other than one which would be an investment-regulated pension scheme if it were a registered pension scheme.</p> <p>"Investment-regulated pension scheme" has the same meaning as in Part 1 of Schedule 29A to the Finance Act 2004.</p>	=	<p>A Pension schemes The trustee or manager of— (a) a registered pension scheme, other than an investment-regulated pension scheme, or</p> <p>(b) an overseas pension scheme, other than one which would be an investment-regulated pension scheme if it were a registered pension scheme.</p> <p>"Investment-regulated pension scheme" has the same meaning as in Part 1 of Schedule 29A to the Finance Act 2004.</p>
	<>	
	--+	<p>Finance (No. 2) Bill</p> <p>43</p> <p>Part 1 – Direct taxes</p> <p>Chapter 4 – Chargeable gains</p>
<p>"Overseas pension scheme" has the same meaning as in Part 4 of that Act.</p> <p>Life assurance businesses</p> <p>B A company carrying on life assurance business, if immediately before the disposal its interest in the investing company is held for</p>	=	<p>"Overseas pension scheme" has the same meaning as in Part 4 of that Act.</p> <p>Life assurance businesses</p> <p>B A company carrying on life assurance business, if immediately before the disposal its interest in the investing company is held for</p>
<p>the purpose of providing benefits to policy holders in the course of that business.</p> <p>"Life assurance business" has the meaning given in section 56 of the Finance Act 2012.</p>	<>	<p>the purpose of providing benefits to policy holders in the course of that business.</p> <p>"Life assurance business" has the meaning given in section 56 of the Finance Act 2012.</p>
	=	

funds etc	Sovereign wealth	<>	funds etc	Sovereign wealth
C A person who cannot be liable for corporation tax or income tax (as relevant) on the ground of sovereign immunity.		=	C A person who cannot be liable for corporation tax or income tax (as relevant) on the ground of sovereign immunity.	
Charities			Charities	
D A charity.			D A charity.	
Investment trusts	<>		Investment trusts	
E An investment trust.	=		E An investment trust.	
Widely marketed UK investment schemes		<>		
F An authorised investment fund or the trustees of an exempt unauthorised unit trust, where the fund or trust meets the genuine diversity of ownership condition throughout the accounting period of the fund or trust in which the disposal is made.			Authorised investment funds	
			F An authorised investment fund which meets the genuine diversity of ownership condition throughout the accounting period of the fund in which the disposal is made.	
“Authorised investment fund” has the same meaning as in the Authorised Investment Funds (Tax) Regulations 2006 (SI 2006/ 964).	=		“Authorised investment fund” has the same meaning as in the Authorised Investment Funds (Tax) Regulations 2006 (SI 2006/ 964).	
34 Draft provisions for Finance Bill 2017	<>			
Part 1 – Direct taxes				
Chapter 3 – Provisions relating to more than one tax			Regulation 9A of the Authorised Investment Funds (Tax) Regulations 2006 (genuine diversity of ownership) applies for this purpose.	
“Exempt unauthorised unit trust” has the same meaning as in the Unauthorised Unit Trusts (Tax) Regulations 2013 (SI 2013/2819).			Exempt unauthorised unit trusts	
Regulation 9A of the Authorised Investment Funds (Tax) Regulations 2006 (genuine diversity of ownership) applies for this purpose (treating references to an authorised investment fund as including an exempt unauthorised unit trust).	=		G The trustees of an exempt unauthorised unit trust, where the trust meets the genuine diversity of ownership condition throughout the accounting period of the trust in which the disposal is made.	
(10) The Treasury may by	<>		30	
			Regulation 9A of the Authorised Investment Funds (Tax) Regulations 2006 (genuine diversity of ownership) applies for this purpose (treating references to an authorised investment fund as including an exempt unauthorised unit trust).	
			(2) The Treasury may by	

<p>regulations amend this Schedule so as to add</p> <p>or remove a person as a “qualifying institutional investor” for the purposes of this paragraph (and may in particular do so by changing</p> <p>the conditions subject to which a person is a qualifying institutional investor).”</p>	<p>regulations amend this Schedule so as to add</p> <p>35</p> <p>or remove a person as a “qualifying institutional investor” (and may in particular do so by changing the conditions subject to which a person is a qualifying institutional investor).”</p> <p>44</p> <p>Finance (No. 2) Bill</p> <p>Part 1 –</p> <p>Direct taxes</p> <p>Chapter 4 – Chargeable gains</p>
<p>(3) In paragraph 8 (meaning of “substantial shareholding”), after sub-paragraph</p> <p>(1) insert–</p> <p>“(1A) For the purposes of the exemption in paragraph 3A, a company (Company A) also holds a “substantial shareholding” in another company (Company B) if–</p> <p>(a) Company A holds shares or interests in shares in Company B</p> <p>the cost of which on acquisition was at least £50,000,000, and</p>	<p><> (6) In paragraph 31 (index), at the appropriate places insert–</p> <p>“Exempt unauthorised unit trust paragraph 3B(7)”</p> <p>“Qualifying institutional investor paragraph 30A”.</p> <p>(7) The amendments made by this section have effect in relation to disposals made</p> <p>on or after 1 April 2017.</p> <p>5</p>
=	=
-+	CHAPTER 5
=	PROVISIONS RELATING TO MORE THAN ONE TAX
=	Domicile, overseas property etc
=	41 Deemed domicile: income tax and capital gains tax
(b) by virtue of those shares or interests in shares Company A–	<p>(1) In Chapter 2A of Part 14 of ITA 2007 (income tax liability: domicile), after</p> <p>10</p> <p>section 835B insert–</p> <p>“835BA Deemed domicile</p> <p>(1) This section has effect for the purposes of the provisions of the Income</p> <p>Tax Acts or TCGA 1992 which apply this section.</p> <p>(2) An individual not</p> <p>domiciled in the United Kingdom at a time in</p> <p>15</p> <p>a tax year (“the relevant tax year”) is to be regarded as domiciled in the United Kingdom at that time if–</p> <p>(a) condition A is met, or</p> <p>(b) condition B is met.</p> <p>(3) Condition A is that–</p>

(i) is beneficially entitled to not less than a proportionate percentage of the profits available for distribution to equity holders of Company B, and (ii) would be beneficially entitled on a winding up to not less than a proportionate percentage of the assets of Company B available for distribution to equity holders.

20 (a) the individual was born in the United Kingdom, (b) the individual's domicile of origin was in the United Kingdom, and (c) the individual is UK resident for the relevant tax year.

(4) Condition B is that the individual has been UK resident for at least 15 25 of the 20 tax years immediately preceding the relevant tax year.

(5) But Condition B is not met if- (a) the individual is not UK resident for the relevant tax year, and (b) there is no tax year beginning after 5 April 2017 and preceding the relevant tax year in which the person was UK resident.”

30 (2) Schedule 13 contains- (a) provision applying section 835BA of ITA 2007, and (b) further provision relating to this section.

42 Deemed domicile: inheritance tax (1) In section 267 of IHTA 1984 (persons treated as domiciled in the United Kingdom), in subsection (1)- (a) in paragraph (a), omit the final “or”; Finance (No. 2) Bill

45 Part 1 – Direct taxes Chapter 5 – Provisions relating to more than one tax

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<> (b) after that paragraph insert- “(aa) he is a formerly domiciled resident for the tax year in which the relevant time falls (“the relevant tax year”), or”; (c) for paragraph (b) substitute- 5 “(b) he was resident in the United Kingdom- (i) for at least fifteen of the twenty tax years immediately preceding the relevant tax year, and (ii) for at least one of the four tax years ending

(1B) In sub-paragraph (1A)-

“cost” means the amount or value of the consideration, in

with 10

the

relevant tax year.”

(2) In that section, omit subsection (3).

(3) In that section, in subsection (4), for “in any year of assessment” substitute “for

any tax year”.

(4) In section 48 of that Act (settlements: excluded property)–

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(a) in subsection (3)(b), for “and (3D)” substitute “to (3E)”;

(b) in subsection (3A)(b), for “subsection (3B)” substitute “subsections (3B)

and (3E)”;

(c) after subsection (3D) insert–

“(3E) In a case where the settlor of property comprised in a settlement

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is not domiciled in the United Kingdom at the time the settlement is made, the property is not excluded property by

virtue of

subsection (3) or (3A) above at any time in a tax year if

the settlor was a formerly domiciled resident for that tax year.”

(5) In section 64 of that Act (charge at ten-year anniversary), in subsection (1B),

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after “was made” insert “and is not a formerly domiciled resident for the tax year in which the ten-year anniversary falls”.

(6) In section 65 of that Act (charge at other times), after subsection (7A) insert–

“(7B) Tax shall not be charged under this section by reason only that property

comprised in a settlement becomes excluded property by virtue of

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section 48(3E) ceasing to apply in relation to it.”

(7) In section 82 of that Act (excluded property)–

(a) for subsection (1) substitute–

“(1) In a case where, apart from this section, property to which section 80 or 81 applies would be excluded property by virtue

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of section 48(3) (a) above, that property shall not be taken to be

excluded property at any time (“the relevant time”) for the purposes of this Chapter (except sections 78 and 79) unless Conditions A and B are satisfied.”;

(b) in subsection (2), for “the condition in subsection (3) below”

<p>money or money's worth, given by Company A or on its behalf wholly and exclusively for the acquisition of the shares or interests, together with the incidental costs to it of the acquisition;</p> <p>“proportionate percentage” means a percentage equal to the percentage of the ordinary share capital held by Company A by virtue of the shares and interests referred to in subparagraph (1A) (a).</p>	<p>substitute 40 “Condition A”;</p> <p>(c) in subsection (3), for “The condition” substitute “Condition A”;</p> <p>(d) after subsection (3) insert–</p> <p>“(4) Condition B referred to in subsection (1) above is–</p> <p>46</p> <p>Finance (No. 2) Bill</p> <p>Part 1 – Direct taxes</p> <p>Chapter 5 – Provisions relating to more than one tax</p>
<p>=</p> <p><></p>	<p>(a) in the case of property to which section 80 above applies, that the person who is the settlor in relation to the settlement first mentioned in that section, and</p> <p>(b) in the case of property to which subsection (1) or (2) of section 81 above applies, that the person who is the settlor in relation to the first or second of the settlements mentioned in that subsection, was not a formerly domiciled resident for the tax year in which the relevant time falls.”</p> <p>(8) In section 272 of that Act (interpretation)–</p> <p>(a) for the definition of “foreign-owned” substitute– ““foreign-owned”, in relation to property at any time, means property–</p> <p>(a) in the case of which the person beneficially entitled to it is at that time domiciled outside the United Kingdom, or</p> <p>(b) if the property is comprised in a settlement, in the case of which the settlor–</p> <p>(i) is not a formerly domiciled resident for the tax year in which that time falls, and</p> <p>(ii) was domiciled outside the United</p>

(1C) For the purposes of subparagraph (1A)(a) it does not matter

whether there was a single acquisition or a series of acquisitions."

(4) In paragraph 8, in sub-paragraph (2), for "sub-paragraph (1)" substitute "sub-paragraphs (1) and (1A)".

(5) In paragraph 9 (aggregation), in sub-paragraph (1), for "paragraph 7"

substitute "paragraphs 7 and 8(1A)".

(6) The amendments made by this section have effect in relation to disposals made on or after 1 April 2017.

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Kingdom when the property became

comprised in the settlement;"

(b) at the appropriate place insert-

““formerly domiciled resident”, in relation to a tax year,

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means a

person—

(a) who

was born in the United Kingdom,

(b)

whose domicile of origin was in the United Kingdom,

(c) who

was resident in the United Kingdom for 30

that tax year, and

(d) who

was resident in the United Kingdom for at least one of the two tax years immediately preceding that tax year;".

(9) The amendments made by this section have effect in relation to times after 5

35

April 2017, subject to subsections

(10) to (12).

(10) The amendment to section 267(1) of IHTA 1984 made by subsection (1)(c) does not have effect in relation to a person if—

(a) the person is not resident in the United Kingdom for the relevant tax year, and

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(b) there is no tax year beginning after 5 April 2017 and preceding the

relevant tax year in which the person was resident in the United Kingdom.

In this subsection “relevant tax year” is to be construed in accordance with section 267(1) of IHTA 1984 as amended by subsection (1).

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(11) The amendment to section 267(1) of IHTA 1984 made by subsection (1)(c) also does not have effect in determining—

(a) whether settled property which became comprised in the settlement on or before that date is excluded property for the purposes of IHTA 1984;

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one tax	=	one tax
	--+	<p>(b) the settlor's domicile for the purposes of section 65(8) of that Act in</p> <p>relation to settled property which became comprised in the settlement</p> <p>on or before that date;</p> <p>(c) whether, for the purpose of section 65(8) of that Act, the condition in</p> <p>section 82(3) of that Act is satisfied in relation to such settled property. 5</p> <p>(12) Despite subsection (2), section 267(1) of IHTA 1984, as originally enacted, shall</p> <p>continue to be disregarded in determining-</p> <p>(a) whether settled property which became comprised in the settlement on or before 9 December 1974 is excluded property for the purposes of IHTA 1984;</p> <p>10</p> <p>(b) the settlor's domicile for the purposes of section 65(8) of that Act in relation to settled property which became comprised in the settlement</p> <p>on or before that date;</p> <p>(c) whether, for the purpose of section 65(8) of that Act, the condition in section 82(3) of that Act is satisfied in relation to such settled property. 15</p>
	=	
	--+	<p>43 Settlements and transfer of assets abroad: value of benefits</p> <p>Schedule 14 makes provision about the value of benefits received in relation to settlements and the transfer of assets abroad.</p>
	=	
	--+	<p>44 Inheritance tax on overseas property representing UK residential property</p> <p>Schedule 15 makes provision about the extent to which overseas property is</p> <p>20</p> <p>excluded property for the purposes of inheritance tax, in cases where the value</p> <p>of the overseas property is attributable to residential property in the United Kingdom.</p>
Employee shareholder shares	=	Employee shareholder shares
29 Employee shareholder shares: amount treated as earnings	<>	<p>45 Employee shareholder shares: amount treated as earnings</p> <p>25</p>
(1) In section 226A of ITEPA 2003 (amount treated as earnings)-	=	<p>(1) In section 226A of ITEPA 2003 (amount treated as earnings)-</p> <p>(a) in subsection (2), for</p>

<p>“calculated in accordance with subsection (3)”</p> <p>substitute “equal to the market value of the shares”;</p> <p>(b) omit subsection (3);</p> <p>(c) in subsection (6), omit “and sections 226B to 226D”;</p>	<p>“calculated in accordance with subsection (3)”</p> <p>substitute “equal to the market value of the shares”;</p> <p>(b) omit subsection (3);</p> <p>(c) in subsection (6), omit “and sections 226B to 226D”;</p>
<p>(d) in subsection (7), after “subsection (1)” insert “(but not subsection (2))”.</p> <p>(2) Omit sections 226B to 226D of ITEPA 2003 (deemed payment).</p> <p>(3) In consequence of subsection (2), in ITEPA 2003 omit the following—</p> <p>(a) section 479(3A);</p> <p>(b) section 531(3A);</p>	<p>(d) in subsection (7), after “subsection (1)” insert “(but not subsection (2))”.</p> <p>(2) Omit sections 226B to 226D of ITEPA 2003 (deemed payment).</p> <p>(3) In consequence of subsection (2), in ITEPA 2003 omit the following—</p> <p>(a) section 479(3A);</p> <p>(b) section 531(3A);</p>
<p>(c) section 532(4A).</p> <p>(4) In consequence of subsection (2), in CTA 2009 omit the following—</p> <p>(a) in section 1005, the definition of “employee shareholder share”;</p> <p>(b) section 1009(6);</p> <p>(c) in section 1010(1), “and, in the case of employee shareholder shares,</p>	<p>(c) section 532(4A).</p> <p>(4) In consequence of subsection (2), in CTA 2009 omit the following—</p> <p>(a) in section 1005, the definition of “employee shareholder share”;</p> <p>(b) section 1009(6);</p> <p>(c) in section 1010(1), “and, in the case of employee shareholder shares,</p>
<p>section 1038B”;</p> <p>(d) in section 1011(4)(b), “(but see also section 1038B of this Act)“;</p>	<p>section 1038B”;</p> <p>(d) in section 1011(4)(b), “(but see also section 1038B of this Act)“;</p>
	<p>48</p> <p>Finance</p> <p>(No. 2) Bill</p> <p>Part 1 –</p> <p>Direct taxes</p> <p>Chapter 5 – Provisions relating to more than one tax</p>
<p>(e) in sections 1018(1) and 1019(1), “and, in the case of employee shareholder shares, section 1038B”;</p> <p>(f) sections 1022(5), 1026(5), 1027(5), 1033(5) and 1034(5);</p> <p>(g) section 1038B;</p> <p>(h) sections 1292(6ZA) and 1293(5A);</p>	<p>(e) in sections 1018(1) and 1019(1), “and, in the case of employee shareholder shares, section 1038B”;</p> <p>(f) sections 1022(5), 1026(5), 1027(5), 1033(5) and 1034(5);</p> <p>(g) section 1038B;</p> <p>(h) sections 1292(6ZA) and 1293(5A);</p>
<p>(i) in Schedule 4, the entry relating to “employee shareholder share”.</p> <p>(5) The amendments made by this section have effect in relation to shares acquired</p> <p>in consideration of an employee shareholder agreement entered into on or after</p> <p>the relevant day.</p> <p>(6) The relevant day is 1 December 2016, subject to subsection (7).</p>	<p>(i) in Schedule 4, the entry relating to “employee shareholder share”.</p> <p>(5) The amendments made by this section have effect in relation to shares acquired</p> <p>in consideration of an employee shareholder agreement entered into on or after</p> <p>the relevant day.</p> <p>(6) The relevant day is 1 December 2016, subject to subsection (7).</p>
<p>(7) Where the individual entering into an employee shareholder agreement receives the advice referred to in section 205A(6)(a) of the Employment</p>	<p>(7) Where the individual entering into an employee shareholder agreement receives the advice referred to in section 205A(6)(a) of the Employment</p>

<p>Rights</p> <p>Act 1996– (a) on 23 November 2016, but (b) before 1.30 pm on that day,</p>	<p>Rights</p> <p>Act 1996– (a) on 23 November 2016, but (b) before 1.30 pm on that day,</p>
<p>the relevant day is 2 December 2016.</p>	<p>the relevant day is 2 December 2016.</p>
<p>30 Employee shareholder shares: abolition of CGT exemption</p> <p>(1) TCGA 1992 is amended as follows. (2) In section 58 (spouses and civil partners)–</p> <p>(a) in subsection (2)–</p>	<p>46 Employee shareholder shares: abolition of CGT exemption</p> <p>(1) TCGA 1992 is amended as follows. (2) In section 58 (spouses and civil partners)–</p> <p>(a) in subsection (2)–</p>
<p>(i) at the end of paragraph (a) insert “or”; (ii) omit paragraph (c) and the preceding “or”; (b) omit subsections (3) to (5).</p>	<p>(i) at the end of paragraph (a) insert “or”; (ii) omit paragraph (c) and the preceding “or”; (b) omit subsections (3) to (5).</p>
<p>36</p> <p>Draft provisions for Finance Bill 2017</p> <p>Part 1 – Direct taxes</p> <p>Chapter 3 – Provisions relating to more than one tax</p>	<p>++</p>
<p>(3) In section 149AA (restricted and convertible employment-related securities and employee shareholder shares), for subsection (6A) substitute–</p>	<p>(3) In section 149AA (restricted and convertible employment-related securities and employee shareholder shares), for subsection (6A) substitute–</p>
<p>“(6A) For the purposes of this section– shares are “acquired” by an employee if the employee becomes beneficially entitled to them (and they are acquired at the time when the employee becomes so entitled);</p>	<p>“(6A) For the purposes of this section– shares are “acquired” by an employee if the employee becomes beneficially entitled to them (and they are acquired at the time when the employee becomes so entitled);</p>
<p>“employee shareholder share” means a share acquired in</p>	<p>“employee shareholder share” means a share acquired in</p>
<p>consideration of an employee shareholder agreement and held by the employee; “employee shareholder agreement” means an agreement by virtue of which an employee is an employee shareholder (see section</p>	<p>consideration of an employee shareholder agreement and held by the employee; “employee shareholder agreement” means an agreement by virtue of which an employee is an employee shareholder (see section</p>
<p>205A(1)(a) to (d) of the Employment Rights Act 1996);</p>	<p>205A(1)(a) to (d) of the Employment Rights Act 1996);</p>
<p>“employee” and “employer company”, in relation to an employee shareholder</p>	<p>“employee” and “employer company”, in relation to an employee shareholder</p>

agreement, mean the individual and the company which enter into the agreement.”	agreement, mean the individual and the company which enter into the agreement.”
(4) Omit sections 236B to 236F (exemption for employee shareholder shares).	(4) Omit sections 236B to 236F (exemption for employee shareholder shares).
(5) In section 236G (relinquishment of employment rights is not disposal of an asset), in subsection (1), for “employee shareholder agreement” substitute “agreement by virtue of which the individual is an employee shareholder (see section 205A(1)(a) to (d) of the Employment Rights Act 1996)”.	(5) In section 236G (relinquishment of employment rights is not disposal of an asset), in subsection (1), for “employee shareholder agreement” substitute “agreement by virtue of which the individual is an employee shareholder (see section 205A(1)(a) to (d) of the Employment Rights Act 1996)”.
	-> Finance (No. 2) Bill 49 Part 1 – Direct taxes Chapter 5 – Provisions relating to more than one tax
(6) The amendments made by this section have effect in relation to shares acquired in consideration of an employee shareholder agreement entered into on or after the relevant day. (7) The relevant day is 1 December 2016, subject to subsection (8).	(6) The amendments made by this section have effect in relation to shares acquired in consideration of an employee shareholder agreement entered into on or after the relevant day. (7) The relevant day is 1 December 2016, subject to subsection (8).
(8) Where the individual entering into an employee shareholder agreement receives the advice referred to in section 205A(6)(a) of the Employment Rights Act 1996– (a) on 23 November 2016, but (b) before 1.30 pm on that day,	(8) Where the individual entering into an employee shareholder agreement receives the advice referred to in section 205A(6)(a) of the Employment Rights Act 1996– (a) on 23 November 2016, but (b) before 1.30 pm on that day,
the relevant day is 2 December 2016.	the relevant day is 2 December 2016.
31 Employee shareholder shares: purchase by company	47 Employee shareholder shares: purchase by company
(1) In ITTOIA 2005, omit section 385A (no charge to income tax on purchase by company of exempt employee shareholder shares). (2) The amendment made by this section has effect in relation to the purchase from	(1) In ITTOIA 2005, omit section 385A (no charge to income tax on purchase by company of exempt employee shareholder shares). (2) The amendment made by this section has effect in relation to the purchase from
an individual of shares which were acquired in consideration of an employee shareholder agreement entered into on or after the relevant day. (3) The relevant day is 1 December 2016, subject to subsection (4). (4) Where the individual entering into an employee shareholder agreement receives the advice referred to in section 205A(6)(a) of the Employment Rights	an individual of shares which were acquired in consideration of an employee shareholder agreement entered into on or after the relevant day. (3) The relevant day is 1 December 2016, subject to subsection (4). (4) Where the individual entering into an employee shareholder agreement receives the advice referred to in section 205A(6)(a) of the Employment Rights

Act 1996–	<>	Act 1996–
(a) on 23 November 2016, but (b) before 1.30 pm on that day, the relevant day is 2 December 2016.	=	20 (a) on 23 November 2016, but (b) before 1.30 pm on that day, the relevant day is 2 December 2016.
Draft provisions for Finance Bill 2017 37 Part 1 – Direct taxes Chapter 3 – Provisions relating to more than one tax	+-	
Disguised remuneration	=	Disguised remuneration
32 Employment income provided through third parties Schedule 10 makes provision about employment income provided through third parties.	<>	48 Employment income provided through third parties 25 Schedules 16 and 17 make provision about employment income provided through third parties.
33 Trading income provided through third parties (1) ITTOIA 2005 is amended as follows. (2) After section 23 insert–	= <>	(1) ITTOIA 2005 is amended as follows. (2) After section 23 insert– 30
“Trading income provided through third parties	=	“Trading income provided through third parties
23A Trading income provided through third parties: application of section 23B (1) Section 23B applies if– (a) a person (“T”) is or has been carrying on a trade (the “relevant trade”) alone or in partnership,	<>	23A Application of section 23E: conditions (1) Section 23E (tax treatment of relevant benefits) applies if Conditions A to E are met. (2) Condition A is that a person (“T”) is or has been carrying on a trade (the 35 “relevant trade”) alone or in partnership. (3) Condition B is that– 50 2) Bill Part 1 – Direct taxes Chapter 5 – Provisions relating to more than one tax
(b) there is an arrangement in connection with the relevant trade to which T is a party or which otherwise (wholly or partly) covers or relates to T,	<>	(a) there is an arrangement (“the arrangement”) in connection with the relevant trade to which T is a party or which otherwise (wholly or partly) covers or relates to T, and

<p>(c) it is reasonable to suppose that, in essence— (i) the arrangement, or</p>	<p>(b) it is reasonable to suppose that, in essence— (i) the arrangement, or</p>
<p>(ii) the arrangement so far as it covers or relates to T, is (wholly or partly) a means of providing, or is otherwise concerned with the provision of, relevant benefits,</p>	<p>5 (ii) the arrangement so far as it covers or relates to T, is (wholly or partly) a means of providing, or is otherwise concerned with the provision of, relevant benefits.</p>
<p>(d) a relevant benefit arises to T, or a person who is or has been connected with T, in pursuance of the arrangement, and</p> <p>(e) it is reasonable to suppose that the relevant benefit (directly or</p>	<p>(4) Condition C is that— (a) a relevant benefit arises to T, or a person who is or has been connected with T, in pursuance of the arrangement, or</p>
<p>10 (e) it is reasonable to suppose that the relevant benefit (directly or indirectly) represents, or has arisen or derives from, or is otherwise connected with, the whole or part of a payment (the “relevant payment”)—</p>	<p>10 (b) a relevant benefit arises to any other person in pursuance of the arrangement and any of the enjoyment conditions (see section 23F) is met in relation to the relevant benefit.</p> <p>(5) Condition D is that it is reasonable to suppose that the relevant benefit (directly or indirectly) represents, or has arisen or derives from, or is otherwise connected with, the whole or part of a qualifying third party payment.</p>
<p>15 (i) made (by T or another person) to a relevant third person, and</p> <p>(ii) in relation to which Condition A or B is met.</p>	<p>15 (6) Condition E is that it is reasonable to suppose that a tax advantage would be obtained by T, or a person who is or has been connected with T, as a result of the arrangement.</p> <p>(7) For the purposes of subsection (3) in particular, all relevant circumstances are to be taken into account in order to get to the essence of the matter.</p>
<p>20 (2) In this section and sections 23B to 23D—</p>	<p>20 (8) In this section and sections 23B to 23H, “this group of sections” means this section and those sections.</p>
<p>25 (2) In this section and sections 23B to 23D—</p>	<p>25 (9) The provisions of this group of sections apply to professions and vocations as they apply to trades.</p>
<p>30 (2) In this section and sections 23B to 23D—</p>	<p>(10) See Schedule 18 to FA 2017 for provision about the application of this group of sections in relation to loans and quasi-loans that are outstanding on 5 April 2019.</p> <p>(1) The following provisions apply for the purposes of this group of sections.</p>

(a) "relevant benefit" means any payment (including a payment by way of a loan), a transfer of money's worth, or any other benefit;

(b) the assumption of a liability of T by another person is to be treated as the provision of a relevant benefit to T;

(c) the assumption, by a person other than T, of a liability of a person ("C")

who is or has been connected with T, is to be treated as the provision of a relevant benefit to C.

(3) In this section and sections 23B and 23D, "loan" includes—

(a) any form of credit;
(b) a payment that is purported to be made by way of a loan.

(4) "Relevant third person" means—

(a) T acting as trustee, or

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Part 1 – Direct taxes

Chapter 3 – Provisions relating to more than one tax

(b) any person other than T.

(5) Condition A is that –

(a) a deduction for the relevant payment is made in calculating the profits of the relevant trade, or

(b) where the relevant trade is or has been carried on in

(2) "Relevant benefit" means any payment (including a payment by way of 35

a loan), a transfer of money's worth, or any other benefit.

(3) The assumption of a liability of T by another person is to be treated as the provision of a relevant benefit to T.

(4) The assumption, by a person other than T, of a liability of a person ("C")

who is or has been connected with T, is to be treated as the provision of 40

a relevant benefit to C.

(5) "Loan" includes—

(a) any form of credit;

(b) a payment that is purported to be made by way of a loan.

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23C Meaning of "qualifying third party payment"

(1) The following provisions apply for the purposes of this group of sections.

(2) A payment is a "third party payment" if it is made (by T or another person) to—

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(a) T acting as trustee, or

(b) any person other than T.

(3) A third party payment is a "qualifying third party payment" if the deduction condition or the trade connection condition is met in relation to the payment.

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(4) The "deduction condition" is met in relation to a payment if—

(a) a deduction for the payment is made in calculating the profits of the relevant trade, or

(b) where the relevant trade is or has been carried on in

<p>partnership, a deduction for the relevant payment is made in calculating the amount on which T is liable to income tax in respect of the profits of the trade.</p> <p>(6) Condition B is that it is reasonable to suppose that in essence—</p> <ul style="list-style-type: none"> (a) the relevant payment is by way of consideration for goods or services provided in the course of the relevant trade, or 	<p>partnership, a deduction for the payment is made in calculating 15 the amount on which T is liable to income tax in respect of the profits of the trade.</p> <p>(5) The “trade connection condition” is met in relation to a payment if it is reasonable to suppose that in essence—</p> <ul style="list-style-type: none"> (a) the payment is by way of consideration for goods or services 20 provided in the course of the relevant trade, or
<p>(b) there is some other connection (direct or indirect) between the relevant payment and the provision of goods or services in the course of the relevant trade.</p>	<p>(b) there is some other connection (direct or indirect) between the payment and the provision of goods or services in the course of the relevant trade.</p>
<p>(7) This section and section 23B apply to professions and vocations as they apply to trades.</p> <p>(8) In determining whether section 23B applies in relation to a relevant benefit, no regard is to be had to any arrangements the main purpose, or one of the main purposes, of which is to secure that section 23B does not apply in relation to—</p> <ul style="list-style-type: none"> (a) the relevant benefit, or (b) the relevant benefit and one or more other relevant benefits (whether or not all arising to the same person). <p>(9) Where arrangements are disregarded under subsection (8), and a relevant benefit—</p> <ul style="list-style-type: none"> (a) would, if the arrangements were not disregarded, arise before 6 April 2017, but (b) would, when the arrangements are disregarded, arise on or after that date, <p>the relevant benefit is to be regarded for the purposes of this section, and sections 23B and 23D, as arising on the date on which it would arise apart from the arrangements.</p>	
<p>(10) In this section “arrangement” includes any agreement, understanding, scheme, settlement, trust, transaction or series of transactions (whether or not legally enforceable).</p> <p>(11) Section 993 of ITA 2007 (meaning of “connected”) applies for the purposes of this section and section 23D as if subsection (4) of that section 993 were omitted.</p> <p>(12) For the purposes of subsections (1)(c) and (6) in particular, all relevant</p>	
<p>circumstances are to be taken into account in order to get to the essence</p>	<p>(6) For the purposes of subsection (5) in particular, all relevant circumstances are to be taken into account in order to get to the</p>

of the matter.	essence	of the matter.
<p>(13) See Schedule 11 for provision about the application of this section and</p> <p>sections 23B to 23D in relation to loans and quasi-loans that are outstanding on 5 April 2019.</p> <p>Draft provisions for Finance Bill 2017</p> <p>39</p>	<p><> 23D Other definitions</p> <p>(1) The following provisions apply for the purposes of this group of sections.</p> <p>30 (2) “Arrangement” includes any agreement, understanding, scheme, settlement, trust, transaction or series of transactions (whether or not legally enforceable).</p> <p>(3) A “tax advantage” includes</p> <p>– (a) relief or increased relief from tax,</p> <p>35 (b) repayment or increased repayment of tax,</p> <p>(c) avoidance or reduction of a charge to tax or an assessment to tax,</p> <p>(d) avoidance of a possible assessment to tax,</p> <p>(e) deferral of a payment of tax or advancement of a repayment of</p> <p>40 (f) avoidance of an obligation to deduct or account for tax.</p> <p>(4) Section 993 of ITA 2007 (meaning of “connected” persons) applies for the purposes of this group of sections as if subsection (4) of that section</p> <p>993 were omitted.</p> <p>45</p> <p>52</p> <p>2) Bill</p>	<p>Finance (No.</p>
Part 1 – Direct taxes	=	Part 1 – Direct taxes
Chapter 3 – Provisions relating to more than one tax	<>	Chapter 5 – Provisions relating to more than one tax
	=	
<p>23B Relevant benefits: tax treatment</p> <p>(1) In this section, references to “the relevant benefit” are references to the</p> <p>relevant benefit arising to T or a person who is or has been connected with T (see section 23A(1)(d)).</p>	<>	<p>23E Tax treatment of relevant benefits</p> <p>(1) Where this section applies (see section 23A), the relevant benefit amount is to be treated for income tax purposes as profits of the relevant trade for–</p> <p>(a) the tax year in which the relevant benefit arises, or</p> <p>5 (b) if T has ceased to carry on the relevant trade in a tax year (the “earlier tax year”) before the tax year referred to in paragraph (a), the earlier tax</p>

<p>(2) For the purposes of this section, the "relevant benefit amount" means—</p> <p>(a) if the relevant benefit is a payment otherwise than by way of a</p> <p>loan, an amount equal to the amount of the payment,</p> <p>(b) if the relevant benefit is a payment by way of loan, an amount equal to the principal amount lent, or</p> <p>(c) in any other case, an amount equal to the value of the relevant benefit.</p>	<p>year.</p> <p>(2) For the purposes of this section, "the relevant benefit amount" means—</p> <p>(a) if the relevant benefit is a payment otherwise than by way of a</p> <p>10</p> <p>loan, an amount equal to the amount of the payment,</p> <p>(b) if the relevant benefit is a payment by way of loan, an amount equal to the principal amount lent, or</p> <p>(c) in any other case, an amount equal to the value of the relevant benefit.</p>
<p>(3) Where this section applies, the relevant benefit amount is to be treated</p> <p>for income tax purposes as profits of the relevant trade for—</p> <p>(a) the tax year in which the relevant benefit arises, or</p> <p>(b) if T has ceased to carry on the relevant trade in a tax year (the "earlier tax year") before the tax year referred to in paragraph</p> <p>(a), the earlier tax year.</p> <p>(4) But this section does not apply where the relevant benefit is a payment</p> <p>by way of a loan and—</p> <p>(a) the loan is a loan on ordinary commercial terms within the meaning of section 176 of ITEPA 2003, ignoring conditions B and C in that section, and</p> <p>(b) there is no connection (direct or indirect) between the provision of the relevant benefit and a tax avoidance arrangement.</p> <p>(5) For the purposes of subsection (2)(c)—</p> <p>(a) the value of a relevant benefit is its market value at the time it arises, or</p>	<p>15</p> <p>(3) For the purposes of subsection(2)(c), the value of a relevant benefit is—</p> <p>(a) its market value at the time it arises, or</p>
<p>(b) if higher, the cost of providing it.</p>	<p>(b) if higher, the cost of providing it.</p>
<p>(6) In subsection (5) "market value" has the same meaning as it has for the purposes of TCGA 1992 by virtue of Part 8 of that Act.</p> <p>23C Interpretation of section 23B: "tax avoidance arrangement"</p> <p>(1) In section 23B(4) "tax avoidance arrangement" means an arrangement which has a tax avoidance</p>	<p>(4) In subsection (3) "market value" has the same meaning as it has for the purposes of TCGA 1992 by virtue of Part 8 of that Act.</p> <p>20</p>

purpose.

(2) For the purposes of subsection (1) an arrangement has a tax avoidance purpose if subsection (3) applies to a person who is a party to the arrangement.

(3) This subsection applies to a person if the main purpose, or one of the main purposes, of the person in entering into the arrangement is the avoidance of tax.

(4) The following paragraphs apply for the purposes of determining whether the provision of a relevant benefit is connected with a tax avoidance arrangement-

(a) the provision of the relevant benefit is connected with a tax avoidance arrangement if (for example) the relevant benefit is provided (wholly or partly) in pursuance of-

(i) the tax avoidance arrangement, or

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(ii) an arrangement at one end of a series of arrangements with the tax avoidance arrangement being at the other end, and

(b) it does not matter if the person providing the relevant benefit is unaware of the tax avoidance arrangement.

23D Relevant benefits: persons other than T

(1) In this section "T" is the person mentioned in section 23A(1)(a).

(2) Subsection (3) applies where-

(a) a relevant benefit arises to a person in pursuance of the arrangement mentioned in section 23A(1)(b),

(b) that person-

(i) is not T,

(ii) is not a person connected with T, and

(iii) is not a person who has been connected with T, and

(c) any of the enjoyment conditions is met in relation to the relevant benefit.

(3) The relevant benefit is treated for the purposes of sections 23A and 23B

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23F Relevant benefits: persons other than T

(1) For the purposes of section 23A(4), the enjoyment conditions are-

as arising to T (or, as the case may be, a person who is or has been connected with T) at the time it arises to the person referred to in subsection (2)(a) (whether the enjoyment condition was met at that time or at a later date).

(4) The enjoyment conditions are—

(a) that the relevant benefit, or part of it, is in fact so dealt with by any person as to be calculated at some time to enure for the benefit of T;

(b) that the arising of the relevant benefit operates to increase the value to T of any assets—
 (i) which T holds, or
 (ii) which are held for the benefit of T;

(c) that T receives, or is entitled to receive, at any time any benefit

provided or to be provided out of, or deriving or to be derived from, the relevant benefit (or part of it);
 (d) where the relevant benefit is the payment of a sum of money (including a payment by way of loan), that T may become

entitled to the beneficial enjoyment of the sum or part of the

sum if one or more powers are exercised or successively exercised (and for these purposes it does not matter who may exercise the powers or whether they are exercisable with or without the consent of another person);

(e) where the relevant benefit is the payment of a sum of money

(including a payment by way of loan), that T is able in any manner to control directly or indirectly the application of the sum or part of the sum.

(5) Where the enjoyment conditions are met in relation to part only of a relevant payment, that part is to be treated as a separate payment for the purposes of subsections (2) and (3).

(a) that the relevant benefit, or part of it, is in fact so dealt with by

any person as to be calculated at some time to enure for the benefit of T;

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(b) that the arising of the relevant benefit operates to increase the value to T of any assets—
 (i) which T holds, or
 (ii) which are held for the benefit of T;

(c) that T receives, or is entitled to receive, at any time any benefit

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provided or to be provided out of, or deriving or to be derived from, the relevant benefit (or part of it);
 (d) where the relevant benefit is the payment of a sum of money (including a payment by way of loan), that T may become

entitled to the beneficial enjoyment of the sum or part of the

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sum if one or more powers are exercised or successively exercised (and for these purposes it does not matter who may exercise the powers or whether they are exercisable with or without the consent of another person);

(e) where the relevant benefit is the payment of a sum of money

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(including a payment by way of loan), that T is able in any manner to control directly or indirectly the application of the sum or part of the sum.

(2) Where an enjoyment condition is met in relation to part only of a relevant benefit, that part is to be treated as a separate benefit for the

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purposes of section 23A(4).

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<p>(6) In subsection (4) references to T include references to a person who is or has been connected with T.</p>	<>	<p>(3) In subsection (1) references to T include references to a person who is or has been connected with T.</p>
<p>Draft provisions for Finance Bill 2017</p> <p>41</p>	<>	<p>(4) In determining whether any of the enjoyment conditions is met in relation to a relevant benefit, regard must be had to the substantial result and effect of all the relevant circumstances.</p> <p>5</p> <p>23G Anti-avoidance</p> <p>(1) In determining whether section 23E applies in relation to a relevant benefit, no regard is to be had to any arrangements the main purpose, or one of the main purposes, of which is to secure that section 23E does not apply in relation to the whole, or any part, of-</p> <p>10</p> <p>(a) the relevant benefit, or</p> <p>(b) the relevant benefit and one or more other relevant benefits (whether or not all arising to the same person).</p> <p>(2) Where arrangements are disregarded under subsection (1), and a relevant benefit (or part of it)-</p> <p>15</p> <p>(a) would, if the arrangements were not disregarded, arise before 6</p> <p>April 2017, but</p> <p>(b) would, when the arrangements are disregarded, arise on or after that date, the relevant benefit (or part) is to be regarded for the purposes of this 20</p> <p>group of sections as arising on the date on which it would arise apart from the arrangements.</p> <p>23H Double taxation</p> <p>(1) This section applies where-</p> <p>(a) income tax is charged on an individual by virtue of the 25 application of section 23E in relation to a relevant benefit amount, and</p> <p>(b) at any time, a tax (whether income tax or another tax) is charged on the individual or another person otherwise than by virtue of the application of section 23E in relation to the relevant benefit 30 concerned.</p>

		<p>(2) In order to avoid a double charge to tax, the individual may make a claim for one or more consequential adjustments to be made in respect of the tax charged as mentioned in subsection (1)(b).</p> <p>(3) On a claim under this section an officer of Revenue and Customs must make such of the consequential adjustments claimed (if any) as are just and reasonable.</p> <p>(4) The value of any consequential adjustments must not exceed the lesser of—</p> <ul style="list-style-type: none"> (a) the income tax charged on the individual as mentioned in subsection (1)(a), and (b) the tax charged as mentioned in subsection (1)(b). <p>(5) Consequential adjustments may be made—</p> <ul style="list-style-type: none"> (a) in respect of any period, (b) by way of an assessment, the modification of an assessment, the amendment of a claim, or otherwise, and <p>54</p> <p style="text-align: right;">Finance (No. 2) Bill</p>
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	=	
(7) In determining whether any of the enjoyment conditions is met in relation to a relevant payment, regard must be had to the substantial result and effect of all the relevant circumstances.”	<>	(c) despite any time limit imposed by or under any enactment.”
(3) In section 7(2) (income charged: profits of a tax year) at the end insert “(including amounts treated as profits of the tax year under section 23B(3)).”	=	(3) In section 7(2) (income charged: profits of a tax year) at the end insert “(including amounts treated as profits of the tax year under section 23E(1)).”
(4) The amendments made by this section have effect in relation to relevant benefits arising on or after 6 April 2017.	<>	(4) The amendments made by this section have effect in relation to relevant benefits arising on or after 6 April 2017.
(5) Schedule 11 contains provision about the application of new sections 23A to 23D in relation to loans and quasi-loans that are outstanding on 5 April 2019.	<>	(5) Schedule 18 contains provision about the application of new sections 23A to 23H of ITTOIA 2005 in relation to loans and quasi-loans that are outstanding on 5 April 2019.

<p>34 Disguised remuneration schemes: restriction of income tax relief (1) Section 38 of ITTOIA 2005 (restriction of deductions: employee benefit</p>	<p>50 Disguised remuneration schemes: restriction of income tax relief (1) Section 38 of ITTOIA 2005 (restriction of deductions: employee benefit 10</p>
<p>contributions) is amended in accordance with subsections (2) to (5). (2) After subsection (1) insert- “(1A) No deduction is allowed under this section in respect of employee benefit contributions for a period of account which starts more than 5</p>	<p>contributions) is amended in accordance with subsections (2) to (5). (2) After subsection (1) insert- “(1A) No deduction is allowed under this section in respect of employee benefit contributions for a period of account which starts more than 5</p>
<p>years after the end of the period of account in which the contributions</p>	<p>years after the end of the period of account in which the contributions 15</p>
<p>are made.” (3) After subsection (2) insert- “(2AA) Subsection (2) is subject to subsections (1A) and (2AB). (2AB) Where subsection (3C) applies, no deduction is allowed for an amount</p>	<p>are made.” (3) After subsection (2) insert- “(2AA) Subsection (2) is subject to subsections (1A) and (2AB). (2AB) Where subsection (3C) applies, no deduction is allowed for an amount</p>
<p>in respect of the contributions for the period except so far as the amount</p>	<p>in respect of the contributions for the period except so far as the amount 20</p>
<p>is a qualifying amount (see subsection (3D)).” (4) After subsection (3) insert- “(3A) Subsection (3) is subject to subsections (1A) and (3B). (3B) Where subsection (3C) applies, an amount disallowed under</p>	<p>is a qualifying amount (see subsection (3D)).” (4) After subsection (3) insert- “(3A) Subsection (3) is subject to subsections (1A) and (3B). (3B) Where subsection (3C) applies, an amount disallowed under</p>
<p>subsection (2) is allowed as a deduction for a subsequent period only so</p>	<p>subsection (2) is allowed as a deduction for a subsequent period only so 25</p>
<p>far as it is a qualifying amount. (3C) This subsection applies where the provision of qualifying benefits out of, or by way of, the contributions gives rise both to an employment income tax charge and to an NIC charge.</p>	<p>far as it is a qualifying amount. (3C) This subsection applies where the provision of qualifying benefits out of, or by way of, the contributions gives rise both to an employment income tax charge and to an NIC charge.</p>
<p>(3D) An amount in respect of employee benefit contributions is a “qualifying amount” if the relevant tax charges are paid within the relevant period (and are not repaid).</p>	<p>(3D) An amount in respect of employee benefit contributions is a “qualifying amount” if the relevant tax charges are paid before the end of the relevant period (and are not repaid).</p>
<p>(3E) For the purposes of subsection (3D)– (a) the “relevant tax charges”, in relation to an amount, are the</p>	<p>(3E) For the purposes of subsection (3D)– (a) the “relevant tax charges”, in relation to an amount, are the</p>
<p>employment income tax charge and the NIC charge arising in</p>	<p>employment income tax charge and the NIC charge arising in 35</p>
<p>respect of benefits which are provided out of, or by way of, that amount, and (b) the “relevant period” is the period of 12 months immediately following the</p>	<p>respect of benefits which are provided out of, or by way of, that amount, and (b) the “relevant period” is the period of 12 months immediately following the end</p>

end of the period of account for which the deduction for the employee benefit contributions would (apart from this section) be allowable.	<>	of the period of account for which the deduction for the employee benefit contributions would (apart from this section) be allowable.
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(3F) For the purposes of subsections (3C) and (3E), “employment income tax charge” and “NIC charge” have the meaning given by section 40(7).”	=	(3F) For the purposes of subsections (3C) and (3E), “employment income tax charge” and “NIC charge” have the meaning given by section 40(7).”
	-+	Finance (No. 2) Bill 55 Part 1 – Direct taxes Chapter 5 – Provisions relating to more than one tax
(5) After subsection (3F) (inserted by subsection (4)) insert— “(3G) Subsection (3H) applies where— (a) a deduction would, apart from this section, be allowable for an amount (the “remuneration amount”) in respect of employees’ remuneration, and	=	(5) After subsection (3F) (inserted by subsection (4)) insert— “(3G) Subsection (3H) applies where— (a) a deduction would, apart from this section, be allowable for an amount (the “remuneration amount”) in respect of employees’ remuneration, and
(b) in consequence of the payment of the employees’ remuneration, employee benefit contributions are made, or are to be made, in respect of the remuneration amount. (3H) In calculating for income tax purposes the profits of a trade, the deduction referred to in subsection (3G)(a) is to be treated as a	=	(b) in consequence of the payment of the employees’ remuneration, employee benefit contributions are made, or are to be made, in respect of the remuneration amount. (3H) In calculating for income tax purposes the profits of a trade, the deduction referred to in subsection (3G)(a) is to be treated as a
deduction in respect of employee benefit contributions made or to be made (and is to be treated as not being a deduction in respect of	=	deduction in respect of employee benefit contributions made or to be made (and is to be treated as not being a deduction in respect of
	-+	employees’ remuneration).” (6) Section 866 of ITTOIA 2005 (employee benefit contributions: non-trades and non-property businesses) is amended in accordance with subsections (7) to 15 (10). (7) After subsection (2) insert— “(2A) No deduction is allowed

under this section in respect of employee benefit contributions for a period of account which starts more than 5 years after the end of the period of account in which the contributions
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are made.”

(8) After subsection (3) insert-
“(3A) Subsection (3) is subject to subsections (2A) and (3B).

(3B) Where subsection (4C) applies, no deduction is allowed for an amount

in respect of the contributions for the period except so far as the amount
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is a qualifying amount (see subsection (4D)).”

(9) After subsection (4) insert-
“(4A) Subsection (4) is subject to subsections (2A) and (4B).

(4B) Where subsection (4C) applies, an amount disallowed under subsection (3) is allowed as a deduction for a subsequent period only so
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far as it is a qualifying amount.

(4C) This subsection applies where the provision of qualifying benefits out

of, or by way of, the contributions gives rise both to an employment

income tax charge and to an NIC charge.

(4D) An amount in respect of employee benefit contributions is a “qualifying
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amount” if the relevant tax charges are paid before the end of the relevant period (and are not repaid).

(4E) For the purposes of subsection (4D)-

(a) the “relevant tax charges”, in relation to an amount, are the employment income tax charge and the NIC charge arising in
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respect of benefits which are provided out of, or by way of, that

amount, and
(b) the “relevant period” is the period of 12 months immediately

following the end of the period of account for which the
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	<p>--+ deduction for the employee benefit contributions would (apart from this section) be allowable.</p> <p>(4F) For the purposes of subsections (4C) and (4E), "employment income tax charge" and "NIC charge" have the meaning given by section 40(7)."</p> <p>(10) After subsection (4F) (inserted by subsection (9)) insert—</p> <p style="text-align: center;">5</p> <p>"(4G) Subsection (4H) applies where—</p> <p style="margin-left: 2em;">(a) a deduction would, apart from this section, be allowable for an amount (the "remuneration amount") in respect of employees'</p> <p style="margin-left: 2em;">remuneration, and</p> <p style="margin-left: 2em;">(b) in consequence of the payment of the employees' remuneration,</p> <p style="text-align: center;">10</p> <p>employee benefit contributions are made, or are to be made, in respect of the remuneration amount.</p> <p>(4H) In calculating for income tax purposes a person's profits or other income, the deduction referred to in subsection (4G)(a) is to be treated</p> <p style="text-align: center;">15</p> <p>as a deduction in respect of employee benefit contributions made or to be made (and is to be treated as not being a deduction in respect of</p>
employees' remuneration)."	= employees' remuneration)."
<p>(6) The amendments made by subsections (2) to (4) have effect in relation to employee benefit contributions made, or to be made, on or after 6 April 2017.</p> <p>(7) The amendment made by subsection (5) has effect in relation to remuneration paid on or after 6 April 2017.</p>	<p><> (11) The amendments made by subsections (2) to (4) and (7) to (9) have effect in relation to employee benefit contributions made, or to be made, on or after 6 April 2017.</p> <p style="text-align: center;">20</p> <p>(12) The amendments made by subsections (5) and (10) have effect in relation to remuneration paid on or after 6 April 2017.</p>
35 Disguised remuneration schemes: restriction of corporation tax relief	= 51 Disguised remuneration schemes: restriction of corporation tax relief
(1) Section 1290 of CTA 2009 (restriction of deductions: employee benefit contributions) is amended in accordance with subsections (2) to (5).	= (1) Section 1290 of CTA 2009 (restriction of deductions: employee benefit contributions) is amended in accordance with subsections (2) to (5).
(2) After subsection (1) insert— "(1A) No deduction is allowed under this section in respect of employee benefit contributions for a period of account which starts more than 5	= (2) After subsection (1) insert— "(1A) No deduction is allowed under this section in respect of employee benefit contributions for a period of account which starts more than 5

years after the end of the period of account in which the contributions are made.”	<>	years after the end of the period of account in which the contributions are made.”
		30
(3) After subsection (2) insert- “(2A) Subsection (2) is subject to subsections (1A) and (2B). (2B) Where subsection (3C) applies, no deduction is allowed for an amount in respect of the contributions for the period except so far as the amount is a qualifying amount (see subsection (3D)).”	=	(3) After subsection (2) insert- “(2A) Subsection (2) is subject to subsections (1A) and (2B). (2B) Where subsection (3C) applies, no deduction is allowed for an amount in respect of the contributions for the period except so far as the amount is a qualifying amount (see subsection (3D)).”
		35
(4) After subsection (3) insert- “(3A) Subsection (3) is subject to subsections (1A) and (3B). (3B) Where subsection (3C) applies, an amount disallowed under subsection (2) is allowed as a deduction for a subsequent period only so far as it is a qualifying amount.	=	(4) After subsection (3) insert- “(3A) Subsection (3) is subject to subsections (1A) and (3B). (3B) Where subsection (3C) applies, an amount disallowed under subsection (2) is allowed as a deduction for a subsequent period only so far as it is a qualifying amount.
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(3C) This subsection applies where the provision of qualifying benefits out of, or by way of, the contributions gives rise both to an employment income tax charge and to an NIC charge.	=	(3C) This subsection applies where the provision of qualifying benefits out of, or by way of, the contributions gives rise both to an employment income tax charge and to an NIC charge.
	--+	Finance (No. 2) Bill 57 Part 1 – Direct taxes Chapter 5 – Provisions relating to more than one tax
(3D) An amount in respect of employee benefit contributions is a “qualifying amount” if the relevant tax charges are paid before the end of the relevant period (and are not repaid).	=	(3D) An amount in respect of employee benefit contributions is a “qualifying amount” if the relevant tax charges are paid before the end of the relevant period (and are not repaid).
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(3E) For the purposes of subsection (3D)–	=	(3E) For the purposes of subsection (3D)–
(a) the “relevant tax charges”, in relation to an amount, are the	<>	(a) the “relevant tax charges”, in relation to an amount, are the
		5
employment income tax charge and the NIC charge arising in	=	employment income tax charge and the NIC charge arising in

respect of benefits which are provided out of, or by way of, that amount, and (b) the “relevant period” is the period of 12 months immediately		respect of benefits which are provided out of, or by way of, that amount, and (b) the “relevant period” is the period of 12 months immediately
following the end of the period of account for which the deduction for the employee benefit contributions would (apart from this section) be allowable.	<>	following the end of the period of account for which the deduction for the employee benefit contributions would (apart from this section) be allowable.
(3F) For the purposes of subsections (3C) and (3E), “employment income tax charge” and “NIC charge” have the meaning given by section 1292(7). ”	=	(3F) For the purposes of subsections (3C) and (3E), “employment income tax charge” and “NIC charge” have the meaning given by section 1292(7). ”
(5) After subsection (3F) (inserted by subsection (4)) insert–	<>	(5) After subsection (3F) (inserted by subsection (4)) insert–
“(3G) Subsection (3H) applies where– (a) a deduction would, apart from this section, be allowable for an amount (the “remuneration amount”) in respect of employees’ remuneration, and	=	“(3G) Subsection (3H) applies where– (a) a deduction would, apart from this section, be allowable for an amount (the “remuneration amount”) in respect of employees’ remuneration, and
(b) in consequence of the payment of the employees’ remuneration,	<>	(b) in consequence of the payment of the employees’ remuneration,
employee benefit contributions are made, or are to be made, in respect of the remuneration amount.	=	employee benefit contributions are made, or are to be made, in respect of the remuneration amount.
(3H) In calculating for corporation tax purposes the profits of a company, the deduction referred to in subsection (3G)(a) is to be treated as a		(3H) In calculating for corporation tax purposes the profits of a company, the deduction referred to in subsection (3G)(a) is to be treated as a
deduction in respect of employee benefit contributions made or to be	<>	deduction in respect of employee benefit contributions made or to be
made (and is to be treated as not being a deduction in respect of employees’ remuneration). ”	=	made (and is to be treated as not being a deduction in respect of employees’ remuneration). ”
(6) The amendments made by subsections (2) to (4) have effect in relation to employee benefit contributions made, or to be made, on or after 1 April 2017.		(6) The amendments made by subsections (2) to (4) have effect in relation to employee benefit contributions made, or to be made, on or after 1 April 2017.
(7) The amendment made by subsection (5) has effect in relation to remuneration paid on or after 1 April 2017.	<>	(7) The amendment made by subsection (5) has effect in relation to remuneration paid on or after 1 April 2017.
Capital allowances	=	Capital allowances
36 First-year allowance for expenditure on electric vehicle charging points	<>	52 First-year allowance for expenditure on electric vehicle charging points

(1) CAA 2001 is amended as follows.	=	(1) CAA 2001 is amended as follows.
(2) In section 39 (first-year qualifying expenditure) after the entry for section 45E	<>	(2) In section 39 (first-year qualifying expenditure) after the entry for section 45E 35
insert– “section 45EA expenditure on plant or machinery for electric vehicle charging point”.	=	insert– “section 45EA expenditure on plant or machinery for electric vehicle charging point”.
	--+	58 Finance (No. 2) Bill Part 1 – Direct taxes Chapter 5 – Provisions relating to more than one tax
(3) After section 45E insert– “45EAExpenditure on plant or machinery for electric vehicle charging point (1) Expenditure is first-year qualifying expenditure if– (a) it is incurred in the relevant period,	=	(3) After section 45E insert– “45EAExpenditure on plant or machinery for electric vehicle charging point (1) Expenditure is first-year qualifying expenditure if– (a) it is incurred in the relevant period,
44 Draft provisions for Finance Bill 2017 Part 1 – Direct taxes Chapter 3 – Provisions relating to more than one tax	--+	
(b) it is expenditure on plant or machinery for an electric vehicle	<>	(b) it is expenditure on plant or machinery for an electric vehicle 5
charging point where the plant or machinery is unused and not second-hand, and (c) it is not excluded by section 46 (general exclusions). (2) For the purposes of this section expenditure on plant or machinery for	=	charging point where the plant or machinery is unused and not second-hand, and (c) it is not excluded by section 46 (general exclusions). (2) For the purposes of this section expenditure on plant or machinery for
an electric vehicle charging point is expenditure on plant or machinery	<>	an electric vehicle charging point is expenditure on plant or machinery 10
installed solely for the purpose of charging electric vehicles. (3) The “relevant period” is the period beginning with 23 November 2016 and ending with– (a) in the case of expenditure incurred by a person within the	=	installed solely for the purpose of charging electric vehicles. (3) The “relevant period” is the period beginning with 23 November 2016 and ending with– (a) in the case of expenditure incurred by a person within the
charge to corporation tax, 31 March 2019, and	<>	charge to corporation tax, 31 March 2019, and 15
(b) in the case of expenditure incurred by a person within the	=	(b) in the case of expenditure incurred by a person within the

charge to income tax, 5 April 2019. (4) The Treasury may by regulations amend subsection (3) so as to extend the relevant period.	charge to income tax, 5 April 2019. (4) The Treasury may by regulations amend subsection (3) so as to extend the relevant period.
(5) In this section–	(5) In this section– 20
“electric vehicle” means a road vehicle that can be propelled by electrical power (whether or not it can also be propelled by another kind of power); “electric vehicle charging point” means a facility for charging an electric vehicle.”	“electric vehicle” means a road vehicle that can be propelled by electrical power (whether or not it can also be propelled by another kind of power); “electric vehicle charging point” means a facility for charging an electric vehicle.” 25
(4) In section 46 (general exclusions), in subsection (1) after the entry for section 45E insert– “section 45EA (expenditure on plant or machinery for electric vehicle charging point)”.	(4) In section 46 (general exclusions), in subsection (1) after the entry for section 45E insert– “section 45EA (expenditure on plant or machinery for electric vehicle charging point)”.
(5) In section 52 (amount of first-year allowances)– (a) in the table in subsection (3), after the entry for expenditure qualifying under section 45E insert– under section 45EA (expenditure on plant or machinery for electric vehicle charging point)	(5) In section 52 (amount of first-year allowances)– (a) in the table in subsection (3), after the entry for expenditure qualifying under section 45E insert– under section 45EA (expenditure on plant or machinery for electric vehicle charging point) 30
(b) after subsection (3) insert– “(3A) Subsection (3B) applies where the Treasury make regulations under section 45EA(4) (power to extend relevant period). (3B) The regulations may amend the amount specified in column 2 of the Table in subsection (3) for expenditure qualifying under section 45EA, but only in relation to expenditure incurred after the date on which the relevant period would have ended but for the regulations.”	(b) after subsection (3) insert– “(3A) Subsection (3B) applies where the Treasury make regulations under section 45EA(4) (power to extend relevant period). (3B) The regulations may amend the amount specified in column 2 of the Table in subsection (3) for expenditure qualifying under section 45EA, but only in relation to expenditure incurred after the date on which the relevant period would have ended but for the regulations.” 35
Draft provisions for Finance Bill 2017	Finance (No. 2) Bill 40
45	59

Part 1 – Direct taxes	=	Part 1 – Direct taxes
Chapter 3 – Provisions relating to more than one tax	<>	Chapter 5 – Provisions relating to more than one tax
	=	
	--+	Transactions in UK land
	=	
	--+	53 Disposals concerned with land in United Kingdom (1) The FA 2016 amendments have effect (so far as they would not otherwise have effect) in relation to– (a) amounts that are recognised in GAAP accounts drawn up for any 5 period of account beginning on or after 8 March 2017, or (b) in the case of a straddling period, amounts that would be recognised in GAAP accounts drawn up for a period of account beginning on 8 March 2017 and ending when the straddling period ends. (2) In subsection (1)– 10 “the FA 2016 amendments” means– (a) the amendments made by sections 76, 77 and 80 of FA 2016 (corporation tax treatment of certain profits and gains realised from disposals concerned with land in the United Kingdom), or (b) the amendments made by sections 78 and 79 of that Act 15 (corresponding rules for income tax purposes), “GAAP accounts” means accounts drawn up in accordance with generally accepted accounting practice, “recognised” means recognised as an item of profit or loss, and “straddling period” means a period of account beginning before 8 March 20 2017 and ending on or after that date.
Co-ownership authorised contractual schemes	=	Co-ownership authorised contractual schemes
37 Co-ownership authorised contractual schemes: capital allowances In Part 2 of CAA 2001 (plant and machinery), in Chapter 20 (supplementary provisions), after the Chapter heading insert–	<>	54 Co-ownership authorised contractual schemes: capital allowances In Part 2 of CAA 2001 (plant and machinery), in Chapter 20 (supplementary provisions), after the Chapter heading insert– 25
“Co-ownership authorised contractual schemes	=	“Co-ownership authorised contractual schemes

262AA Co-ownership schemes: carrying on qualifying activity (1) This section applies where the participants in a co-ownership authorised contractual scheme together carry on a qualifying activity.	=	262AA Co-ownership schemes: carrying on qualifying activity (1) This section applies where the participants in a co-ownership authorised contractual scheme together carry on a qualifying activity.
(2) Each participant in the scheme is for the purposes of this Part to be regarded as carrying on the qualifying activity. (3) Subsection (2) applies in relation to a participant only to the extent that the profits or gains arising to the participant from the qualifying activity are, or (if there were any) would be, chargeable to tax.	<>	(2) Each participant in the scheme is for the purposes of this Part to be 30 regarded as carrying on the qualifying activity. (3) Subsection (2) applies in relation to a participant only to the extent that the profits or gains arising to the participant from the qualifying activity are, or (if there were any) would be, chargeable to tax.
(4) But in determining for the purposes of subsection (1) whether or to what extent the participants in a co-ownership authorised contractual scheme together carry on a qualifying activity, assume that profits or gains arising to all participants from the qualifying activity are, or (if there were any) would be, chargeable to tax.	<>	(4) But in determining for the purposes of subsection (1) whether or to 35 what extent the participants in a co-ownership authorised contractual scheme together carry on a qualifying activity, assume that profits or gains arising to all participants from the qualifying activity are, or (if there were any) would be, chargeable to tax.
	-+	60 Finance (No. 2) Bill Part 1 – Direct taxes Chapter 5 – Provisions relating to more than one tax
262AB Co-ownership schemes: election (1) The operator of a co-ownership authorised contractual scheme may make an election under this section. (2) The election must specify an accounting period of the scheme as the first accounting period in relation to which the election has effect.	=	262AB Co-ownership schemes: election (1) The operator of a co-ownership authorised contractual scheme may make an election under this section. (2) The election must specify an accounting period of the scheme as the
(3) That first accounting period must not– (a) be longer than 12 months, or (b) begin before 1 April 2017. (4) The election has effect for that first accounting period and all subsequent accounting periods of the scheme.	<>	first accounting period in relation to which the election has effect. 5 (3) That first accounting period must not– (a) be longer than 12 months, or (b) begin before 1 April 2017. (4) The election has effect for that first accounting period and all subsequent accounting periods of the scheme. 10
(5) The election is irrevocable.	=	(5) The election is irrevocable.

<p>(6) The election is made by notice to an officer of Revenue and Customs.</p> <p>262AC Co-ownership schemes: calculation of allowance after election</p> <p>(1) This section applies where an election under section 262AB has effect</p>	<p>(6) The election is made by notice to an officer of Revenue and Customs.</p> <p>262AC Co-ownership schemes: calculation of allowance after election</p> <p>(1) This section applies where an election under section 262AB has effect</p>
<p>for an accounting period of a co-ownership authorised contractual</p>	<p><> for an accounting period of a co-ownership authorised contractual</p>
<p>scheme (“the relevant period”).</p> <p>(2) The operator of the scheme is to calculate the allowances that would be available to the scheme under this Part in relation to the relevant period on the basis of the assumptions in subsection (3).</p>	<p>= scheme (“the relevant period”).</p> <p>(2) The operator of the scheme is to calculate the allowances that would be available to the scheme under this Part in relation to the relevant period on the basis of the assumptions in subsection (3).</p>
<p>(3) The assumptions are—</p>	<p><> (3) The assumptions are—</p>
<p>(a) the scheme is a person;</p>	<p>= (a) the scheme is a person;</p>
<p>46</p> <p>Draft provisions for Finance Bill 2017</p> <p>Part 1 – Direct taxes</p> <p>Chapter 3 – Provisions relating to more than one tax</p>	<p>+-</p>
<p>(b) the relevant period is a chargeable period for the purposes of this Act;</p> <p>(c) any qualifying activity carried on by the participants in the scheme together is carried on by the scheme;</p>	<p>= (b) the relevant period is a chargeable period for the purposes of this Act;</p> <p>(c) any qualifying activity carried on by the participants in the scheme together is carried on by the scheme;</p>
<p>(d) property which was subject to the scheme at the beginning of the first accounting period for which the election has effect—</p> <p>(i) ceased to be owned by the participants at that time, and</p> <p>(ii) was acquired by the scheme at that time;</p>	<p>= (d) property which was subject to the scheme at the beginning of the first accounting period for which the election has effect—</p> <p>(i) ceased to be owned by the participants at that time, and</p> <p>(ii) was acquired by the scheme at that time;</p>
<p>(e) the disposal value to be brought into account in relation to the</p>	<p><> (e) the disposal value to be brought into account in relation to the</p>
<p>cessation of ownership and the acquisition referred to in paragraph (d) is the tax written-down value;</p> <p>(f) any property which became subject to the scheme at a time during an accounting period for which the election has effect</p>	<p>= cessation of ownership and the acquisition referred to in paragraph (d) is the tax written-down value;</p> <p>(f) any property which became subject to the scheme at a time during an accounting period for which the election has effect</p>
<p>was acquired by the scheme at that time;</p>	<p><> was acquired by the scheme at that time;</p>
<p>(g) property which ceased to be subject to the scheme at any such</p>	<p>= (g) property which ceased to be subject to the scheme at any such</p>

time ceased to be owned by the scheme at that time;		time ceased to be owned by the scheme at that time;
(h) the disposal value to be brought into account in relation to the cessation of ownership referred to in paragraph (g) is the tax written-down value;	<>	(h) the disposal value to be brought into account in relation to the cessation of ownership referred to in paragraph (g) is the tax written-down value;
(i) the scheme is not entitled to a first-year allowance or an annual investment allowance in respect of any expenditure.	=	(i) the scheme is not entitled to a first-year allowance or an annual investment allowance in respect of any expenditure.
(4) The operator of the co-ownership authorised contractual scheme must allocate to each participant in the scheme a proportion (which may be zero) of the allowances calculated under this section.	<>	(4) The operator of the co-ownership authorised contractual scheme must allocate to each participant in the scheme a proportion (which may be zero) of the allowances calculated under this section.
(5) The allocation is to be on the basis of what is just and reasonable.	=	(5) The allocation is to be on the basis of what is just and reasonable.
(6) In determining what is just and reasonable—		(6) In determining what is just and reasonable—
(a) regard is to be had in particular to the relative size of each participant's holding of units in the scheme;		(a) regard is to be had in particular to the relative size of each participant's holding of units in the scheme;
(b) no regard is to be had to—	<>	(b) no regard is to be had to—
(i) whether or to what extent a participant is liable to income tax or corporation tax, or	=	(i) whether or to what extent a participant is liable to income tax or corporation tax, or
(ii) any other circumstances relating to a participant's liability to tax.		(ii) any other circumstances relating to a participant's liability to tax.
(7) If the participants in the scheme together carry on more than one qualifying activity, the calculation and allocation under this section are to be made separately for each activity.	<>	(7) If the participants in the scheme together carry on more than one qualifying activity, the calculation and allocation under this section are to be made separately for each activity.
(8) The proportion of an allowance allocated by the operator to a participant under this section for a qualifying activity is the total amount of the allowance available to the participant under this Part in relation to the relevant period by virtue of carrying on that activity as a participant in the scheme.	=	(8) The proportion of an allowance allocated by the operator to a participant under this section for a qualifying activity is the total amount of the allowance available to the participant under this Part in relation to the relevant period by virtue of carrying on that activity as a participant in the scheme.
(9) In this section “tax written-		(9) In this section “tax written-

down value", in relation to any cessation of ownership or acquisition, means such amount as would give rise to neither a balancing allowance nor a balancing charge.	<>	written-down value", in relation to any cessation of ownership or acquisition, means such amount as would give rise to neither a balancing allowance nor a balancing charge.
(10) For the purposes of subsection (9) assume that expenditure to which the disposal value relates is in its own pool.	=	(10) For the purposes of subsection (9) assume that expenditure to which the disposal value relates is in its own pool.
Draft provisions for Finance Bill 2017	+-	
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Part 1 – Direct taxes		
Chapter 3 – Provisions relating to more than one tax		
(11) For the purposes of subsections (3)(c) and (9), assume that profits or gains arising to all participants from the qualifying activity are, or (if there were any) would be, chargeable to tax.	<>	(11) For the purposes of subsections (3)(c) and (9), assume that profits or gains arising to all participants from the qualifying activity are, or (if there were any) would be, chargeable to tax.
262AD Co-ownership schemes: effect of election for participants	=	262AD Co-ownership schemes: effect of election for participants
(1) This section has effect where an election under section 262AB is made by the operator of a co-ownership authorised contractual scheme.		(1) This section has effect where an election under section 262AB is made by the operator of a co-ownership authorised contractual scheme.
(2) For the purposes of sections 61(1) and 196(1) (disposal events and values)–	<>	(2) For the purposes of sections 61(1) and 196(1) (disposal events and values)–
(a) a participant in the scheme is to be regarded as ceasing to own the participant's interest in the property subject to the scheme at the beginning of the first accounting period of the scheme for which the election has effect, and	=	(a) a participant in the scheme is to be regarded as ceasing to own the participant's interest in the property subject to the scheme at the beginning of the first accounting period of the scheme for which the election has effect, and
(b) the disposal value to be brought into account in relation to that	<>	(b) the disposal value to be brought into account in relation to that
cessation of ownership is the tax written-down value.	=	cessation of ownership is the tax written-down value.
(3) In subsection (2)(b) "tax written-down value" means such amount as would give rise to neither a balancing allowance nor a balancing charge.		(3) In subsection (2)(b) "tax written-down value" means such amount as would give rise to neither a balancing allowance nor a balancing charge.
(4) For the purposes of subsection (3) assume that–	<>	(4) For the purposes of subsection (3) assume that–
(a) expenditure to	=	(a) expenditure to which

which the disposal value relates is in its own pool; (b) profits or gains arising to all participants from the qualifying activity are, or (if there were any) would be, chargeable to tax.	the disposal value relates is in its own pool; (b) profits or gains arising to all participants from the qualifying activity are, or (if there were any) would be, chargeable to tax.
	<p style="text-align: right;">-+ 62</p> <p style="text-align: right;">Finance (No. 2) Bill</p> <p style="text-align: right;">Part 1 – Direct taxes</p> <p style="text-align: right;">Chapter 5 – Provisions relating to more than one tax</p>
262AE Co-ownership schemes: effect of election for purchasers (1) This section has effect where— (a) an election under section 262AB is made by the operator of a co-ownership authorised contractual scheme,	262AE Co-ownership schemes: effect of election for purchasers (1) This section has effect where— (a) an election under section 262AB is made by the operator of a co-ownership authorised contractual scheme,
(b) property consisting of a fixture ceased to be subject to the scheme at any time in an accounting period for which the election has effect, (c) in a calculation made by the operator of the scheme under section 262AC(2) the assumption in section 262AC(3)(g) was made in relation to that fixture, and	<p style="text-align: right;"><> 5</p> <p style="text-align: right;">(b) property consisting of a fixture ceased to be subject to the scheme at any time in an accounting period for which the election has effect,</p> <p style="text-align: right;">(c) in a calculation made by the operator of the scheme under section 262AC(2) the assumption in section 262AC(3)(g) was made in relation to that fixture, and</p> <p style="text-align: right;">10</p>
(d) a person (“the current owner”) is treated as the owner of the fixture as a result of incurring capital expenditure on its provision (“the new expenditure”). (2) In determining the current owner’s qualifying expenditure— (a) if the disposal value statement requirement is not satisfied, the new expenditure is to be treated as nil, and (b) in any other case, any amount of the new expenditure which exceeds the assumed disposal value is to be left out of account (or, if such an amount has already been taken into account, is to be treated as an amount that should never have been taken into	<p style="text-align: right;"><> 15</p> <p style="text-align: right;">(d) a person (“the current owner”) is treated as the owner of the fixture as a result of incurring capital expenditure on its provision (“the new expenditure”). (2) In determining the current owner’s qualifying expenditure— (a) if the disposal value statement requirement is not satisfied, the new expenditure is to be treated as nil, and (b) in any other case, any amount of the new expenditure which exceeds the assumed disposal value is to be left out of account (or, if such an amount has already been taken into account, is to be treated as an amount that should never have been taken into</p> <p style="text-align: right;">20</p>

<p>account).</p> <p>(3) The disposal value statement requirement is that—</p> <p>(a) the operator of the scheme has, no later than 2 years after the date when the fixture ceased to be property subject to the</p>	=	<p>account).</p> <p>(3) The disposal value statement requirement is that—</p> <p>(a) the operator of the scheme has, no later than 2 years after the date when the fixture ceased to be property subject to the</p>
<p>48</p> <p style="color: red;">Draft provisions for Finance Bill 2017</p> <p style="text-align: center;">Part 1 – Direct taxes</p> <p style="color: red;">Chapter 3 – Provisions relating to more than one tax</p>	+-	
<p>scheme, made a written statement of the assumed disposal</p>	=	<p>scheme, made a written statement of the assumed disposal</p> <p style="color: red;">25</p>
<p>value, and</p> <p>(b) the current owner has obtained that statement or a copy of it</p> <p>(directly or indirectly) from the operator of the scheme.</p> <p>(4) Sections 185 (fixture on which a plant and machinery allowance has</p>	=	<p>value, and</p> <p>(b) the current owner has obtained that statement or a copy of it</p> <p>(directly or indirectly) from the operator of the scheme.</p> <p>(4) Sections 185 (fixture on which a plant and machinery allowance has</p>
<p>been claimed) and 187A (effect of changes in ownership of fixture) do</p>	<>	<p>been claimed) and 187A (effect of changes in ownership of fixture) do</p> <p style="color: red;">30</p>
<p>not apply in relation to the new expenditure.</p> <p>(5) In this section “assumed disposal value” means the disposal value that,</p> <p>in making the calculation referred to in subsection (1)(c), was assumed to be brought into account pursuant to section 262AC(3)(h).</p>	=	<p>not apply in relation to the new expenditure.</p> <p>(5) In this section “assumed disposal value” means the disposal value that,</p> <p>in making the calculation referred to in subsection (1)(c), was assumed to be brought into account pursuant to section 262AC(3)(h).</p>
<p>262AF Co-ownership schemes: definitions relating to schemes</p>	<>	<p>262AF Co-ownership schemes: definitions relating to schemes</p> <p style="color: red;">35</p>
<p>In sections 262AA to 262AE and this section—</p> <p>“co-ownership authorised contractual scheme” means a co-ownership scheme which is authorised for the purposes of the Financial Services and Markets Act 2000 by an authorisation</p>	=	<p>In sections 262AA to 262AE and this section—</p> <p>“co-ownership authorised contractual scheme” means a co-ownership scheme which is authorised for the purposes of the Financial Services and Markets Act 2000 by an authorisation</p>
<p>order in force under section 261D(1) of that Act;</p>	<>	<p>order in force under section 261D(1) of that Act;</p> <p style="color: red;">40</p>
<p>“co-ownership scheme” has the same meaning as in Part 17 of that Act (see section 235A(2) of that Act);</p> <p>“operator” and “units”, in relation to a co-ownership authorised contractual scheme, have the meanings given by section 237(2) of that Act;</p>	=	<p>“co-ownership scheme” has the same meaning as in Part 17 of that Act (see section 235A(2) of that Act);</p> <p>“operator” and “units”, in relation to a co-ownership authorised contractual scheme, have the meanings given by section 237(2) of that Act;</p>

<p>“participant”, in relation to such a scheme, is to be read in accordance with section 235 of that Act.”</p>	=	<p>“participant”, in relation to such a scheme, is to be read in accordance with section 235 of that Act.”</p>
	++	<p>Finance (No. 2) Bill 63 Part 1 – Direct taxes Chapter 5 – Provisions relating to more than one tax</p>
<p>38 Co-ownership authorised contractual schemes: information requirements</p>	=	
<p>(1) The Treasury may by regulations impose requirements on the operator of a co-ownership authorised contractual scheme in relation to– (a) the provision of information to participants in the scheme;</p>	=	<p>(1) The Treasury may by regulations impose requirements on the operator of a co-ownership authorised contractual scheme in relation to– (a) the provision of information to participants in the scheme;</p>
<p>(b) the provision of information to Her Majesty’s Revenue and Customs.</p>	<>	<p>(b) the provision of information to Her Majesty’s Revenue and Customs. 5</p>
<p>(2) Regulations under subsection (1) (a) may be made only for the purpose of enabling participants in a co-ownership authorised contractual scheme to meet their tax obligations in the United Kingdom with respect to their interests in the scheme.</p>	=	<p>(2) Regulations under subsection (1) (a) may be made only for the purpose of enabling participants in a co-ownership authorised contractual scheme to meet their tax obligations in the United Kingdom with respect to their interests in the scheme.</p>
<p>(3) Regulations under subsection (1) (b) may in particular require the provision of</p>	<>	<p>(3) Regulations under subsection (1) (b) may in particular require the provision of 10</p>
<p>information about– (a) who the participants in the scheme were in any accounting period of the scheme; (b) the number and classes of units in the scheme in any such period;</p>	=	<p>information about– (a) who the participants in the scheme were in any accounting period of the scheme; (b) the number and classes of units in the scheme in any such period;</p>
<p>(c) the amount of income per unit of any class in any such period;</p>	<>	<p>(c) the amount of income per unit of any class in any such period; 15</p>
<p>(d) what information has been provided to participants. (4) Regulations under this section may specify– (a) the time when information is to be provided; (b) the form and manner in which information is to be provided.</p>	=	<p>(d) what information has been provided to participants. (4) Regulations under this section may specify– (a) the time when information is to be provided; (b) the form and manner in which information is to be provided.</p>
<p>(5) Regulations under this section may make provision for the imposition of</p>	<>	<p>(5) Regulations under this section may make provision for the imposition of 20</p>
<p>penalties in respect of contravention of, or non-compliance with, the regulations, including provision</p>	=	<p>penalties in respect of contravention of, or non-compliance with, the regulations, including provision–</p>
<p>Draft provisions for Finance Bill 2017</p>	+-	

one tax	=	
<p>(a) for Her Majesty's Revenue and Customs to exercise a discretion as to the amount of a penalty, and</p> <p>(b) about appeals in relation to the imposition of a penalty.</p>	<>	<p>(a) for Her Majesty's Revenue and Customs to exercise a discretion as to the amount of a penalty, and</p> <p>(b) about appeals in relation to the imposition of a penalty.</p> <p style="text-align: center;">25</p>
<p>(6) Regulations under this section may in particular be framed by reference to an accounting period of a co-ownership authorised contractual scheme beginning on or after 1 April 2017.</p> <p>(7) Regulations under this section may contain consequential, supplementary and transitional provision.</p>	=	<p>(6) Regulations under this section may in particular be framed by reference to an accounting period of a co-ownership authorised contractual scheme beginning on or after 1 April 2017.</p> <p>(7) Regulations under this section may contain consequential, supplementary and transitional provision.</p> <p style="text-align: center;">30</p>
<p>(8) Regulations under this section must be made by statutory instrument.</p> <p>(9) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of the House of Commons.</p> <p>(10) In this section—</p> <p>“co-ownership authorised contractual scheme” means a co-ownership</p>	=	<p>(8) Regulations under this section must be made by statutory instrument.</p> <p>(9) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of the House of Commons.</p> <p>(10) In this section—</p> <p>“co-ownership authorised contractual scheme” means a co-ownership</p> <p style="text-align: center;">35</p>
<p>scheme which is authorised for the purposes of the Financial Services and Markets Act 2000 by an authorisation order in force under section 261D(1) of that Act; “co-ownership scheme” has the same meaning as in Part 17 of that Act</p> <p>(see section 235A(2) of that Act);</p>	=	<p>scheme which is authorised for the purposes of the Financial Services and Markets Act 2000 by an authorisation order in force under section 261D(1) of that Act; “co-ownership scheme” has the same meaning as in Part 17 of that Act</p> <p>(see section 235A(2) of that Act);</p> <p style="text-align: center;">40</p>
<p>“operator” and “units”, in relation to a co-ownership authorised contractual scheme, have the meanings given by section 237(2) of that Act;</p> <p>“participant”, in relation to such a scheme, is to be read in accordance with</p>	=	<p>“operator” and “units”, in relation to a co-ownership authorised contractual scheme, have the meanings given by section 237(2) of that Act;</p> <p>“participant”, in relation to such a scheme, is to be read in accordance with</p>
section 235 of that Act.	<>	<p>section 235 of that Act.</p> <p style="text-align: center;">45</p> <p style="text-align: center;">64</p> <p style="color: red;">Finance (No. 2) Bill</p> <p style="color: red;">Part 1 –</p> <p style="color: red;">Direct taxes</p> <p style="color: red;">Chapter 5 – Provisions relating to more than one tax</p>
	=	

39 Co-ownership authorised contractual schemes: offshore funds	<>	56 Co-ownership authorised contractual schemes: offshore funds
(1) The Treasury may by regulations make provision about how participants in a co-ownership authorised contractual scheme are to be treated for income tax purposes or corporation tax purposes in relation to investments made for the purposes of the scheme in an offshore fund.	=	(1) The Treasury may by regulations make provision about how participants in a co-ownership authorised contractual scheme are to be treated for income tax purposes or corporation tax purposes in relation to investments made for the purposes of the scheme in an offshore fund. 5
(2) Regulations under subsection (1) may, among other things, make provision— (a) for the operator of a co-ownership authorised contractual scheme to allocate to participants in the scheme amounts relating to investments made for the purposes of the scheme in an offshore fund; (b) for those amounts to be regarded as income of the participants to whom they are allocated;	<>	(2) Regulations under subsection (1) may, among other things, make provision— (a) for the operator of a co-ownership authorised contractual scheme to allocate to participants in the scheme amounts relating to investments made for the purposes of the scheme in an offshore fund; (b) for those amounts to be regarded as income of the participants to whom 10 they are allocated;
(c) as to when that income is to be brought into account for income tax purposes or corporation tax purposes. (3) Regulations under this section may— (a) modify an enactment (whenever passed or made); (b) contain consequential, supplementary and transitional provision. (4) Regulations under this section must be made by statutory instrument. (5) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of the House of Commons.	<>	(c) as to when that income is to be brought into account for income tax purposes or corporation tax purposes. (3) Regulations under this section may— (a) modify an enactment (whenever passed or made); (b) contain consequential, supplementary and transitional provision. (4) Regulations under this section must be made by statutory instrument. (5) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of the House of Commons. 15
(6) References in this section to investments made for the purposes of a co-ownership authorised contractual scheme in an offshore fund include	<>	(6) References in this section to investments made for the purposes of a co- 20
50 Draft provisions for Finance Bill 2017	+-	
Part 2 – Domicile and overseas property		
investments so made through one or more other co-ownership authorised contractual schemes. (7) In this section—	=	investments so made through one or more other co-ownership authorised contractual schemes. (7) In this section—
“co-ownership authorised contractual scheme” means a co-ownership	<>	“co-ownership authorised contractual scheme” means a co-ownership 25
scheme which is authorised for the purposes of the Financial Services and Markets Act 2000 by	=	scheme which is authorised for the purposes of the Financial Services and Markets Act 2000 by

an authorisation order in force under section 261D(1) of that Act; “co-ownership scheme” has the same meaning as in Part 17 of that Act (see section 235A(2) of that Act);	<>	an authorisation order in force under section 261D(1) of that Act; “co-ownership scheme” has the same meaning as in Part 17 of that Act (see section 235A(2) of that Act);
“offshore fund” has the meaning given by section 355 of TIOPA 2010; “operator”, in relation to a co-ownership authorised contractual scheme, has the meaning given by section 237(2) of the Financial Services and Markets Act 2000;	=	“offshore fund” has the meaning given by section 355 of TIOPA 2010; “operator”, in relation to a co-ownership authorised contractual scheme, has the meaning given by section 237(2) of the Financial Services and Markets Act 2000;
“participant”, in relation to such a scheme, is to be read in accordance with section 235 of that Act.	<>	“participant”, in relation to such a scheme, is to be read in accordance with 35 section 235 of that Act.
PART 2		PART 2
DOMICILE AND OVERSEAS PROPERTY	+-	
Deemed domicile	+-	
40 Deemed domicile: income tax and capital gains tax (1) In Chapter 2A of Part 14 of ITA 2007 (income tax liability: domicile), after section 835B insert- “835BA Deemed domicile (1) This section has effect for the purposes of the provisions of the Income Tax Acts or TCGA 1992 which apply this section. (2) An individual not domiciled in the United Kingdom at a time in a tax year (“the relevant tax year”) is to be regarded as domiciled in the United Kingdom at that time if- (a) condition A is met, or (b) condition B is met. (3) Condition A is that- (a) the individual was born in the United Kingdom, (b) the individual’s domicile of origin was in the United Kingdom, and (c) the individual is UK resident for the relevant tax year. (4) Condition B is that the individual has been UK resident for at least 15 of the 20 tax years immediately preceding the relevant tax year. (5) But Condition B is not	+-	

met if-

(a) the individual is not UK resident for the relevant tax year, and

(b) there is no tax year beginning after 5 April 2017 and preceding

the relevant tax year in which the person was UK resident."

(2) Schedule 12 contains-

(a) provision applying section 835BA of ITA 2007, and
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Part 2 – Domicile and overseas property

(b) further provision relating to this section.

41 Deemed domicile: inheritance tax
(1) In section 267 of IHTA 1984 (persons treated as domiciled in the United Kingdom), in subsection (1)–
(a) in paragraph (a), omit the final "or";
(b) after that paragraph

insert–

"(aa) he is a formerly domiciled resident for the tax year in

which the relevant time falls ("the relevant tax year"),

or";

(c) for paragraph (b)

substitute–

"(b) he was resident in the United Kingdom–

(i) for at least fifteen of the twenty tax years

immediately preceding the relevant tax year,

and

(ii) for at least one of the four tax years ending with

the

relevant tax year."

(2) In that section, omit subsection (3).

(3) In that section, in subsection (4), for "in any year of assessment" substitute "for

any tax year".

(4) In section 48 of that Act (settlements: excluded property)–

(a) in subsection (3)(b), for "and (3D)" substitute "to (3E)";

(b) in subsection (3A)(b), for "subsection (3B)" substitute "subsections (3B)

and (3E)";

(c) after subsection (3D)

insert–

"(3E) In a case where the settlor of property comprised in a settlement

is not domiciled in the United Kingdom at the time the settlement is made, the property is not excluded property by virtue of subsection (3) or (3A) above at any time in a tax year if

the settlor was a formerly domiciled resident for that tax year."

(5) In section 64 of that Act (charge at ten-year anniversary), in subsection (1B),

after "was made" insert "and is not a formerly domiciled resident for the tax

year in which the ten-year anniversary falls".

(6) In section 65 of that Act (charge at other times), after subsection (7A) insert-

"(7B) Tax shall not be charged under this section by reason only that property

comprised in a settlement becomes excluded property by virtue of

section 48(3E) ceasing to apply in relation to it."

(7) In section 82 of that Act (excluded property)-

(a) for subsection (1) substitute-

"(1) In a case where, apart from this section, property to which section 80 or 81 applies would be excluded property by virtue of section 48(3) (a) above, that property shall not be taken to be

excluded property at any time ("the relevant time") for the

purposes of this Chapter (except sections 78 and 79) unless Conditions A and B are satisfied.";

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Part 2 – Domicile and overseas property

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(b) in subsection (2), for "the condition in subsection (3) below" substitute

"Condition A";

(c) in subsection (3), for "The condition" substitute "Condition A";

(d) after subsection (3) insert-

"(4) Condition B referred to in subsection (1) above is-
(a) in the case of property to which section 80 above applies,

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that the person who is the settlor in relation to the settlement first mentioned in that section, and

(b) in the case of property to which subsection (1) or (2) of

section 81 above applies, that the person who is the settlor in relation to the first or second of the settlements

mentioned in that subsection,

was not a formerly domiciled resident for the tax year in which

the relevant time falls."

(8) In section 272 of that Act (interpretation)–

(a) for the definition of "foreign-owned" substitute–

"“foreign-owned”, in relation to property at any time, means property–

(a) in the case of which the person beneficially entitled to it is at that time domiciled outside the

United Kingdom, or

(b) if the property is comprised in a settlement, in

the case of which the settlor–

(i) is not a formerly domiciled resident for

the tax year in which that time falls, and

(ii) was domiciled outside the United

Kingdom when the property became

comprised in the settlement;";

(b) at the appropriate place insert–

"“formerly domiciled resident”, in relation to a tax year,

means a person–

(a) who was born in the United Kingdom,

(b) whose domicile of origin was in the United

Kingdom,

(c) who was resident in the United Kingdom for that tax year, and

(d) who was resident in the United Kingdom for at least one of the two tax years immediately preceding that tax year;”.

(9) The amendments made by this section have effect in relation to times after 5

April 2017, subject to subsections (10) to (12).

(10) The amendment to section 267(1) of IHTA 1984 made by subsection (1)(c) does not have effect in relation to a person if-

(a) the person is not resident in the United Kingdom for the relevant tax year, and

(b) there is no tax year beginning after 5 April 2017 and preceding the

relevant tax year in which the person was resident in the United Kingdom.

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Part 2 – Domicile and overseas property

In this subsection “relevant tax year” is to be construed in accordance with section 267(1) of IHTA 1984 as amended by subsection (1).

(11) The amendment to section 267(1) of IHTA 1984 made by subsection (1)(c) also does not have effect in determining-

(a) whether settled property which became comprised in the settlement on or before that date is excluded property for the purposes of IHTA 1984;

(b) the settlor’s domicile for the purposes of section 65(8) of that Act in relation to settled property which became comprised in the settlement

on or before that date;

(c) whether, for the purpose of section 65(8) of that Act, the condition in

section 82(3) of that Act is satisfied in relation to such settled property.

(12) Despite subsection (2), section 267(1) of IHTA 1984, as originally enacted, shall

continue to be disregarded in determining-

(a) whether settled property which became comprised in the settlement on or before 9 December 1974 is excluded property for the purposes of IHTA 1984;

(b) the settlor’s domicile for the purposes of section 65(8) of that Act in relation to settled property which became comprised in the

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settlement on or before that date; (c) whether, for the purpose of section 65(8) of that Act, the condition in section 82(3) of that Act is satisfied in relation to such settled property.	=	
Inheritance tax on overseas property	+-	
42 Overseas property with value attributable to UK residential property Schedule 13 makes provision about the extent to which overseas property is excluded property for the purposes of inheritance tax, in cases where the value of the overseas property is attributable to residential property in the United Kingdom.	+-	
PART 3	=	
INDIRECT TAXES	=	INDIRECT TAXES
	-+	VAT
43 VAT: zero-rating of adapted motor vehicles etc Schedule 14 contains amendments of Schedule 8 to VATA 1994 (zero-rating).	<>	57 VAT: zero-rating of adapted motor vehicles etc 40 Schedule 19 contains amendments of Schedule 8 to VATA 1994 (zero-rating). Finance (No. 2) Bill 65 Part 2 – Indirect taxes
44 Insurance premium tax: standard rate	<>	Insurance premium tax
	=	
	-+	58 IPT: standard rate
(1) In section 51(2)(b) of FA 1994 (standard rate of insurance premium tax), for “10 per cent” substitute “12 per cent”. (2) Subject to subsection (3), the amendment made by subsection (1) has effect in	=	(1) In section 51(2)(b) of FA 1994 (standard rate of insurance premium tax), for “10 per cent” substitute “12 per cent”. (2) Subject to subsection (3), the amendment made by subsection (1) has effect in 5
relation to a premium falling to be regarded for the purposes of Part 3 of FA 1994 as received under a taxable insurance contract by an insurer on or after 1 June 2017. (3) That amendment does not have effect in relation to a premium falling within	=	relation to a premium falling to be regarded for the purposes of Part 3 of FA 1994 as received under a taxable insurance contract by an insurer on or after 1 June 2017. (3) That amendment does not have effect in relation to a premium falling within
subsection (4), unless the premium falls to be regarded for the	<>	subsection (4), unless the premium falls to be regarded for the purposes

Part 3 –

Indirect taxes

3 of FA 1994 as received under a taxable insurance contract by an insurer on or after 1 June 2018.
(4) A premium falls within this subsection if it is in respect of a risk for which the period of cover begins before 1 June 2017.

3 of FA 1994 as received under a taxable insurance contract by an insurer on or after 1 June 2018.
(4) A premium falls within this subsection if it is in respect of a risk for which the period of cover begins before 1 June 2017.

--+ (5) In the application of sections 66A and 66B of FA 1994 (anti-forestalling provision) in relation to the increase in insurance premium tax made by this section, the announcement relating to that increase is to be taken to have been made on 8 March 2017 (and “the change date” is to be taken to be 1 June 2017).
(6) This section is to be read with section 66C of FA 1994 (premiums relating to more than one period of cover).

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--+ = 59 IPT: anti-forestalling provision
(1) FA 1994 is amended as follows.
(2) After section 66 insert—
“66A Rate increases: deemed date of receipt of certain premiums
(1) This section applies where a Minister of the Crown announces a
proposed increase in the rate at which tax is to be charged on a premium if it is received by the insurer on or after a date specified in the announcement (“the change date”).
(2) This section applies whether or not the announcement includes an announcement of a proposed exception from the increase (for example, 30 for premiums in respect of risks for which the period of cover begins before the change date).
(3) Subsection (4) applies where—
(a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement and before the 35 change date, and
(b) the period of cover for the risk begins on or after the change

		<p style="text-align: right;">date.</p> <p style="text-align: right;">(4) For the purposes of this Part the premium is to be taken to be received on the change date.</p> <p style="text-align: right;">40</p> <p style="text-align: right;">(5) Subsection (6) applies where—</p> <p style="text-align: right;">66</p> <p style="text-align: right;">Bill</p> <p style="text-align: right;">Finance (No. 2)</p> <p style="text-align: right;">Part 2 – Indirect taxes</p>
	=	
	<>	<p style="text-align: right;">(a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement and before the change date,</p> <p style="text-align: right;">(b) the period of cover for the risk—</p> <p style="text-align: right;">(i) begins before the change date, and</p> <p style="text-align: right;">5</p> <p style="text-align: right;">(ii) ends on or after the first anniversary of the change date (“the first anniversary”), and</p> <p style="text-align: right;">(c) the premium, or any part of it, is attributable to such of the period of cover as falls on or after the first anniversary.</p> <p style="text-align: right;">(6) For the purposes of this Part—</p> <p style="text-align: right;">10</p> <p style="text-align: right;">(a) so much of the premium as is attributable to such of the period of cover as falls on or after the first anniversary is to be taken to be received on the change date, and</p> <p style="text-align: right;">(b) so much as is so attributable is to be taken to be a separate premium.</p> <p style="text-align: right;">15</p> <p style="text-align: right;">(7) In determining whether the condition in subsection (3)(a) or (5)(a) is met, regulations under section 68(3) or (7) apply as they would apart from this section.</p> <p style="text-align: right;">(8) But where subsection (4) or (6) applies—</p> <p style="text-align: right;">(a) that subsection has effect despite anything in section 68 or</p> <p style="text-align: right;">20</p> <p style="text-align: right;">regulations under that section, and</p> <p style="text-align: right;">(b) any regulations under section 68 have effect as if the entry made in the accounts of the insurer showing the premium as due to the insurer had been made as at the change date.</p> <p style="text-align: right;">(9) A premium treated by subsection (6) as received on the change date is</p>
		<p style="text-align: right;">(5) Subsection (5) is supplemented by section 45.</p>

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not to be taken to fall within any exception, from an increase announced by the announcement, for premiums in respect of risks for which the period of cover begins before the change date.

(10) Any attribution under this section is to be made on such basis as is just and reasonable.

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(11) In this section—
“increase”, in relation to the rate of tax, includes the imposition of a charge to tax by adding to the descriptions of contract which are taxable insurance contracts;

“Minister of the Crown” has the same meaning as in the Ministers

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of the Crown Act 1975.

66B Section 66A: exceptions and apportionments

(1) Section 66A(3) and (4) do not apply in relation to a premium if the risk to which that premium relates belongs to a class of risk as regards which the normal practice is for a premium to be received by or on

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behalf of the insurer before the date when cover begins.

(2) Section 66A(5) and (6) do not apply in relation to a premium if the risk to which that premium relates belongs to a class of risk as regards which the normal practice is for cover to be provided for a period of more than twelve months.

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(3) If a contract relates to more than one risk, then in the application of section 66A(3) and (4) or 66A(5) and (6)—
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(a) the reference in section 66A(3)(b) or (5)(b) to the risk is to be read as a reference to any given risk,

(b) so much of the premium as is attributable to any given risk is to be taken for the purposes of section 66A(3) and (4) or 66A(5) and

(6) to be a separate premium relating to that risk,

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(c) those provisions

45 Insurance premiums attributable to more than one period of cover etc

(1) Subsection (2) applies where a premium which is liable to tax at the standard rate, and which falls to be regarded for the purposes of Part 3 of FA 1994 as received under a taxable insurance contract by an insurer on or after 1 June 2017, is-
(a) partly in respect of a risk for which the period of cover begins before 1 June 2017, and
(b) partly in respect of a risk for which the period of cover begins on or after that date.
(2) So much of the premium as is attributable to the risk for which the period of cover begins on or after 1 June 2017 is to be treated for the purposes of section

then apply separately in the case of each given risk and the separate premium relating to it, and (d) any further attribution required by section 66A(5) and (6) is to be made accordingly, and subsections (1) and (2) and section 66A(9) apply accordingly.
10 (4) Any attribution under this section is to be made on such basis as is just and reasonable.
66C Rate changes: premiums relating to more than one period of cover
(1) This section applies if any Act-
(a) makes an amendment of section 51(2)(a) or (b) which alters the higher rate or standard rate ("the relevant rate"),
(b) provides for the amendment to have effect in relation to a premium falling to be regarded for the purposes of this Part as received under a taxable insurance contract by an insurer on or after a particular date ("the change date"), and
15 (c) makes provision that excepts from that amendment a premium which is in respect of a risk for which the period of cover begins before the change date.
20 (2) Subsection (3) applies if a premium which is liable to tax at the relevant rate, and which falls to be regarded for the purposes of this Part as received under a taxable insurance contract by an insurer on or after the change date, is-
25 (a) partly in respect of a risk for which the period of cover begins before the change date, and
(b) partly in respect of a risk for which the period of cover begins on or after that date.
30 (3) So much of the premium as is attributable to the risk for which the period of cover begins on or after the change date is to be treated for the purposes of this Part and

44 and Part 3 of FA 1994 as a separate premium.

(3) Where a premium is in respect of a **standard** rate matter and also a matter that

is not **standard rate**—

(a) the premium is to be taken to fall within section 44(4) if the part of it

attributable to a **standard rate matter** is in respect of a risk for which the

period of cover begins before 1 June 2017; and

(b) the reference in subsection (1) to a premium which is liable to **tax at the**

standard rate is to be read as a reference to so much of **the premium as**

is attributable to the **standard rate matter** (and subsection (2) is to be

read accordingly).

the provision mentioned in subsection (1)(c) as a separate premium.

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(4) Where a premium is in respect of a **relevant rate matter** and also a matter that is not a **relevant rate matter**—

(a) for the purposes of the provision mentioned in subsection (1)(c),

the premium is to be treated as in respect of a risk for which the

period of cover begins before the change date if the part of it

attributable to the **relevant rate matter** is in respect of such a risk, and

(b) the reference in subsection (2) to a premium which is liable to

tax at the relevant rate is to be read as a reference to so much of

the premium as is attributable to the **relevant rate matter** (and

subsection (3) is to be read accordingly).

(5) If premiums of any description are excluded from the exception mentioned in subsection (1)(c), nothing in subsections (2) to (4) applies

to a premium of that description.

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(4) Nothing in subsection (3) applies to an excepted premium within the meaning of section 69A of FA 1994.

(5) Any attribution under this section is to be made on such basis as is just and reasonable.

(6) In this section a “**standard rate matter**” has the meaning given by section

69(12)(c) of FA 1994.

(6) Nothing in subsection (4) applies to an excepted premium (within the meaning given by section 69A).

(7) Any attribution under this section is to be made on such basis as is just and reasonable.

(8) In this section a “**relevant rate matter**” means—

(a) where the relevant rate is the standard rate, a standard rate matter as defined by section 69(12)(c);

(b) where the relevant rate is the higher rate, a higher rate matter as defined by section 69(12)(d).

(9) In subsection (1) the

reference to any Act includes a resolution which
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has statutory effect under the Provisional Collection of Taxes Act 1968.”

(3) Omit-

(a) section 67 (spent transitional provision), and
(b) sections 67A to 67C (which are superseded by sections 66A and 66B inserted by subsection (2)).

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(4) The amendments made by subsections (2) and (3)(b) have effect on and after 8

March 2017.

(5) Despite the repeal by subsection (3) of sections 67A and 67C of FA 1994, those sections continue to have effect so far as they apply to premiums received on or after 23 November 2016 and before 8 March 2017.

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Landfill tax

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60 Landfill tax: taxable disposals
(1) Part 3 of FA 1996 (landfill tax) is amended as follows.

(2) In section 40 (charge to tax), in subsection (2), for the words from “if-” to the

end of the subsection substitute “if it is a disposal of material at a landfill site”. 25

(3) After section 40 insert-
“40A Disposals of material

(1) For the purposes of section 40, there is a disposal of material if-

(a) material is disposed of on the surface of land or on a structure

set into the surface, or

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(b) material is disposed of under the surface of land.

(2) For the purposes of subsection (1)(a) and (b) it does not matter whether

the material is placed in a container before it is disposed of.

(3) For the purposes of subsection (1)(b) it does not matter whether the

material-

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(a) is covered after it is disposed of, or

(b) is disposed of in a cavity (such as a cavern or mine).

(4) If material is disposed of on the surface of land or on a structure set into

the surface with a view

to the material being covered, the disposal is to

be treated as made when the material is disposed of and not when it is 40 covered.

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(5) An order may for the purposes of section 40 provide for—
(a) material to be treated as disposed of in circumstances where it

would not otherwise be so treated;

(b) material to be treated as not disposed of in circumstances where

it would otherwise be so treated.

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(6) An order under subsection (5) may, among other things, make provision by reference to—

(a) descriptions of material;

(b) the location of material in a landfill site (for example, whether it

is in a discrete unit within the site).

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(7) An order under subsection (5) may make provision subject to exceptions, conditions or other qualifications.

(8) In this section “land” includes land covered by water where the land is

above the low water mark of ordinary spring tides.”

(4) In section 45 (pet cemeteries), in subsection (2)–

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(a) in paragraph (a), for “landfill disposal” substitute “disposal of material”;

(b) in paragraph (b), for “landfill disposals” substitute “disposals of material”.

(5) Omits sections 64 to 65A (disposal of material as waste etc).

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(6) In section 70 (interpretation)–

(a) omit subsection (2);

(b) in subsection (4), for “64” substitute “66”.

(7) In section 71 (orders and regulations), in subsection (7)–

(a) before paragraph (a) insert–

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“(za) an order under section 40A(5) which has the result that anything

(7) Other expressions used in this section and Part 3 of FA 1994 have the same

	<p>which would not otherwise be a taxable disposal is a taxable disposal;”;</p> <p>(b) omit paragraphs (ca), (cb) and (d).</p> <p>(8) In Schedule 5 (landfill tax), omit paragraph 1B.</p> <p style="text-align: center;">30</p> <p>(9) In Schedule 5, before paragraph 2 insert–</p>
=	
-+	“Site information
=	
meaning in this section as in that Part.	<p><></p> <p>1C (1) Regulations may require the operator of a landfill site to–</p> <p>(a) retain plans, licences and permits relating to the site;</p> <p>(b) provide the Commissioners with copies of, or information relating to, plans, licences and permits retained under paragraph (a).</p> <p>(2) Regulations under subparagraph (1)(b) may be framed by reference to such copies or information as may be stipulated in any notice published by the Commissioners in pursuance of the regulations and</p> <p style="text-align: center;">40</p> <p>not withdrawn by a further notice.”</p> <p>(10) In Schedule 5–</p> <p>(a) in paragraph 10(1), omit “as waste by way of landfill”;</p> <p style="text-align: center;">70</p> <p style="text-align: right;">Finance</p> <p>(No. 2) Bill</p> <p style="text-align: right;">Part 2 –</p> <p>Indirect taxes</p>
=	
-+	<p>(b) in paragraph 45(1)(a) and (c) and (2), omit “landfill”;</p> <p>(c) in paragraph 46(1)(b), omit “landfill”.</p> <p>(11) In FA 2008, in Schedule 36 (information and inspection powers), in entry 12 of</p> <p style="text-align: center;">the table in paragraph 61A, for “landfill disposal” substitute “disposal of material”.</p> <p style="text-align: center;">5</p> <p>(12) In FA 2011, in Schedule 23 (data-gathering powers), in paragraph 25(c), for “landfill disposal” substitute “disposal of material”.</p> <p>(13) The amendments made by this section come into force–</p> <p>(a) so far as conferring a power to make an order or regulations, on the day</p> <p style="text-align: center;">on which this Act is passed, and</p> <p style="text-align: center;">10</p> <p>(b) subject to that, in</p>

		accordance with provision made by the Treasury by regulations made by statutory instrument. (14) Regulations under subsection (13) may contain transitional provision and savings.
	=	
	-+	Air passenger duty 15
	=	
	--+	61 Air passenger duty: rates of duty from 1 April 2017 (1) In section 30 of FA 1994 (air passenger duty: rates of duty), in subsection (4A) (long haul rates of duty)– (a) in paragraph (a), for “£73” substitute “£75”; (b) in paragraph (b), for “£146” substitute “£150”. 20 (2) The amendments made by this section have effect in relation to the carriage of passengers beginning on or after 1 April 2017.
	=	
	--+	62 Air passenger duty: rates of duty from 1 April 2018 (1) In section 30 of FA 1994 (air passenger duty: rates of duty), in subsection (4A) (long haul rates of duty)– 25 (a) in paragraph (a), for “£75” substitute “£78”; (b) in paragraph (b), for “£150” substitute “£156”. (2) The amendments made by this section have effect in relation to the carriage of passengers beginning on or after 1 April 2018.
	=	
	-+	Petroleum revenue tax 30
	=	
46 Petroleum revenue tax: elections for oil fields to become non-taxable (1) In Schedule 20B to FA 1993, for paragraphs 2 to 12 substitute– “Method of election 2 An election must be made in writing.	<>	63 Petroleum revenue tax: elections for oil fields to become non-taxable (1) In Schedule 20B to FA 1993, for paragraphs 2 to 12 substitute– “Method of election 2 An election must be made in writing.
3 An election must be notified to the Commissioners.	<>	3 An election must be notified to the Commissioners. 35
4 An election is deemed to have been made on the date on which notification of the election was sent to the Commissioners.	=	4 An election is deemed to have been made on the date on which notification of the election was sent to the Commissioners.
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Effect of election	=	Effect of election
5 If an election is made, the field ceases to be taxable with effect from the start of the first chargeable period to begin after the election is made.	=	5 If an election is made, the field ceases to be taxable with effect from the start of the first chargeable period to begin after the election is made.
No unrelievable field losses from field	<>	No unrelievable field losses from field 5
6 From the start of the first chargeable period to begin after an election is made, no allowable loss that accrues from the oil field is an allowable unrelievable field loss for the purposes of petroleum revenue tax.	=	6 From the start of the first chargeable period to begin after an election is made, no allowable loss that accrues from the oil field is an allowable unrelievable field loss for the purposes of petroleum revenue tax.
Interpretation	<>	Interpretation 10
7 (1) In this Schedule— “Commissioners” means the Commissioners for Her Majesty’s Revenue and Customs; “participator”, in relation to a particular time, means a person who is a participator in the chargeable period which includes	=	7 (1) In this Schedule— “Commissioners” means the Commissioners for Her Majesty’s Revenue and Customs; “participator”, in relation to a particular time, means a person who is a participator in the chargeable period which includes 15
that time. (2) Expressions used in this Schedule and in Part 1 of the Oil Taxation Act 1975 have the same meaning in this Schedule as in Part 1 of that Act.”	=	that time. (2) Expressions used in this Schedule and in Part 1 of the Oil Taxation Act 1975 have the same meaning in this Schedule as in Part 1 of that Act.”
(2) The amendment made by this section is to be treated as having come into force on 23 November 2016.	<>	(2) In OTA 1975, in section 6(1A), for “paragraph 5” substitute “paragraph 6”. 20 (3) In FA 1980, in paragraph 15(9A) of Schedule 17, for “paragraph 5” substitute “paragraph 6”. (4) The amendment made by this section is to be treated as having come into force
47 Landfill tax: taxable disposals	<>	Vehicle excise duty 25
	=	64 VED: rates for light passenger

(1) Part 3 of FA 1996 (landfill tax) is amended as follows.

(2) In section 40 (charge to tax), in subsection (2), for paragraphs (a) to (d)

substitute—

(a) it is a qualifying disposal, and

(b) it is made at a landfill site.”

(3) In section 45 (pet cemeteries), in subsection (2)—

(a) in paragraph (a), for “landfill disposal” substitute “qualifying

disposal”;

(b) in paragraph (b), for “landfill disposals” substitute “qualifying disposals”.

(4) In section 46 (power to vary), for subsection (2) substitute—

“(2) An order under this section may, among other things, confer exemption

by reference to—

vehicles, light goods vehicles, motorcycles etc

(1) Schedule 1 to VERA 1994 (annual rates of duty) is amended as follows.

(2) In paragraph 1 (general rate of duty)—

(a) in sub-paragraph (2) (vehicle not covered elsewhere in Schedule with

engine cylinder capacity exceeding 1,549cc), for “£235” substitute 30

“£245”, and

(b) in sub-paragraph (2A) (vehicle not covered elsewhere in Schedule with

engine cylinder capacity not exceeding 1,549cc), for “£145” substitute “£150”.

(3) In paragraph 1B (graduated rates of duty for light passenger vehicles)—

35

(a) in the words before paragraph (a), for “tables” substitute “table”,

(b) in paragraph (a), at the end insert “and”,

(c) in paragraph (b), at the end omit “, and”,

(d) omit paragraph (c),

(e) for Tables 1 and 2 substitute—

40

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Part 2 –

Indirect taxes

=

-+

“CO₂ emissions figure Rate

=

-+

(1) (2)
(3) (4)

=

-+

Exceeding Not
exceeding Reduced rate Standard
rate

=

-+

g/km g/km

£

£

=

-+

100 110

5

£

110

120

20

30

		120 105 130 125 135 140 150 180 190 10 165 220 210 175 230 240 185 270 280 200 295 305 225 510 520 15 255 — 525 535", and	130 115 140 125 135 150 165 180 190 175 220 185 230 240 200 295 305 255 — —
	=		
(a) where in a landfill site material is disposed of (for example, whether it is disposed of in a discrete unit within the site); (b) the nature of the material disposed of or the purpose for which it is disposed of (for example, aggregate for drainage or equipment for the extraction of liquid or gas); (c) certificates issued by the Commissioners and conditions set out in certificates.	<>	(f) in the sentence immediately following Table 2— (i) at the beginning, for “Table 2” substitute “The table”, and (ii) for paragraphs (a) and (b) substitute— “(a) in column (3), in the last two rows, “295” were 20 substituted for “510” and “525”, and (b) in column (4), in the last two rows, “305” were substituted for “520” and “535”. (4) In paragraph 1J (VED rates for light goods vehicles), in paragraph (a), for “£230” substitute “£240”. 25 (5) In paragraph 2(1) (VED rates for motorcycles)— (a) in paragraph (a), for “£17” substitute “£18”, (b) in paragraph (b), for “£39” substitute “£41”, (c) in paragraph (c), for “£60” substitute “£62”, and (d) in paragraph (d), for “£82” substitute “£85”. 30 (6) The amendments made by this section have effect in relation to licences taken out on or after 1 April 2017.	
56 Draft provisions for Finance Bill 2017		Finance (No. 2) Bill	73

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	=	
<p style="text-align: center;">(2A) Provision under section (2)(c) may, among other things—</p> <p style="text-align: center;">(a) allow the Commissioners to direct requirements to be met before certificates can be issued, and</p> <p style="text-align: center;">(b) provide for reviews and appeals relating to decisions about certificates.”</p> <p style="text-align: center;">(5) Omit section 64 (disposal of material as waste).</p> <p style="text-align: center;">(6) For section 65 (disposal by way of landfill) substitute—</p> <p style="text-align: center;">“65 Qualifying disposals</p> <p style="text-align: center;">(1) A disposal is a “qualifying disposal” if it is a disposal of material where—</p> <p style="text-align: center;">(a) the material is deposited on the surface of land or on a structure set into the surface, or</p> <p style="text-align: center;">(b) the material is deposited under the surface of land.</p> <p style="text-align: center;">(2) Subsection (1) applies whether or not the material is placed in a container before it is deposited.</p> <p style="text-align: center;">(3) Subsection (1)(b) applies whether or not the material—</p> <p style="text-align: center;">(a) is covered after it is deposited, or</p> <p style="text-align: center;">(b) is deposited in a cavity (such as a cavern or mine).</p> <p style="text-align: center;">(4) If material is deposited on the surface of land or on a structure set into the surface with a view to the material being covered, the disposal is to be treated as made when the material is deposited and not when it is covered.</p> <p style="text-align: center;">(5) An order may redefine “qualifying disposal” for the purposes of this Part (including by amending this section).</p> <p style="text-align: center;">(6) In this section “land” includes land covered by water where the land is above the low water mark of ordinary spring tides.”</p> <p style="text-align: center;">(7) Omit section 65A (prescribed landfill site activities).</p> <p style="text-align: center;">(8) In section 70 (interpretation)—</p>	<>	<p style="text-align: center;">Alcohol duties</p> <p style="text-align: center;">65 Alcoholic liquor duties: rates</p> <p style="text-align: center;">(1) ALDA 1979 is amended as follows.</p> <p style="text-align: center;">(2) In section 5 (rate of duty on spirits), for “£27.66” substitute “£28.74”.</p> <p style="text-align: center;">(3) In section 36(1AA) (rates of general beer duty)—</p> <p style="text-align: center;">5</p> <p style="text-align: center;">(a) in paragraph (za) (rate of duty on lower strength beer), for “£8.10” substitute “£8.42”, and</p> <p style="text-align: center;">(b) in paragraph (a) (standard rate of duty on beer), for “£18.37” substitute “£19.08”.</p> <p style="text-align: center;">(4) In section 37(4) (rate of high strength beer duty), for “£5.48” substitute “£5.69”. 10</p> <p style="text-align: center;">(5) In section 62(1A) (rates of duty</p>

(a) in subsection (1), at the appropriate place insert—
 ““qualifying disposal” has the meaning given in section 65;”;
 (b) omit subsection (2);
 (c) in subsection (4), for “64” substitute “65”.

(9) In section 71 (orders and regulations), in subsection (7)—

(a) omit paragraphs (ca) and (cb);
 (b) in paragraph (d), for “disposal of material by way of landfill” substitute
 “qualifying disposal”.

(10) In Schedule 5 (landfill tax), omit paragraphs 1A and 1B.

(11) In Schedule 5, before paragraph 2 insert—

on cider)—
 (a) in paragraph (a) (rate of duty per hectolitre on sparkling cider of a strength exceeding 5.5%), for “£268.99” substitute “£279.46”,
 (b) in paragraph (b) (rate of duty per hectolitre on cider of a strength exceeding 7.5% which is not sparkling cider), for “£58.75” substitute 15
 “£61.04”, and
 (c) in paragraph (c) (rate of duty per hectolitre in any other case), for “£38.87” substitute “£40.38”.

(6) For the table in Schedule 1 substitute—

	Description of wine or made-wine	Rates of duty per hectolitre £
=	Wine or made-wine of a strength not exceeding 4%	88.93
=	Wine or made-wine of a strength exceeding 4% but not exceeding 5.5%	122.30
=	Wine or made-wine of a strength exceeding 5.5% but not exceeding 15% and not being sparkling	288.65
=	Sparkling wine or sparkling made-wine of a strength exceeding 15%	279.46
=	exceeding 5.5% but less than 8.5%	30
=	Sparkling wine or sparkling made-wine of a strength of 8.5% or of a strength exceeding 8.5% but not exceeding 15%	369.72
=	Wine or made-wine of a strength exceeding 15% but not exceeding 22%	35

(a) retain plans, licences and permits relating to the site;

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	=	
(b) provide the Commissioners with copies of, or information relating to, plans, licences and permits retained under paragraph (a). (2) Regulations under sub-paragraph (1)(b) may be framed by reference to such copies or information as may be stipulated in any notice published by the Commissioners in pursuance of the regulations and not withdrawn by a further notice.”	<> PART 2 -+ WINE OR MADE-WINE OF A STRENGTH EXCEEDING 22% <> Description of wine or made-wine Rates of duty per litre of alcohol in wine or made-wine £ =	
(12) In Schedule 5– (a) in paragraph 10(1), for “as waste by way of landfill” substitute “in a qualifying disposal”; (b) in paragraph 45(1)(a) and (c) and (2), for “landfill disposal” substitute “qualifying disposal”; (c) in paragraph 46(1)(b), for “landfill disposal” substitute “qualifying disposal”. (13) In FA 2008, in Schedule 36 (information and inspection powers), in entry 12 of the table in paragraph 61A, for “landfill disposal” substitute “qualifying disposal”. (14) In FA 2011, in Schedule 23 (data-gathering powers), in paragraph 25(c), for “landfill disposal” substitute “qualifying disposal”. (15) The amendments made by this section come into force– (a) so far as conferring a power to make an order or regulations, on the day on which this Act is passed, and	<> (7) The amendments made by this section are treated as having come into force on 13 March 2017. =	
	Gaming duties 10	
	66	Gaming duty: rates
		(1) In section 11(2) of FA 1997 (rates of gaming duty), for the table substitute– “TABLE

(b) subject to that, in accordance with provision made by the Treasury by regulations made by statutory instrument.

gaming yield	Part of gross
£2,423,500	Rate
15	The first 15%
20%	The next £1,670,500
30%	The next £2,925,500
40%	The next £6,175,500
50%".	The remainder

(16) Regulations under subsection (15) may contain transitional provision and savings.

(2) The amendment made by this section has effect in relation to accounting periods beginning on or after 1 April 2017.

48 Remote gaming duty: freeplay

(1) Part 3 of FA 2014 (general betting duty, pool betting duty and remote gaming duty) is amended in accordance with subsections (2) to (8).

(2) In section 159 (remote gaming duty: gaming payments), for subsection (4)

67 Remote gaming duty: freeplay

(1) Part 3 of FA 2014 (general betting duty, pool betting duty and remote gaming duty) is amended in accordance with subsections (2) to (8).

(2) In section 159 (remote gaming duty: gaming payments), for subsection (4)

substitute–
“(4) For the purposes of this Chapter–
(a) where the chargeable person participates in the remote gaming in reliance on an offer which waives all of a gaming payment,

the person is to be treated as having made a gaming payment of

the amount which would have been required to be paid without the offer (“the full amount”), and

substitute–
“(4) For the purposes of this Chapter–
(a) where the chargeable person participates in the remote gaming in reliance on an offer which waives all of a gaming payment,

the person is to be treated as having made a gaming payment of

the amount which would have been required to be paid without the offer (“the full amount”), and

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(b) where the chargeable person participates in the remote gaming in reliance on an offer which waives part of a gaming payment,

the person is to be treated as having made an additional gaming payment of the difference between the gaming payment

actually made and the full amount.

(b) where the chargeable person participates in the remote gaming in reliance on an offer which waives part of a gaming payment,

the person is to be treated as having made an additional gaming payment of the difference between the gaming payment

actually made and the full amount.

<p>(5) Where a person is treated by subsection (4) as having made a gaming payment, the payment is to be treated for the purposes of this Chapter—</p>	=	<p>(5) Where a person is treated by subsection (4) as having made a gaming payment, the payment is to be treated for the purposes of this Chapter—</p>
<p>58</p> <p style="color: red;">Draft provisions for Finance Bill 2017</p> <p style="text-align: center;">Part 3 –</p> <p style="color: red;">Indirect taxes</p>	+-	
<p>(a) as having been made to the gaming provider at the time when the chargeable person begins to participate in the remote</p>	<>	<p>(a) as having been made to the gaming provider at the time when the chargeable person begins to participate in the remote</p> <p style="text-align: center;">10</p>
<p>it relates, and</p> <p>(b) as not having been—</p> <p>(i) returned, or</p> <p>(ii) assigned to a gaming prize fund.</p>	=	<p>gaming to which it relates, and</p> <p>(b) as not having been—</p> <p>(i) returned, or</p> <p>(ii) assigned to a gaming prize fund.</p>
<p>(6) The Commissioners may by regulations make further provision about</p>	<>	<p>(6) The Commissioners may by regulations make further provision about</p> <p style="text-align: center;">15</p>
<p>how a gaming payment which a person is treated as having made under subsection (4) is to be treated for the purposes of this Chapter.</p> <p>(7) This section has effect subject to section 159A.”</p> <p>(3) After section 159 insert—</p>	=	<p>how a gaming payment which a person is treated as having made under subsection (4) is to be treated for the purposes of this Chapter.</p> <p>(7) This section has effect subject to section 159A.”</p> <p>(3) After section 159 insert—</p>
<p>“159A Play using conditional winnings</p>	<>	<p>“159A Play using the results of successful freeplay</p> <p style="text-align: center;">20</p>
<p>(1) Where a chargeable person participates in remote gaming, an amount is not to be taken into account in determining the “gaming payment” (if any) under section 159 so far as the amount is paid out of money in</p>	=	<p>(1) Where a chargeable person participates in remote gaming, an amount is not to be taken into account in determining the “gaming payment” (if any) under section 159 so far as the amount is paid out of money in</p>
<p>relation to which the first and second conditions are met (“relievable funds”).</p>	<>	<p>relation to which the first and second conditions are met (“excluded winnings”).</p> <p style="text-align: center;">25</p>
<p>(2) The first condition is that the money has been won by participation in the gaming either—</p> <p>(a) in reliance on an offer which waives all or part of a gaming payment, or</p>	=	<p>(2) The first condition is that the money has been won by participation in the gaming either—</p> <p>(a) in reliance on an offer which waives all or part of a gaming payment, or</p>
<p>(b) in a case where the gaming payment was paid out of money in</p>	<>	<p>(b) in a case where the gaming payment was paid out of money in</p> <p style="text-align: center;">30</p>
<p>relation to which this condition and the second condition were met.</p> <p>(3) The second condition is</p>	=	<p>relation to which this condition and the second condition were met.</p> <p>(3) The second condition is</p>

that the chargeable person is not entitled to use the money otherwise than for the purpose of participation in the gaming.	<>	that the chargeable person is not entitled to use the money otherwise than for the purpose of participation in the gaming.
		35
(4) Subsection (5) applies where— (a) a chargeable person participates in remote gaming in reliance on an offer which waives all or part of a gaming payment, and (b) that offer has been won in the course of the person's participation in the gaming (and the person was not given the choice of receiving a different benefit instead of the offer).	=	(4) Subsection (5) applies where— (a) a chargeable person participates in remote gaming in reliance on an offer which waives all or part of a gaming payment, and (b) that offer has been won in the course of the person's participation in the gaming (and the person was not given the choice of receiving a different benefit instead of the offer).
(5) The amount which would, apart from this subsection, be treated by section 159(4)(a) or (b) as a gaming payment (or additional gaming payment) is not to be so treated.	<>	(5) The amount which would, apart from this subsection, be treated by section 159(4)(a) or (b) as a gaming payment (or additional gaming payment) is not to be so treated.
(6) For the purposes of this section, where a payment is made out of moneys which include both relievable funds and money which is not relievable funds (“ non-relievable funds ”), the payment is not taken to be made out of relievable funds , except so far as the amount of the payment exceeds the amount of the non-relievable funds .	<>	(6) For the purposes of this section, where a payment is made out of 45 moneys which include both excluded winnings and money which is 76 Finance (No. 2) Bill Part 2 – Indirect taxes
	=	
relievable funds (“ non-relievable funds ”), the payment is not taken to be made out of relievable funds , except so far as the amount of the payment exceeds the amount of the non-relievable funds .	<>	not excluded winnings (the “ other funds ”), the payment is not taken to be made out of excluded winnings except so far as the amount of the payment exceeds the amount of those other funds .
(7) In this section “money” includes any amount credited and any other money's worth.”	=	(7) In this section “money” includes any amount credited and any other money's worth.”
	<>	5
(4) In section 160 (remote gaming duty: prizes)— (a) in subsection (1), in the opening words, after “account” insert “only”, (b) omit subsection (2),	=	(4) In section 160 (remote gaming duty: prizes)— (a) in subsection (1), in the opening words, after “account” insert “only”, (b) omit subsection (2),
Draft provisions for Finance Bill 2017	+-	
59 Part 3 – Indirect taxes		
	=	
(c) in subsection (3), at the end insert “(but where a gaming payment is returned by being	<>	(c) in subsection (3), at the end insert “(but where a gaming payment is returned by being credited

credited to an account this subsection has effect		to an account this subsection has effect 10
subject to subsection (1))”, and (d) at the end insert– “(9) This section has effect subject to section 160A.” (5) After section 160 insert– “160A Prizes: freeplay	=	subject to subsection (1))”, and (d) at the end insert– “(9) This section has effect subject to section 160A.” (5) After section 160 insert– “160A Prizes: freeplay
(1) Where a prize is a freeplay offer (whether or not in the form of a voucher) which does not fall within section 160(4)– (a) for the purposes of sections 156 and 157, the expenditure on the prize is nil, and (b) subsections (5) to (7) of section 160 do not apply in relation to the prize.	=	(1) Where a prize is a freeplay offer (whether or not in the form of a voucher) which does not fall within section 160(4)– (a) for the purposes of sections 156 and 157, the expenditure on the prize is nil, and (b) subsections (5) to (7) of section 160 do not apply in relation to 20 the prize.
(2) Where a prize is a voucher which gives the recipient a choice of using it in place of money for freeplay or as whole or partial payment for another benefit, section 160(5)(b) has effect as if after “used” there were inserted “if it is used as payment for a benefit other than freeplay”.	=	(2) Where a prize is a voucher which gives the recipient a choice of using it in place of money for freeplay or as whole or partial payment for another benefit, section 160(5)(b) has effect as if after “used” there were inserted “if it is used as payment for a benefit other than freeplay”. 25
(3) In this section– “freeplay” means participation, in reliance on a freeplay offer, in– (a) remote gaming, or (b) an activity in respect of which a gambling tax listed in section 161(4) is charged;	=	(3) In this section– “freeplay” means participation, in reliance on a freeplay offer, in– (a) remote gaming, or (b) an activity in respect of which a gambling tax listed in section 161(4) is charged; 30
“freeplay offer” means an offer which waives all or part of– (a) a gaming payment, or (b) a payment in connection with participation in an activity in respect of which a gambling tax listed in section 161(4) is charged.”	=	“freeplay offer” means an offer which waives all or part of– (a) a gaming payment, or (b) a payment in connection with participation in an activity in respect of which a gambling tax listed in section 161(4) is charged.” 35
(6) In section 188 (gaming), after subsection (2) insert– “(3) But a game is not a “game of chance” for the purposes of this Part if no amounts are paid or payable–	=	(6) In section 188 (gaming), after subsection (2) insert– “(3) But a game is not a “game of chance” for the purposes of this Part if– (a) it can only be played with the participation of two or more persons, and (b) no amounts are paid or required to be paid–

<p>(a) in respect of any person's entitlement to participate in the game, or (b) otherwise for, on account of or in connection with any person's</p>	<p>40 (i) in respect of entitlement to participate in the game, or (ii) otherwise for, on account of or in connection with</p>
<p>participation in the game.” (7) In section 190 (index), in the Table, in the entry for “game of chance”, for</p>	<p>participation in the game.” (7) In section 190 (index), in the Table, in the entry for “game of chance”, for</p>
<p>“188(1)(b)” substitute “188(1)(b) and (3)”. =</p>	<p>“188(1)(b)” substitute “188(1)(b) and (3)”. 45 Finance (No. 2) Bill 77 Part 2 – Indirect taxes</p>
<p>(8) In section 194(4) (regulations under Part 3 to which the procedure in section 194(5) is to apply), before paragraph (a), insert— “(za) regulations under section 159(6);”. (9) The amendments made by this section have effect with respect to accounting</p>	<p>(8) In section 194(4) (regulations under Part 3 to which the procedure in section 194(5) is to apply), before paragraph (a), insert— “(za) regulations under section 159(6);”. (9) The amendments made by this section have effect with respect to accounting</p>
<p>periods beginning on or after 1 August 2017.</p>	<p>periods beginning on or after 1 August 2017. 5</p>
	<p>-+ Tobacco products</p>
	<p>-+ 68 Tobacco products duty: rates (1) TPDA 1979 is amended as follows. (2) For the table in Schedule 1 substitute—</p>
	<p>-+ “TABLE 10</p>
	<p>-+ 1. Cigarettes An amount equal to 16.5% of the retail price plus £207.99 per thousand cigarettes. 2. Cigars £259.44 per kilogram 3. Hand-rolling tobacco £209.77 per kilogram 15 4. Other smoking tobacco and £114.06 per kilogram”. chewing tobacco</p>
	<p>= -+ (3) The amendment made by this section is treated as having come into force at</p>

		6pm on 8 March 2017.
	=	
	-+	<p>69 Tobacco products duty: minimum excise duty</p> <p>20</p> <p>(1) TPDA 1979 is amended as follows.</p> <p>(2) In section 6(5)(a) (alteration of rates of duty), for "the amount" substitute "each amount".</p> <p>(3) For the first row in the table in Schedule 1 (as substituted by section 68) substitute—</p> <p>25</p>
	=	
	-+	<p>1. Cigarettes</p> <p>An amount equal to the higher of—</p> <p>(a) 16.5% of the retail price plus £207.99 per thousand cigarettes, or</p> <p>30</p> <p>(b) £268.63 per thousand cigarettes."</p>
	=	
	-+	<p>(4) The amendments made by this section are treated as having come into force on</p> <p>78</p> <p>20 May 2017.</p> <p>Bill</p> <p>Finance (No. 2)</p> <p>Part 2 – Indirect taxes</p>
	=	
49 Tobacco products manufacturing machinery: licensing scheme	<>	70 Tobacco products manufacturing machinery: licensing scheme
(1) After section 8U of TPDA 1979 insert—	=	(1) After section 8U of TPDA 1979 insert—
60 Draft provisions for Finance Bill 2017	+-	
		Part 3 – Indirect taxes
"8V Tobacco products manufacturing machinery: licensing scheme	=	"8V Tobacco products manufacturing machinery: licensing scheme
(1) In this section "tobacco products manufacturing machinery" means		(1) In this section "tobacco products manufacturing machinery" means
machinery that is designed primarily for use for the purpose of (or for	<>	machinery that is designed primarily for use for the purpose of (or for
purposes including) manufacturing tobacco products.	=	purposes including) manufacturing tobacco products.
(2) The Commissioners may by regulations—		(2) The Commissioners may by regulations—

<p>(a) prohibit a person from purchasing, acquiring, owning or being in possession of, or carrying out other specified activities in respect of an item of tobacco products manufacturing</p>	<p>(a) prohibit a person from purchasing, acquiring, owning or being in possession of, or carrying out other specified activities in respect of, an item of tobacco products manufacturing</p>
<p>machinery, except in accordance with a licence granted under the regulations;</p> <p>(b) provide that if a person contravenes the prohibition in relation to an item of tobacco products manufacturing machinery, the machinery is liable to forfeiture.</p>	<p>machinery, except in accordance with a licence granted under the regulations;</p> <p>(b) provide that if a person contravenes the prohibition in relation to an item of tobacco products manufacturing machinery, the machinery is liable to forfeiture.</p>
<p>(3) The regulations may provide that the prohibition applies only—</p> <p>(a) in relation to persons of a specified description,</p> <p>(b) in specified circumstances, or</p> <p>(c) in relation to items of tobacco products manufacturing machinery of a specified description.</p> <p>(4) Regulations under this section may, in particular, make provision—</p>	<p>15</p> <p>(3) The regulations may provide that the prohibition does not apply—</p> <p>(a) in relation to persons, or items of tobacco products manufacturing machinery, of a specified description;</p> <p>(b) in specified circumstances.</p> <p>(4) Regulations under this section may include provision—</p>
<p>(a) imposing obligations on licensed persons;</p> <p>(b) for the failure of a licensed person to comply with a condition of a licence, or with an obligation imposed by the regulations, to attract a penalty under section 9 of the Finance Act 1994 (civil penalties);</p> <p>(c) about reducing (including reducing to nil) or staying a penalty, or agreeing a compromise in relation to proceedings for a penalty, in specified circumstances;</p> <p>(d) for two or more contraventions to be treated as a single</p>	<p>(a) imposing obligations on licensed persons;</p> <p>(b) for a licensed person who fails to comply with a condition or restriction of a licence, or with an obligation imposed by the regulations, to be liable to a penalty of the amount for the time being specified in section 9(2)(b) of the Finance Act 1994;</p> <p>25</p> <p>(c) for exceptions from liability to a penalty under the regulations;</p> <p>(d) for the Commissioners, if they think it right because of special circumstances, to remit, reduce (including reduce to nil) or stay a penalty, or agree a compromise in relation to proceedings for a penalty;</p> <p>30</p> <p>(e) for two or more contraventions to be treated as a single</p>
<p>contravention for the purposes of assessing a penalty;</p>	<p>contravention for the purposes of assessing a penalty;</p>
<p>(e) about appeals against decisions of the Commissioners in connection with licensing, and against the imposition of</p>	<p>(f) about reviews by the Commissioners, or by an officer of Revenue and Customs, of decisions in connection with licensing</p>

<p>penalties, under the regulations;</p> <p>(f) for specified decisions of the Commissioners to be treated—</p> <p>(i) as if they were listed in section 13A of FA 1994 (reviews and appeals: relevant decisions);</p> <p>(ii) as ancillary matters for the purposes of sections 14 to 16 of FA 1994 (further provision about reviews and appeals);</p> <p>(g) for the Customs and Excise Management Act 1979 to have effect</p>	<p>and the imposition of penalties under the regulations and about</p> <p>35 appeals against those decisions (which may include provision for specified decisions of the Commissioners to be treated as if they were listed in section 13A(2) of, or Schedule 5 to, the Finance Act 1994);</p> <p>(g) for the Customs and Excise Management Act 1979 to have effect</p> <p>40</p>
<p>in relation to licensed persons as it has effect in relation to revenue traders, subject to such modifications as may be specified in the regulations.</p> <p>(5) The Commissioners may, by or under regulations under this section, make provision—</p> <p>(a) about the circumstances in which they may grant a licence to an applicant, including the requirements to be met by or in relation to the applicant (which may include a requirement that the applicant is a fit and proper person to hold a licence in relation to an item of tobacco manufacturing machinery);</p> <p>Draft provisions for Finance Bill 2017</p>	<p>in relation to licensed persons as it has effect in relation to revenue traders, subject to such modifications as may be specified in the regulations.</p> <p>(5) The Commissioners may, by or under regulations under this section, make provision—</p> <p>45</p> <p>(a) regulating the grant of licences, including provision about the circumstances in which a licence may be granted and the requirements to be met by or in relation to the applicant (which Finance (No. 2) Bill</p> <p>79</p>
<p>61</p> <p>Part 3 – Indirect taxes</p>	<p>Part 2 – Indirect taxes</p>
	<p>=</p> <p>may include a requirement that the applicant is a fit and proper person to hold a licence);</p>
<p>(b) about the form, manner and content of an application for or in respect of a licence;</p>	<p>=</p> <p>(b) about the form, manner and content of an application for or in respect of a licence;</p>
<p>(c) for licences to be subject to specified conditions or restrictions;</p>	<p><></p> <p>(c) for licences to be subject to specified conditions or restrictions;</p> <p>5</p>
<p>(d) regulating the variation or revocation of a licence, or of any condition or restriction to which a licence is subject;</p>	<p>=</p> <p>(d) regulating the variation or revocation of a licence, or of any condition or restriction to which a licence is subject;</p>

<p>(e) about the surrender or transfer of a licence;</p> <p>(f) for communications by or with the Commissioners in</p>	<p>(e) about the surrender or transfer of a licence;</p> <p>(f) for communications by or with the Commissioners in</p>
<p>connection with a licence to be made electronically;</p>	<p>connection with a licence to be made electronically;</p> <p style="text-align: center;">10</p>
<p>(g) as to the arrangements for licensing bodies corporate which are members of the same group (as defined in the regulations);</p>	<p>(g) as to the arrangements for licensing bodies corporate which are members of the same group (as defined in the regulations);</p>
<p>(h) make provision for members of a group to be jointly and severally liable for any penalties imposed under the regulations.”</p> <p>(2) In section 9 of TPDA (regulations), in subsection (1A), for “or 8U” substitute “, 8U or 8V”.</p>	<p>(h) for members of a group to be jointly and severally liable for any penalties imposed under the regulations.”</p> <p>(2) In section 9 of TPDA 1979 (regulations), in subsection (1A), for “or 8U” substitute “, 8U or 8V”.</p>
<p>50 Cigarettes: minimum excise tax</p> <p>(1) TPDA 1979 is amended as follows.</p> <p>(2) In section 6(5)(a) (alteration of rates of duty), for “the amount” substitute “each amount”.</p> <p>(3) For the first row of the table in Schedule 1 substitute—</p>	<p>50 Cigarettes: minimum excise tax</p> <p>(1) TPDA 1979 is amended as follows.</p> <p>(2) In section 6(5)(a) (alteration of rates of duty), for “the amount” substitute “each amount”.</p> <p>(3) For the first row of the table in Schedule 1 substitute—</p>
<p>“1. Cigarettes</p> <p>An amount equal to the higher of—</p>	<p>“1. Cigarettes</p> <p>An amount equal to the higher of—</p>
<p>(a) [x]% of the retail price plus £[x] per thousand cigarettes, or</p> <p>(b) £[x] per thousand cigarettes”.</p>	<p>(a) [x]% of the retail price plus £[x] per thousand cigarettes, or</p> <p>(b) £[x] per thousand cigarettes”.</p>
<p>(4) The amendments made by this section come into force on [date].</p>	<p>(4) The amendments made by this section come into force on [date].</p>
<p>PART 4</p>	<p>PART 3</p>
<p>SOFT DRINKS INDUSTRY LEVY</p> <p>Introductory</p>	<p>SOFT DRINKS INDUSTRY LEVY</p> <p>Introductory</p>
<p>51 Soft drinks industry levy</p> <p>(1) A tax called “the soft drinks industry levy” is to be charged in accordance with this Part.</p> <p>(2) The Commissioners are responsible for the collection and management of the soft drinks industry levy.</p>	<p>71 Soft drinks industry levy</p> <p style="text-align: center;">20</p> <p>(1) A tax called “soft drinks industry levy” is to be charged in accordance with this Part.</p> <p>(2) The Commissioners are responsible for the collection and management of soft drinks industry levy.</p>
<p>52 “Soft drink” and “package”</p>	<p>72 “Soft drink” and “package”</p>

(1) "Soft drink" means-	=	(1) "Soft drink" means-
(a) a non-alcoholic beverage;	<>	(a) a beverage of an alcoholic strength not exceeding 1.2%;
62 Draft provisions for Finance Bill 2017		
Part 4 – Soft drinks industry levy	=	
(b) a liquid which, when prepared in a specified manner, constitutes a non-alcoholic beverage.	<>	(b) a liquid which, when prepared in a specified manner, constitutes a beverage within paragraph (a).
(2) "Non-alcoholic beverage" means a beverage which is of an alcoholic strength not exceeding 1.2%.		(2) A liquid is prepared in a specified manner if it is-
(3) A liquid is prepared in a specified manner if it is-		30
(a) diluted with water, (b) combined with crushed ice, or processed so as to create crushed ice, (c) combined with carbon dioxide, or (d) prepared by way of a process that involves any combination of the processes mentioned in paragraphs (a) to (c).	=	(a) diluted with water, (b) combined with crushed ice, or processed so as to create crushed ice, (c) combined with carbon dioxide, or (d) prepared by way of a process that involves any combination of the processes mentioned in paragraphs (a) to (c).
(4) A person "packages" a soft drink if the person cans, bottles or otherwise packages the soft drink in a form in which-	<>	35 (3) A person "packages" a soft drink if the person cans, bottles or otherwise packages the soft drink in a form in which-
(a) in the case of a soft drink within subsection (1)(a), it is suitable to be consumed without further preparation, and	=	(a) in the case of a soft drink within subsection (1)(a), it is suitable to be consumed without further preparation, and
(b) in the case of a soft drink within subsection (1)(b), it is suitable to be consumed when prepared in a specified manner (and without any other preparation),	<>	(b) in the case of a soft drink within subsection (1)(b), it is suitable to be 40 consumed when prepared in a specified manner (and without any other preparation),
	--+	80 2) Bill Finance (No. 2 – Soft drinks industry levy
and "packaged" is to be construed accordingly.	=	and "packaged" is to be construed accordingly.
53 Meaning of "prepared drink"	<>	73 Meaning of "prepared drink"
(1) In this Part a reference to "prepared drink" is a reference to-	=	(1) In this Part a reference to "prepared drink" is a reference to-
(a) a soft drink within subsection (1)(a) of section 52; (b) a beverage that would result from preparing a liquid within subsection	<>	(a) a soft drink within subsection (1)(a) of section 72; (b) a beverage that would result from preparing a liquid within subsection 5

(1)(b) of that section– (i) in a specified manner (see section 52(3)), and (ii) in accordance with the relevant dilution ratio. (2) The “relevant dilution ratio” means– (a) the dilution ratio stated on, or calculated by reference to information stated on, the packaging of the soft drink; (b) where subsection (3) or (4) applies, the dilution ratio determined by the Commissioners. (3) This subsection applies where the packaging of the soft drink states neither the dilution ratio nor information by reference to which the dilution ratio can be calculated. (4) This subsection applies where– (a) the dilution ratio, or information by reference to which the dilution ratio can be calculated, is stated on the packaging of the soft drink, and (b) it is reasonable to assume that the main purpose, or one of the main purposes, of stating that particular dilution ratio or information is avoiding or reducing liability for soft drinks industry levy. (5) The Commissioners may by or under regulations make provision about the criteria for– (a) determining a dilution ratio for the purposes of subsection (2)(b); (b) determining whether the main purpose, or one of the main purposes, of stating a particular dilution ratio or information is avoiding or reducing liability for soft drinks industry levy.	=	(1)(b) of that section– (i) in a specified manner (see section 72(2)), and (ii) in accordance with the relevant dilution ratio. (2) The “relevant dilution ratio” means– (a) the dilution ratio stated on, or calculated by reference to information stated on, the packaging of the soft drink; (b) where subsection (3) or (4) applies, the dilution ratio determined by the Commissioners. (3) This subsection applies where the packaging of the soft drink states neither the dilution ratio nor information by reference to which the dilution ratio can be calculated. (4) This subsection applies where– (a) the dilution ratio, or information by reference to which the dilution ratio can be calculated, is stated on the packaging of the soft drink, and (b) it is reasonable to assume that the main purpose, or one of the main purposes, of stating that particular dilution ratio or information is avoiding or reducing liability for soft drinks industry levy. (5) The Commissioners may by or under regulations make provision about the criteria for– (a) determining a dilution ratio for the purposes of subsection (2)(b); (b) determining whether the main purpose, or one of the main purposes, of stating a particular dilution ratio or information is avoiding or reducing liability for soft drinks industry levy.
Draft provisions for Finance Bill 2017	+-	
63 Part 4 – Soft drinks industry levy		
Chargeable soft drinks	=	Chargeable soft drinks
54 Meaning of “chargeable soft drink”	<>	74 Meaning of “chargeable soft drink” 30
“Chargeable soft drink” means a packaged soft drink that– (a) meets the sugar content condition (see section 55), and (b) is not an exempt soft drink (see section 56).	=	“Chargeable soft drink” means a packaged soft drink that– (a) meets the sugar content condition (see section 75), and (b) is not an exempt soft drink (see section 76).
	=	

55	Sugar content condition (1) A packaged soft drink meets the sugar content condition if it contains-	<>	75	Sugar content condition (1) A packaged soft drink meets the sugar content condition if it contains-
	(a) added sugar ingredients, and (b) at least 5 grams of sugars (whether or not as a result of containing added sugar ingredients) per 100 millilitres of prepared drink. (2) A packaged soft drink contains "added sugar ingredients" if any of the following are combined with other ingredients at any stage in the production of the soft drink-	=		(a) added sugar ingredients, and (b) at least 5 grams of sugars (whether or not as a result of containing added sugar ingredients) per 100 millilitres of prepared drink. (2) A packaged soft drink contains "added sugar ingredients" if any of the following are combined with other ingredients at any stage in the production
		<>		40
		=		of the soft drink-
		--+		Finance (No. 2) Bill
				81
				Part 3 – Soft drinks industry levy
	(a) calorific mono-saccharides or di-saccharides; (b) a substance containing calorific mono-saccharides or di-saccharides. (3) But a packaged soft drink does not contain "added sugar ingredients" only by reason of containing fruit juice, vegetable juice or milk (or any combination of them).	=		(a) calorific mono-saccharides or di-saccharides; (b) a substance containing calorific mono-saccharides or di-saccharides. (3) But a packaged soft drink does not contain "added sugar ingredients" only by reason of containing fruit juice, vegetable juice or milk (or any combination of them).
		<>		5
	(4) The Commissioners may by regulations make provision about what is, or is not, to be treated for the purposes of this Part as fruit juice, vegetable juice or milk.	=		(4) The Commissioners may by regulations make provision about what is, or is not, to be treated for the purposes of this Part as fruit juice, vegetable juice or milk.
	(5) For the purposes of subsection (1)(b) and section 59(2), "sugars" means anything that is required to be described as "sugars" for the purposes of a designated food labelling obligation. (6) "Designated food labelling obligation" means an obligation that- (a) relates to the provision of nutritional information on the packaging of food or drinks, (b) is imposed by an enactment, an EU instrument or subordinate legislation, and (c) is designated by regulations made by the Commissioners for the purposes of subsection (5).	<>		(5) Where regulations under subsection (4) contain a reference to an EU instrument or any provision of an EU instrument, the regulations may provide 10 that the reference is to be construed as a reference to that instrument or that provision as amended from time to time.
56	Exempt soft drinks (1) The following are "exempt soft drinks"-	=	76	Exempt soft drinks (1) The following are "exempt soft drinks"-

(a) milk-based drinks,	<>	(a) milk-based drinks,
		15
(b) milk substitute drinks, (c) alcohol substitute drinks, and (d) soft drinks of a specified description which are for use for medicinal or other specified purposes.	=	(b) milk substitute drinks, (c) alcohol substitute drinks, and (d) soft drinks of a specified description which are for use for medicinal or other specified purposes.
(2) "Milk-based drink" means a soft drink which contains at least 75 millilitres of milk per 100 millilitres of prepared drink. (3) "Milk substitute drink" means a soft drink which– (a) contains at least the specified quantities of calcium, and	<>	(2) "Milk-based drink" means a soft drink which contains at least 75 millilitres of milk per 100 millilitres of prepared drink. (3) "Milk substitute drink" means a soft drink which– (a) contains at least the specified quantities of calcium, and
64 Draft provisions for Finance Bill 2017 Part 4 – Soft drinks industry levy	+-	
(b) meets such other conditions as may be specified.	=	(b) meets such other conditions as may be specified.
(4) "Alcohol substitute drink" means a soft drink– (a) which is similar to a particular kind of alcoholic beverage, and (b) meets such other conditions as may be specified.	<>	(4) "Alcohol substitute drink" means a soft drink which – (a) is similar to a particular kind of alcoholic beverage, and (b) meets such other conditions as may be specified.
(5) "Alcoholic beverage" means a beverage which is of an alcoholic strength exceeding 1.2%.	=	(5) "Alcoholic beverage" means a beverage which is of an alcoholic strength exceeding 1.2%.
(6) The Commissioners may by regulations make further provision about the criteria for determining what is, or is not, to be treated as an exempt soft drink.	<>	(6) The Commissioners may by regulations make further provision about the 30
(7) In this section, "specified" means specified by regulations made by the Commissioners.	<>	(7) Where regulations made under, or for the purposes of, this section contain a reference to an EU instrument or any provision of an EU instrument, the regulations may provide that the reference is to be construed as a reference to that instrument or that provision as amended from time to time. 35
Charging of the soft drinks industry levy	=	Charging of the soft drinks industry levy
57 Charge to soft drinks industry levy	<>	77 Charge to soft drinks industry levy
(1) The charge to soft drinks industry levy arises on a chargeable event which occurs on or after 6 April 2018.	=	(1) The charge to soft drinks industry levy arises on a chargeable event which occurs on or after 6 April 2018.
	--	(2) Subsection (1) is subject to section 83 (small producer exemption).

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<> 78 Chargeable events: soft drinks packaged in the UK

(1) This section applies where chargeable soft drinks are packaged by a person on premises in the United Kingdom (the "packaging premises").

(2) A chargeable event occurs on the removal of the chargeable soft drinks from the packaging premises.

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(3) But—

(a) if, on removal from the packaging premises, the secondary warehousing condition is met in relation to the chargeable soft drinks,

a chargeable event occurs at the time that the secondary warehousing condition ceases to be met in relation to those soft drinks (and not at the

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time mentioned in subsection (2));

(b) if the chargeable soft drinks are made available for sale or free of charge

before a chargeable event in relation to the soft drinks occurs under subsection (2) or paragraph (a), a chargeable event occurs at the time the soft drinks are made available (and not at the time mentioned in

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subsection (2) or paragraph (a)).

(4) For the purposes of this section and section 79, the secondary warehousing condition is met, at any time, in relation to chargeable soft drinks if the

chargeable soft drinks are, at that time—

(a) in storage in a compliant warehouse, or

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(b) being transported—

(i) from the packaging premises to a compliant warehouse, or

(ii) between compliant warehouses,

in compliance with such conditions and requirements as may be imposed by

regulations under section 80.

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(5) References in this section and in section 79 to a "compliant warehouse" are

<p>person (the “first recipient”).</p>	<p>references to premises— (a) that are, or are to be, used for the storage of chargeable soft drinks, and (b) in respect of which the conditions and requirements specified in regulations under section 80(a) are met.</p> <p style="text-align: right;">30</p>
<p>=</p>	
<p>(5) The “first receipt” of imported chargeable soft drinks is the first occasion on</p> <p>which the soft drinks are delivered to a place in the United Kingdom which is a relevant person’s place of business (including where the chargeable soft</p> <p>drinks are delivered from a place outside the United Kingdom which is another place of business of the relevant person).</p> <p>(6) “Relevant person” means a person who carries on a business involving the sale of chargeable soft drinks.</p> <p>(7) The reference in subsection (6) to the sale of chargeable soft drinks includes a reference to—</p>	<p><> 79 Chargeable events: soft drinks imported into the UK (1) This section applies where chargeable soft drinks are imported into the United Kingdom. (2) A chargeable event occurs, in relation to imported chargeable soft drinks, on first receipt of the soft drinks by a relevant person (the “first recipient”). (3) But subsection (2) is subject to subsections (7) to (9). (4) The “first receipt” of imported chargeable soft drinks is the first occasion on</p> <p>which the soft drinks are delivered to a place in the United Kingdom which is a relevant person’s place of business (including where the chargeable soft</p> <p>drinks are delivered from a place outside the United Kingdom which is another place of business of the relevant person).</p> <p>(5) “Relevant person” means a person who carries on a business involving the sale of chargeable soft drinks.</p> <p>(6) The reference in subsection (5) to the sale of chargeable soft drinks includes a reference to—</p> <p style="text-align: right;">40</p> <p style="text-align: right;">45</p> <p>Finance (No. 2) Bill</p> <p style="text-align: right;">83</p> <p>Part 3 – Soft drinks industry levy</p>
<p>(a) sale by wholesale, (b) sale by retail, and (c) sale for consumption on or in the vicinity of premises on which the drinks are sold.</p>	<p>(a) sale by wholesale, (b) sale by retail, and (c) sale for consumption on or in the vicinity of premises on which the drinks are sold.</p>
<p>(8) Subsection (1) is subject to section 60 (small producer exemption).</p>	<p><> (7) Subsection (8) applies if, on first receipt of the imported chargeable soft drinks, the place of business to which the soft drinks are delivered is a compliant warehouse. (8) Subject to subsection (9), a chargeable event occurs at the time that the secondary warehousing condition ceases to be met in relation to the imported chargeable soft drinks (and not</p>

(9) "Taxable person" means a person who is liable to be registered under this Part

(see sections 63 and 65).

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Part 4 – Soft drinks industry levy

at the time mentioned in subsection (2)).

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(9) If the chargeable soft drinks are made available for sale or free of charge by a

relevant person (the "first seller") before a chargeable event in relation to the

soft drinks occurs under subsection (2) or (8), a chargeable event occurs at the

time the chargeable soft drinks are made available (and not at the time mentioned in subsection (2) or (8)).

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80 Secondary warehousing regulations
The Commissioners may by regulations make provision, for the purposes of

sections 78 and 79–

(a) specifying conditions and requirements in respect of premises on which chargeable soft drinks may be stored before the occurrence of a

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chargeable event (see section 78(5)(b));

(b) specifying other conditions and requirements as to the storage of chargeable soft drinks for the purposes of the secondary warehousing condition (see section 78(4));

(c) specifying conditions and requirements as to the transportation of

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chargeable soft drinks for the purposes of the secondary warehousing condition;

(d) imposing obligations on specified persons to provide information in connection with the storage or transportation of chargeable soft drinks.

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58 Liability to pay the levy

81 Liability to pay the levy

(1) Where the charge to soft drinks industry levy arises on a chargeable event

(1) Where the charge to soft drinks industry levy arises on a chargeable event

within section 57(2) or (3), the taxable person who packages the soft drinks is

within section 78(2) or (3), the person who packages the chargeable soft drinks

liable to pay the amount charged.

is liable to pay the amount charged.

(2) Where the charge to soft drinks industry levy arises on a chargeable event

(2) Where the charge to soft drinks industry levy arises on a chargeable event

within section 57(4), the relevant person who is the first recipient is liable to pay the amount charged.

within section 79(2) or (8), the relevant person who is the first recipient is liable to pay the amount charged.

(3) Where the charge to soft drinks industry levy arises on a chargeable event

		within section 79(9), the relevant person who is the first seller is liable to pay the amount charged.
59	Levy rates	<p><> 82 Levy rates</p> <p style="text-align: center;">40</p> <p>(1) Soft drinks industry levy is charged–</p> <p style="margin-left: 2em;">(a) in the case of chargeable soft drinks that meet the higher sugar threshold, at the rate of £[x] per litre of prepared drink;</p>
		<p>=</p> <p>(1) Soft drinks industry levy is charged–</p> <p style="margin-left: 2em;">(a) in the case of chargeable soft drinks that meet the higher sugar threshold, at the rate of £0.24 per litre of prepared drink;</p> <p style="text-align: right;">84</p> <p style="text-align: right;">Finance (No. 2) Bill</p> <p style="text-align: right;">Part 3 – Soft drinks industry levy</p>
		<p>=</p> <p style="margin-left: 2em;">(b) in the case of chargeable soft drinks that do not meet the higher sugar threshold, at the rate of £[x] per litre of prepared drink.</p>
		<p>=</p> <p>(2) A chargeable soft drink meets the higher sugar threshold if it contains at least 8 grams of sugars (whether or not as a result of containing added sugar ingredients) per 100 millilitres of prepared drink.</p>
		<p>=</p> <p>(2) A chargeable soft drink meets the higher sugar threshold if it contains at least 8 grams of sugars (whether or not as a result of containing added sugar ingredients) per 100 millilitres of prepared drink.</p> <p style="text-align: center;">5</p>
		<p>=</p> <p>-+ Exemption etc</p>
60	<p>Small producer exemption</p> <p>(1) No charge to soft drinks industry levy arises on a chargeable event in relation to chargeable soft drinks if the condition in subsection (2) is met.</p> <p style="margin-left: 2em;">(2) The condition is met if the chargeable soft drinks are produced by a person who is, on the relevant day, a small producer.</p> <p style="margin-left: 2em;">(3) Chargeable soft drinks are “produced” by a person (the “producer”) if they are packaged (by or on behalf of the producer) for marketing under–</p> <p style="margin-left: 3em;">(a) the producer’s name or business name, or</p> <p style="margin-left: 3em;">(b) another name which is used in accordance with a licence granted to the producer.</p> <p style="margin-left: 2em;">(4) A person is a “small producer” on the relevant day if, on that day–</p>	<p><> 83 Small producer exemption</p> <p>(1) No charge to soft drinks industry levy arises–</p> <p style="margin-left: 2em;">(a) on a chargeable event within section 78 in relation to chargeable soft drinks produced by a person who is, on the relevant day, a qualifying small producer;</p> <p style="margin-left: 2em;">(b) on a chargeable event within section 79 in relation to chargeable soft drinks produced by a person who is, on the relevant day, a small producer.</p> <p style="margin-left: 2em;">(2) Chargeable soft drinks are “produced” by a person if they are packaged (by or on behalf of the person) for marketing under–</p> <p style="margin-left: 3em;">(a) the person’s name or business name, or</p> <p style="margin-left: 3em;">(b) another name which is used in accordance with a licence granted to the person.</p> <p style="margin-left: 2em;">(3) For the purposes of this section and section 84, the “relevant day”, in relation</p> <p style="text-align: right;">15</p> <p style="text-align: right;">20</p>

(a) in the case of a person who produces and packages chargeable soft drinks in the United Kingdom, the person is not liable to be registered under section 63(3);

(b) in the case of a person who produces and packages chargeable soft drinks outside the United Kingdom, if the person were producing the soft drinks in the United Kingdom, the person would not be liable to be registered under section 63(3);

(c) in the case of a person who produces, but does not package, chargeable

to chargeable soft drinks, is the day on which the charge to soft drinks industry

levy on the chargeable soft drinks would (apart from this section) arise.

(4) "Small producer" has the meaning given by section 84.

(5) A person is a "qualifying small producer" if the person is a small producer who

is either—

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(a) registered under section 91 (voluntary registration: small producers), or

(b) ineligible for registration under that section because the person does

not meet the condition in section 91(2)(c) (voluntary registration eligibility conditions: packaging by a person other than the producer). 30

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<> 84 Meaning of "small producer"
(1) A person ("the producer") who produces chargeable soft drinks is a "small producer" on the relevant day if Conditions A and B are met.
(2) Condition A is met if the aggregate of—
(a) the amount of the producer's chargeable soft drinks within section 35
72(1)(a) in respect of which a relevant event has occurred during the relevant 12 month period, and
(b) the amount of prepared drink that would result from the producer's chargeable soft drinks within section 72(1)(b) in respect of which a relevant event has occurred during the relevant 12 month period, 40
does not exceed the small producer threshold.
(3) Condition B is met if there are reasonable grounds for believing that the aggregate of—
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<> (a) the amount of the producer's chargeable soft drinks within section 72(1)(a) in respect of which a relevant event will occur during the relevant 30 day period, and
(b) the amount of prepared drink that would result from the producer's

soft drinks in the United Kingdom, the person is registered under section 64;

(d) in the case of a person who produces, but does not package, chargeable

soft drinks outside of the United Kingdom, if the person were

producing the soft drinks in the United Kingdom, the person would be

entitled to apply for registration under section 64.

(5) The relevant day, in relation to chargeable soft drinks, is the day on which the

charge to soft drinks industry levy on the chargeable soft drinks would (apart

from this section) arise.

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chargeable soft drinks within section 72(1)(b) in respect of which a

5 relevant event will occur during the relevant 30 day period, will not exceed the small producer threshold.

(4) A “relevant event” occurs in respect of chargeable soft drinks on the removal

of the chargeable soft drinks from the premises on which they are packaged.

(5) But—

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(a) if, on removal from the premises on which the chargeable soft drinks

are packaged, the secondary warehousing condition is met in relation to the soft drinks, a “relevant event” occurs in relation to those soft

drinks at the time that the secondary warehousing condition ceases to be met in relation to them (and not at the time mentioned in subsection 15

(4));

(b) if the chargeable soft drinks are made available for sale or free of charge

before a relevant event in relation to the soft drinks occurs under subsection (4) or paragraph (a), a “relevant event” occurs at the time they are made available (and not at the time mentioned in subsection 20

(4) or paragraph (a)).

(6) For the purposes of subsections (2) and (3)–

(a) the “relevant 12 month period” is the period of 12 months ending with

the end of the month that immediately precedes the month in which the relevant day falls, and

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(b) the “relevant 30 day period” is the period of 30 days beginning with the

relevant day.

(7) The “small producer threshold” is 1 million litres.

(8) References in this section to “the producer’s chargeable soft drinks” are

references to chargeable soft drinks produced by the producer or a person

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connected with the producer.

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61 Export credit	<>	85 Tax credits
(1) The Commissioners may by regulations make provision in relation to cases where, after a charge to soft drinks industry levy has arisen in relation to	=	(1) The Commissioners may by regulations make provision in relation to cases where, after a charge to soft drinks industry levy has arisen in relation to
chargeable soft drinks, the soft drinks are exported from the United Kingdom.	<>	chargeable soft drinks- 35 (a) the soft drinks are exported from the United Kingdom; (b) the soft drinks are lost or destroyed.
(2) The provision that may be made is provision- (a) for the liable person to be entitled to a tax credit in respect of any soft	=	(2) The provision that may be made is provision- (a) for the liable person to be entitled to a tax credit in respect of any soft
drinks industry levy charged on the exported soft drinks;	<>	drinks industry levy charged on the soft drinks that are exported or (as 40 the case may be) lost or destroyed;
(b) for the tax credit to be brought into account when the person is accounting for soft drinks industry levy due from the person for the	=	(b) for the tax credit to be brought into account when the person is accounting for soft drinks industry levy due from the person for the
prescribed tax period or periods. (3) Regulations under this section may, in particular, include provision-	<>	prescribed accounting period or periods. (3) Regulations under this section may include provision- 45 86 2) Bill Finance (No. 2) Bill Part 3 – Soft drinks industry levy
(a) for any entitlement to a tax credit to be conditional on the making of a claim by the liable person, and specifying the period within which and the manner in which a claim may be made;	=	(a) for any entitlement to a tax credit to be conditional on the making of a claim by the liable person, and specifying the period within which and the manner in which a claim may be made;
(b) for entitlement to bring a tax credit into account to be conditional on compliance with prescribed requirements;	<>	(b) for any entitlement to bring a tax credit into account to be conditional on compliance with prescribed requirements; 5 (c) specifying circumstances in which, and criteria for determining the period for which, a liable person is not entitled to a tax credit;
(c) requiring a claim for a tax credit to be evidenced and quantified by reference to prescribed records and other documents;		(d) requiring a claim for a tax credit to be evidenced and quantified by reference to prescribed records and other documents;
(d) requiring a person claiming any entitlement to a tax credit to		(e) requiring a person claiming any entitlement to a tax credit to

keep, for	keep, for	10
the prescribed period and in the prescribed form and manner, those records and documents and a record of prescribed information relating to the claim;	=	the prescribed period and in the prescribed form and manner, those records and documents and a record of prescribed information relating to the claim;
(e) for the withdrawal of a tax credit where any requirement of the regulations is not complied with;	<>	(f) for the withdrawal of a tax credit where any requirement of the regulations is not complied with;
(f) about adjustments of liability for soft drinks industry levy in connection with entitlement or withdrawal of entitlement to a tax credit	=	connection with entitlement or withdrawal of entitlement to a tax credit
in specified circumstances;	<>	in prescribed circumstances;
(g) about the treatment of a tax credit where the liable person ceases to carry on a business involving the package or sale of chargeable soft drinks;		(h) about the treatment of a tax credit where the liable person ceases to carry on a business involving the package or sale of chargeable soft drinks.
(h) for the sale or provision of chargeable soft drinks on passenger transport operating between the United Kingdom and a place outside of the United Kingdom to be treated as "export from the United Kingdom" for the purposes of regulations under this section.		(4) Regulations under paragraph (a) of subsection (1) may include provision for the sale or provision of chargeable soft drinks on passenger transport operating between the United Kingdom and a place outside of the United Kingdom to be treated as "export from the United Kingdom" for the purposes of regulations under that paragraph.
(4) In this section—		(5) Regulations under paragraph (b) of subsection (1) may include provision about the circumstances in which chargeable soft drinks are to be treated as lost or destroyed for the purposes of regulations under that paragraph.
"liable person" means the person who is liable under section 58 to pay the charge to soft drinks industry levy referred to in subsection (1); "prescribed" means specified in, or determined in accordance with, regulations under this section.	=	(6) In this section—
Registration	<>	"liable person" means the person who is liable under section 81 to pay the charge to soft drinks industry levy referred to in subsection (1); "prescribed" means specified in, or determined in accordance with, regulations under this section.
62 The register (1) The Commissioners must establish and maintain a register of persons who are liable to be registered under section 63 or 65, or are registered under	<>	35
	=	86 The register (1) The Commissioners must establish and maintain a register for the purposes of this Part. (2) In this Part, "the register" means the register under subsection (1) and references to registration are to registration in it.

section 64,

for the purposes of the soft drinks industry levy.
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Part 4 – Soft drinks industry levy

(2) The register under this section may contain such information as the Commissioners think is required for the purposes of the collection and management of the levy.

63 Liability to register: producers and packagers
(1) An unregistered person becomes liable to be registered-
 (a) at the end of any month, if the person has packaged any relevant chargeable soft drinks during the immediately preceding period of 12 months;

 (b) on any day, if there are reasonable grounds for believing that the person will package any relevant chargeable soft drinks during the period of 30 days beginning with that day.

 (2) But subsection (1) does not apply to an unregistered person if-

 (a) the relevant chargeable soft drinks packaged by the person are also produced by the person, and

 (b) the person is not liable to be registered under subsection (3).

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(3) The register may contain such information as the Commissioners think is required for the purposes of the collection and management of soft drinks industry levy.

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Part 3 – Soft drinks industry levy

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87 Liability to register: packagers
(1) A person becomes liable to be registered-
 (a) at the end of any month, if the person has packaged any chargeable soft drinks in respect of which a chargeable event within section 78 has occurred during that month;
 (b) on any day, if there are reasonable grounds for believing that, during the period of 30 days beginning with that day, a chargeable event within section 78 will occur in respect of chargeable soft drinks packaged by the person.

(2) But subsection (1) does not apply to a person if-

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 (a) the chargeable soft drinks packaged by the person are also produced by the person, and

 (b) the person is not liable to be registered under section 88 (liability to register: producers).

(3) Subsection (1) does not apply in relation to a person who is already registrable. 15

(4) In this section and in sections 88 and 89 references to “a person who is already registrable” are references to a person who-

 (a) is registered under this section, section 88 or section 89,
 (b) is subject to a relevant notification requirement, or

 (c) would, if the person had complied with a relevant notification

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 requirement, be registered under this section, section 88 or section 89.

(5) In subsection (4)(c) “relevant

	<p>notification requirement” means a requirement under section 90(1) to notify the Commissioners of a liability to register–</p> <p>(a) arising on a previous occasion, and</p> <p>(b) in respect of which the notification period has expired.</p> <p>25</p> <p>(6) In this section “notification period” has the meaning given by section 90(2).</p>
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<>	<p>(3) An unregistered person who produces chargeable soft drinks becomes liable to be registered–</p> <p>(a) at the end of any month, if the amount of relevant chargeable soft drinks produced by the person during the immediately preceding period of 12 months exceeds the small producer threshold;</p> <p>(b) on any day, if there are reasonable grounds for believing that the amount of relevant chargeable soft drinks produced by the person during the period of 30 days beginning with that day will exceed the small producer threshold.</p> <p>(4) “Relevant chargeable soft drinks” means chargeable soft drinks in respect of which a chargeable event has arisen.</p> <p>(5) The amount of relevant chargeable soft drinks produced by a person during a period exceeds the “small producer threshold” if the aggregate of–</p> <p>(a) the amount of relevant chargeable soft drinks within section 52(1)(a) that are produced by the person during the period, and</p> <p>(b) the amount of prepared drink that would result from the relevant chargeable soft drinks within section 52(1)(b) that are produced by the person during the period, exceeds 1 million litres.</p> <p>(6) In determining for the purposes of subsection (5) the amount of chargeable soft drinks produced by a person (P), any chargeable soft drinks produced by a person connected with P are to be regarded as produced by P.</p> <p>(7) Section 1122 of CTA 2010 (meaning of connected person) applies for</p>
=	<p>88 Liability to register: producers</p> <p>(1) A person (“the producer”) who produces chargeable soft drinks becomes liable to be registered–</p> <p>(a) at the end of any month, if the qualifying amount of the producer’s chargeable soft drinks in respect of which a chargeable event within section 78 has occurred during the immediately preceding period of 12 months exceeds the small producer threshold;</p> <p>(b) on any day, if there are reasonable grounds for believing that the qualifying amount of the producer’s chargeable soft drinks in respect of which a chargeable event within section 78 will occur during the period of 30 days beginning with that day will exceed the small producer threshold.</p> <p>(2) The “qualifying amount” of chargeable soft drinks in respect of which a chargeable event occurs is the aggregate of–</p> <p>(a) the amount of the chargeable soft drinks within section 72(1)(a) in respect of which the chargeable event occurs, and</p> <p>(b) the amount of prepared drink that would result from the chargeable soft drinks within section 72(1)(b) in respect of which the chargeable</p>

<p>the purposes of subsection (6).</p> <p>(8) In this section and in sections 64 and 65, “unregistered person” means a person who is not registered under this Part for the purposes of the soft drinks industry levy.</p> <p>(9) “Produce”, in relation to chargeable soft drinks, is to be construed in accordance with section 60(3).</p> <p>68 Draft provisions for Finance Bill 2017</p> <p>Part 4 – Soft drinks industry levy</p>	<p>45</p> <p>88</p> <p>2) Bill</p> <p>Finance (No. 68)</p> <p>event occurs.</p> <p>Part 3 – Soft drinks industry levy</p>
<p>64 Voluntary registration: small producers</p> <p>(1) The Commissioners must register an unregistered person if the person–</p> <p>(a) produces chargeable soft drinks that are packaged by another person, but is not liable to be registered under section 63(3), and</p> <p>(b) applies to the Commissioners for registration under this section.</p> <p>(2) The Commissioners may by or under regulations make provision about the form and manner of an application under subsection (1).</p>	<p><></p> <p>(3) Subsection (1) does not apply in relation to a person who is already registrable.</p> <p>(4) References in this section to “the producer’s chargeable soft drinks” are references to chargeable soft drinks produced by the producer or a person connected with the producer.</p>
<p>65 Liability to register: importers</p> <p>(1) An unregistered person becomes liable to be registered–</p> <p>(a) at the end of any month, if during the immediately preceding period of 12 months the person is the first recipient in relation to any relevant chargeable soft drinks;</p> <p>(b) on any day, if there are reasonable grounds for believing that, during the period of 30 days beginning with that day, the person will be the</p>	<p><> 89 Liability to register: imported chargeable soft drinks</p> <p>5</p> <p>(1) A person becomes liable to be registered–</p> <p>(a) at the end of any month if, during that month, a chargeable event within section 79 has occurred–</p> <p>(i) on the first receipt, or on the making available, of chargeable soft drinks by the person, or</p> <p>10</p> <p>(ii) on the secondary warehousing condition ceasing to be met in relation to chargeable soft drinks in respect of which the person is the first recipient;</p>
	<p>(b) on any day, if there are reasonable grounds for believing that, during the period of 30 days beginning with that day, a chargeable event within section 79 will occur–</p>

<p>first recipient in relation to any relevant chargeable soft drinks.</p> <p>(2) “Relevant chargeable soft drinks” has the meaning given by section 63(4).</p>	<p>(i) on the first receipt, or on the making available, of chargeable soft drinks by the person, or</p> <p>(ii) on the secondary warehousing condition ceasing to be met in relation to chargeable soft drinks in respect of which the person 20 is the first recipient.</p> <p>(2) Subsection (1) does not apply in relation to a person who is already registrable.</p>
<p>66 Notification of liability and registration</p> <p>(1) A person who becomes liable to be registered under section 63 or 65 must notify the Commissioners of the liability before the end of the notification period.</p>	<p>90 Notification of liability and registration</p> <p>(1) A person who becomes liable to be registered under section 87, 88 or 89 must notify the Commissioners of the liability before the end of the notification 25 period.</p>
<p>(2) The “notification period” is the period of 30 days beginning with the day on which the liability arises.</p> <p>(3) Where the Commissioners are satisfied that a person is liable to be registered</p>	<p>(2) The “notification period” is the period of 30 days beginning with the day on which the liability arises.</p> <p>(3) Where the Commissioners are satisfied that a person is liable to be registered</p>
<p>(whether or not the person has notified liability under subsection (1)), the Commissioners must register the person with effect from the registration date.</p> <p>(4) “Registration date” means the day on which the liability to register arises.</p>	<p>(whether or not the person has notified liability under subsection (1)), the 30 Commissioners must register the person with effect from the day on which the liability to register arises.</p>
<p>(5) The Commissioners may by regulations—</p> <p>(a) make provision about the form and manner in which a notification is to be given;</p> <p>(b) make provision about the information to be contained in or provided</p>	<p>91 Voluntary registration: small producers</p> <p>(1) The Commissioners must register a person who—</p> <p>(a) meets the voluntary registration eligibility conditions, and 35</p> <p>(b) applies to the Commissioners for registration under this section.</p> <p>(2) The voluntary registration eligibility conditions are met by a person (P) if—</p> <p>(a) P produces chargeable soft drinks,</p> <p>(b) P is not liable to be registered under section 88 (liability to register: producers), and</p> <p>40</p> <p>(c) some or all of the chargeable soft drinks produced by P are packaged on premises in the United Kingdom by a person other than P.</p> <p>Finance (No. 2) Bill</p>

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with a notification.	<>	(3) A person who is registered under section 87 or 89 may also be registered under this section.
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	<>	92 Cancellation of registration under section 87, 88 or 89 (1) A registration under section 87, 88 or 89 may be cancelled only in accordance with this section. 5 (2) For the purposes of this section, a person meets the “liability condition” at a particular time if– (a) at the end of the preceding month, the condition in section 87(1)(a), 88(1)(a) or 89(1)(a) is met in relation to the person, or (b) at that time, the condition in section 87(1)(b), 88(1)(b) or 89(1)(b) is met 10 in relation to the person. (3) The Commissioners must cancel a person’s registration under section 87, 88 or 89 if–
67 Cancellation of registration (1) The Commissioners must cancel a person’s registration under this Part if– (a) the person requests the cancellation, and (b) the person satisfies the Commissioners that the person is not liable at that time to be registered. (2) A cancellation under subsection (1) is to be made with effect from– (a) the day on which the request is made, or (b) such later day as may be agreed between the Commissioners and the	=	(a) the person requests the cancellation, and <> (b) the person satisfies the Commissioners that the person does not, at the 15 time of the request, meet the liability condition. (4) A cancellation under subsection (3) is to be made with effect from– = (a) the day on which the request is made, or (b) such later day as may be agreed between the Commissioners and the -+ person.
	-+	 20 (5) The Commissioners may cancel a person’s registration under section 87, 88 or 89 if they are satisfied that the person does not meet the liability condition. (6) A cancellation under subsection (5) is to be made with effect from– (a) the day on which the person ceased to meet the liability condition, or (b) such later day as may be agreed between the Commissioners and the 25
person.	=	person.
	-+	 (7) But the Commissioners must not cancel a registration under subsection (3) or (5) with effect from any time unless– (a) they are satisfied that it is not a time when the person would meet the liability condition, and 30 (b) it is reasonable to believe that the person will not become liable to be registered under section

		87(1)(a) or 89(1)(a) during the period of 12 months beginning with that time.
		(8) The Commissioners may cancel a person's registration under section 87, 88 or 89 if they are satisfied that the person did not meet the liability condition on the 35 day on which the person was registered, and has not at any subsequent time met the liability condition.
		(9) A cancellation under subsection (8) is to be made with effect from the day on which the person was registered.
Draft provisions for Finance Bill 2017 69	=	
Part 4 – Soft drinks industry levy	<>	93 Cancellation of voluntary registration 40 (1) The Commissioners may cancel a person's registration under section 91 if they are satisfied that the person does not meet the voluntary registration eligibility conditions (see subsection (2) of that section). 90 Finance (No. 2) Bill Part 3 – Soft drinks industry levy
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(3) The Commissioners may cancel a person's registration under this Part if they are satisfied that the person is not liable to be registered.	<>	(2) A cancellation under subsection (1) is to be made with effect from the day on which the person ceased to meet the voluntary registration eligibility conditions. (3) The Commissioners must cancel a person's registration under section 91 if the person requests the cancellation. 5
(4) A cancellation under subsection (3) is to be made with effect from—	=	(4) A cancellation under subsection (3) is to be made with effect from—
(a) the day on which the person ceased to be liable to be registered, or	<>	(a) the day on which the request is made, or
(b) such later day as may be agreed between the Commissioners and the person.	=	(b) such later day as may be agreed between the Commissioners and the person.
(5) But the Commissioners must not cancel a registration under subsection (1) or (3) with effect from any time unless they are satisfied that it is not a time when the person would be liable to be registered under this Part.	+-	
(6) In determining for the purposes of subsection (5) when a person would be liable to be registered, the fact that a person is already registered is to be ignored.		
(7) The Commissioners may cancel a		

<p>person's registration under this Part if they are satisfied that the person was not liable to be registered on the day on which the person was registered.</p> <p>(8) A cancellation under subsection (7) is to be made with effect from the day on which the person was registered.</p>	=	
<p>68 Correction of the register</p>	<>	<p>94 Correction of the register</p> <p>10</p>
<p>(1) The Commissioners may by regulations make provision about the correction of entries in the register.</p> <p>(2) Regulations under subsection (1) may make provision for requiring persons who are or are liable to be registered to notify the Commissioners of changes in circumstances which are relevant to the register.</p>	=	<p>(1) The Commissioners may by regulations make provision about the correction of entries in the register.</p> <p>(2) Regulations under subsection (1) may make provision for requiring persons who are, or are liable to be, registered to notify the Commissioners of changes in circumstances which are relevant to the register.</p> <p>15</p>
	=	<p>95 Applications, notifications etc</p> <p>The Commissioners may by or under regulations make provision-</p> <p>(a) about the form and manner in which a notification under section 90 (notification of liability to register) is to be given;</p> <p>(b) about the information to be contained in or provided with a notification under that section;</p> <p>(c) about the form and manner of an application under section 91 (voluntary registration: small producers);</p> <p>(d) requiring applications, notifications and other communications with the Commissioners in connection with registration to be made electronically.</p> <p>25</p>
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	-+	<p>Offences</p>
	=	<p>96 Fraudulent evasion</p> <p>(1) A person commits an offence if the person is knowingly concerned in, or in the taking of steps with a view to, the fraudulent evasion (by that person or any other person) of soft drinks industry levy.</p> <p>(2) The references in subsection (1) to the evasion of soft drinks industry levy include references to obtaining, in circumstances where there is no entitlement to it-</p> <p>(a) a tax credit under regulations under section 85;</p>

(b) a repayment of soft drinks industry levy under Schedule 20.

(3) A person guilty of an offence under this section is liable—

(a) on summary conviction in England and Wales—

(i) to imprisonment for a term not exceeding 12 months, or
(ii) to a fine not exceeding £20,000 or (if greater) 3 times the total of 40

the amounts of soft drinks industry levy that were, or were intended to be, evaded, or Finance (No. 2) Bill

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(iii) to both;
(b) on summary conviction in Scotland—

(i) to imprisonment for a term not exceeding 12 months, or
(ii) to a fine not exceeding the statutory maximum or (if greater) 3

times the total of the amounts of soft drinks industry levy that 5

were, or were intended to be, evaded, or

(iii) to both;
(c) on summary conviction in Northern Ireland—

(i) to imprisonment for a term not exceeding 6 months, or
(ii) to a fine not exceeding the statutory maximum or (if greater) 3 10

times the total of the amounts of soft drinks industry levy that were, or were intended to be, evaded, or

(iii) to both;
(d) on conviction on indictment—

(i) to imprisonment for a term not exceeding 7 years, 15
(ii) to a fine, or
(iii) to both.

(4) For the purposes of subsection (3), the amounts of soft drinks industry levy that

were, or were intended to be, evaded are to be taken as including—
(a) the amount of any tax credit under regulations under section 85, and 20

(b) the amount of any repayment of soft drinks industry levy under Schedule 20,

which was, or was intended to be, obtained in circumstances where there was no entitlement to it.

(5) In determining for the purposes of subsection (3) the amounts of soft drinks industry levy that were, or were intended to be, evaded, no account is to be taken of the extent to which any liability to levy of a person would be, or would have been, reduced by the amount of any tax credit or repayment of soft drinks industry levy to which the person was, or would have been, entitled.

(6) In relation to an offence committed before the commencement of section 154(1) of the Criminal Justice Act 2003 the reference in subsection (3)(a)(i) to 12 months is to be read as a reference to 6 months.

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--+ 97 Failure to notify registration liability

(1) A person who fails to comply with section 90(1) (obligation to notify the Commissioners of liability to be registered) commits an offence.

(2) In proceedings against a person (P) for an offence under subsection (1), it is a defence for P to prove that P had a reasonable excuse for the failure to comply.

(3) For the purposes of subsection (2)–

(a) where P relies on any other person to do anything, that is not a reasonable excuse unless P took reasonable care to avoid the failure;

(b) where P had a reasonable excuse for the failure but the excuse has ceased, P is to be treated as having continued to have the excuse if the failure is remedied without unreasonable delay after the excuse ceased.

(4) A person guilty of an offence under this section is liable–

(a) on summary conviction in England and Wales–

(i) to imprisonment for a term not exceeding 12 months, or

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--+ (ii) to a fine not exceeding £20,000 or (if greater) 3 times the amount of the potential lost revenue, or

(iii) to both;

(b) on summary conviction in Scotland—

(i) to imprisonment for a term not exceeding 12 months, or

5 (ii) to a fine not exceeding the statutory maximum or (if greater) 3 times the amount of the potential lost revenue, or

(iii) to both;

(c) on summary conviction in Northern Ireland—

(i) to imprisonment for a term not exceeding 6 months, or

10 (ii) to a fine not exceeding the statutory maximum or (if greater) 3 times the amount of the potential lost revenue, or

(iii) to both;

(d) on conviction on indictment—

(i) to imprisonment for a term not exceeding 3 years,

15 (ii) to a fine, or

(iii) to both.

(5) For the purposes of subsection (4), the “potential lost revenue” is the amount

of soft drinks industry levy (if any) for which the person who committed the offence is liable for the period

—

20 (a) beginning with the date with effect from which the person is liable to

be registered under this Part, and

(b) ending with the date on which the Commissioners received notification of, or otherwise were satisfied as to, the person’s liability to be registered under this Part.

25 (6) In calculating potential lost revenue for the purposes of subsection (4), no account is to be taken of the fact that a potential loss of revenue from the person

is or may be balanced by a potential over-payment by another person.

(7) In relation to an offence committed before the commencement of section 154(1)

of the Criminal Justice Act 2003 the reference in subsection (4)(a)(i) to 12

30 months is to be read as a reference to 6 months.

Administration and enforcement

Administration and enforcement

69	Payment, collection and recovery	<>	98	Payment, collection and recovery
	(1) The Commissioners may by regulations make provision about the payment, collection and recovery of soft drinks industry levy.	=		(1) The Commissioners may by regulations make provision about the payment, collection and recovery of soft drinks industry levy. 35
	(2) Regulations under subsection (1) may— (a) require persons who are or are liable to be registered under this Part to keep accounts for the purposes of the levy in the form and manner specified in the regulations; (b) require persons who are or are liable to be registered under this Part to make returns for the purposes of the levy;	=		(2) Regulations under subsection (1) may— (a) require persons who are or are liable to be registered under this Part to keep accounts for the purposes of the levy in the specified form and manner; (b) require persons who are or are liable to be registered under this Part to 40
	(c) determine periods (“tax periods”) by reference to which payments of the levy are to be made;	<>		(c) make provision for determining the periods (“accounting periods”) by reference to which payments of the levy are to be made;
	(d) make provision about the times at which payments of the levy are to be made and methods of payment;	=		(d) make provision about the times at which payments of the levy are to be made and methods of payment; 45
	(e) require the amounts payable by reference to tax periods to be calculated by or under the regulations;	<>		(e) require the amounts payable by reference to accounting periods to be calculated by or under the regulations;
	(f) make provision for the correction of errors made in accounting for the levy.	=		(f) make provision for the correction of errors made in accounting for the levy.
	(3) Provision may be made by or under regulations under subsection (2)(b) about—	<>		(3) Provision may be made by or under regulations under subsection (2)(b) 5
70	Draft provisions for Finance Bill 2017	+-		
	Part 4 – Soft drinks industry levy			
	(a) the periods by reference to which returns are to be made, (b) the information to be included in returns, (c) timing, and	=		(a) the periods by reference to which returns are to be made, (b) the information to be included in returns, (c) timing, and
	(d) the form of, and method of, making returns.	<>		(d) the form of, and method of, making returns. 10
	(4) Schedule 15 contains provision			(4) Schedule 20 contains provision

second place it occurs, insert “or soft drinks industry levy”.

(8) In paragraph 11(2)(d)–
 (a) after “goods” insert “or chargeable soft drinks”;
 (b) after “duty” insert “or (as the case may be) soft drinks industry levy”.

Draft provisions for Finance Bill 2017

71
 Part 4 – Soft drinks industry levy

(9) In paragraph 21–
 (a) in sub-paragraph (4), for “paragraph 4” substitute “paragraph 4(1)”;
 (b) after that sub-paragraph insert–
 “(5) In paragraph 4(1A) the reference to P acquiring possession of, or being concerned in dealing with, chargeable soft drinks in respect of which a payment of soft drinks industry levy is payable but has not been paid includes a person who acts on P’s behalf in doing so; but P is not liable to a penalty in respect of any action by P’s agent where P satisfies HMRC or (on appeal) the First-tier Tribunal that P took reasonable care to avoid it.”

71 Penalties: failure to comply with requirements relating to returns
 (1) In Schedule 24 to FA 2007 (penalties for errors), in the Table in paragraph 1,

after the entry relating to the statement under section 1(1)(a) of the Petroleum

Revenue Tax Act 1980, insert–

“Soft drinks industry Return under regulations levy under section 69 of FA 2017”

(2) Schedule 55 to FA 2009 (penalty for failure to make returns etc) is amended in accordance with subsections (3) and (4).
 (3) In the Table in paragraph 1, after item 13 insert–

“13A Soft drinks industry Return under regulations levy under section 69 of FA 2017”	+-	
	=	
(4) In paragraph 1(4), in the definition of “penalty date”, for “13” substitute “13A”.	+-	
(5) Schedule 56 to FA 2009 (penalty for failure to make payments on time) is amended in accordance with subsection (6).		
(6) In the Table in paragraph 1, after item 11 insert-		
	=	
“11AA Amount payable under regulations under section 69 of FA 2017”	+-	
Soft drinks industry The date determined levy by or regulations		
under section 69 of regulations		
under		
paragraphs 2, 3, 9 or		
10 of Schedule 15 to		
that Act		
	=	
(7) The amendment made by subsection (1) comes into force in accordance with provision made by the Treasury by regulations.	+-	
72 Draft provisions for Finance Bill 2017		
Part 4 – Soft drinks industry levy		
	=	
(8) In subsections (2) and (4) of section 106 of FA 2009 (penalties for failure to make returns: commencement) references to Schedule 55 to that Act have effect as references to that Schedule as amended by subsections (2) to (4) of this section.	+-	
(9) In subsections (2) and (4) of section 107 of FA 2009 (penalties for failure to pay tax) references to Schedule 56 to that Act have effect as references to that Schedule as amended by subsections (5) and (6) of this section.		
	=	
72 Interest In Schedule 53 to FA 2009 (late payment interest) after paragraph 11B insert	+-	

-	=	
“Soft drinks industry levy due from unregistered persons	+-	
	=	
<p>11C (1) This paragraph applies where an amount of soft drinks industry levy is due from a person (P) in respect of a period during which P was liable to be registered under Part 4 of FA 2017 but was not registered.</p> <p>(2) The late payment interest start date in respect of the amount is the date which would have been the late payment interest date in respect of that amount if P had been registered when P had first become liable to be registered.”</p>	+-	
	=	
<p>73 Information and records</p> <p>(1) Parts 1, 3 to 7 and 9 of Schedule 36 to FA 2008 (powers to obtain information and documents and penalties for failure to comply) apply in relation to soft drinks industry levy as they apply in relation to a tax listed in paragraph 63(1) of that Schedule.</p> <p>(2) The Commissioners may by regulations require persons–</p> <p>(a) to keep for purposes connected with soft drinks industry levy records of specified matters, and</p>	<>	<p>(1) The Commissioners may by regulations require persons–</p> <p>(a) to keep, for purposes connected with soft drinks industry levy, records of specified matters, and</p> <p style="text-align: center;">15</p>
(b) to preserve records for a specified period.	=	(b) to preserve records for a specified period.
(3) A duty under regulations under this section to preserve records may be discharged–	<>	(2) A duty under regulations under this section to preserve records may be discharged–
(a) by preserving them in any form and by any means, or	=	(a) by preserving them in any form and by any means, or
(b) by preserving the information contained in them in any form and by any means, subject to any conditions or exceptions specified in writing by the Commissioners.	<>	(b) by preserving the information contained in them in any form and by 20 any means, subject to any specified conditions or exceptions.
(4) The Commissioners may direct a taxable person to keep such records as are specified in the direction.		(3) The Commissioners may direct a person who is, or is liable to be, registered under this Part–
		(a) to keep such records as are specified in the direction;
		(b) to preserve those records for a specified period.
		25
		(4) The period specified in a direction under subsection (3)(b) may not exceed 6 years.
(5) The Commissioners may not make a		(5) The Commissioners may not give a

direction under subsection (4) unless they have reasonable grounds for believing that the records specified in the direction might assist in identifying chargeable soft drinks in respect of which soft drinks industry levy might not be paid.	=	direction under subsection (3) unless they have reasonable grounds for believing that the records specified in the direction might assist in identifying chargeable soft drinks in respect of which 30
(6) A direction under subsection (4) – (a) must be given by written notice, (b) must specify the consequences of failure to comply with the notice under Schedule 16, and (c) remains in force until it is revoked or replaced by a further direction.	<>	(6) A direction under subsection (3) – (a) must be given in writing, (b) must specify the consequences under Schedule 21 of failure to comply with a requirement imposed under subsection (3), and 35
Draft provisions for Finance Bill 2017		
73 Part 4 – Soft drinks industry levy	=	
(7) The Commissioners may require any records kept in accordance with a direction under this paragraph to be preserved for such period not exceeding 6 years as they may require.	<>	(c) may be revoked or replaced by a further direction.
(8) Schedule 16 makes provision about penalties for failure to comply with requirements imposed by regulations under this section.	=	(7) Schedule 21 makes provision about penalties for failure to comply with requirements imposed by regulations or directions under this section.
74 Power to make further provision about enforcement (1) The Commissioners may by regulations make further provision about enforcement of the soft drinks industry levy, including provision conferring powers of entry, search or seizure.	<>	100 Power to make further provision about enforcement (1) The Commissioners may by regulations make further provision about 40 enforcement of soft drinks industry levy, including provision conferring powers of entry, search or seizure.
	--+	94 Finance (No. 2) Bill
		Part 3 – Soft drinks industry levy
(2) Regulations under this section may, in particular– (a) confer powers to enter and inspect premises that are used, or are reasonably believed to be used, in connection with the production or packaging, sale, import or export of chargeable soft drinks;	<>	(2) Regulations under this section may include provision– (a) conferring powers to enter and inspect premises that are used, or are reasonably believed to be used, in connection with the production, packaging, sale, import or export of chargeable soft drinks;
(b) confer powers to board and search ships, aircraft and other vehicles entering or leaving premises referred to in paragraph (a);	<>	(b) conferring powers to stop, board and search ships, aircraft and other 5 vehicles entering, leaving or situated on premises referred to in paragraph (a);

(c) confer powers to inspect and take copies of business documents on premises referred to in paragraph (a);	=	(c) conferring powers to inspect and take copies of business documents on premises referred to in paragraph (a);
(d) confer powers to examine and take samples of soft drinks found on premises in referred to in paragraph (a);	<>	(d) conferring powers to examine and take samples of soft drinks found on premises referred to in paragraph (a);
(e) make provision for the detention and seizure of chargeable soft drinks in respect of which a specified requirement of this Part has been contravened;		(e) for the detention and seizure of chargeable soft drinks in respect of which a specified requirement of this Part has been contravened;
(f) make provision requiring a taxable person to provide such facilities as are reasonably necessary for an officer of Revenue and Customs to carry out an examination, search or exercise other powers conferred by the regulations.		(f) requiring a person to provide such facilities as are reasonably necessary for an officer of Revenue and Customs to carry out an examination or search or exercise other powers conferred by the regulations;
(3) Regulations under this section may, in particular, make provision by applying any provision of CEMA 1979.	=	(3) Regulations under this section may, in particular, make provision by applying any provision of CEMA 1979.
	=	20
75 Appeals etc. Schedule 17 makes provision about appeals and reviews.	<>	101 Appeals etc Schedule 22 makes provision about appeals and reviews.
	=	
	--+	102 Supplementary amendments Schedule 23 contains supplementary amendments relating to administration and enforcement of soft drinks industry levy.
	=	25
General	<>	Miscellaneous
	=	
76 Regulations: death or incapacity of person carrying on a business	<>	103 Regulations: death, incapacity or insolvency of person carrying on a business
(1) The Commissioners may by regulations make provision for the purposes of soft drinks industry levy in relation to cases where a person carries on a business of an individual who has died or become incapacitated.	=	(1) The Commissioners may by regulations make provision for the purposes of soft drinks industry levy in relation to cases where a person carries on a business of-
	<>	30 (a) an individual who has died or become incapacitated;
		(b) a person (whether or not an individual) who is subject to an insolvency procedure (as defined in the regulations).

(2) Regulations under this section may, in particular, make provision—
 (a) requiring the person who is carrying on the business (P) to notify the Commissioners that P is carrying on the business and of the event that led to P carrying it on;
 (b) allowing P to be treated for a limited time as if P and the person who has died or become incapacitated were the same person;

74 Draft provisions for Finance Bill 2017

Part 4 – Soft drinks industry levy

(2) Regulations under this section may include—
 (a) provision requiring the person who is carrying on the business (P) to notify the Commissioners that P is carrying on the business and of the event that led to P carrying it on;
 (b) provision allowing P to be treated for a limited time as if P and the person who has died, become incapacitated or is subject to an insolvency procedure were the same person;

40

(c) such other provision as the Commissioners think fit for securing continuity in the application of this Part in cases to which the regulations apply.

(c) such other provision as the Commissioners think fit for securing continuity in the application of this Part in cases to which the regulations apply.

95 Finance (No. 2) Bill

Part 3 – Soft drinks industry levy

104 Provisional collection of soft drinks industry levy
 In section 1 of the Provisional Collection of Taxes Act 1968 (temporary statutory effect of House of Commons resolutions), in subsection (1), after “aggregates levy,” insert “soft drinks industry levy.”

=

General

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=

77 Interpretation
 In this Part—
 “chargeable soft drink” has the meaning given by section 54;
 “the Commissioners” means the Commissioners for Her Majesty’s

105 Interpretation
 (1) In this Part—
 “accounting period” is to be construed in accordance with section 98(2)(c);
 “chargeable soft drink” has the meaning given by section 74;
 “the Commissioners” means the Commissioners for Her Majesty’s

10

Revenue and Customs;
 “designated food labelling obligation” has the meaning given by section 55(6);

Revenue and Customs;
 “compliant warehouse” is to be construed in accordance with section 78(5);

“first recipient” and “first receipt”, in relation to imported chargeable soft

“first recipient” and “first receipt”, in relation to imported chargeable soft

drinks, have the meanings given by section 57(4) and (5);

drinks, have the meaning given by section 79(2) and (4);

15

“first seller”, in relation to

		imported chargeable soft drinks, has the meaning given by section 79(9);
“HMRC” means Her Majesty’s Revenue and Customs; “package” and “packaged” are to be construed in accordance with section	=	“HMRC” means Her Majesty’s Revenue and Customs; “package” and “packaged” are to be construed in accordance with section
52(4); “prepared drink” has the meaning given by section 53(1);	<>	72(3); 20 “person who is already registrable” has the meaning given by section 87(4); “prepared drink” has the meaning given by section 73(1);
“produce”, in relation to chargeable soft drinks, is to be construed in accordance with section 60(3); “relevant person” has the meaning given by section 57(6); “small producer threshold” is to be construed in accordance with section 63(5); “soft drink” has the meaning given by section 52(1); “sugars” has the meaning given by section 55(5); “tax periods” is to be construed in accordance with section 69(2)(c);	=	“produce”, in relation to chargeable soft drinks, is to be construed in accordance with section 83(2); 25 “relevant person” has the meaning given by section 79(5); “secondary warehousing condition” has the meaning given by section 78(4); “small producer” has the meaning given by section 84; “small producer threshold” has the meaning given by section 84(7); 30 “soft drink” has the meaning given by section 72(1); “sugars” means anything that is required to be described as “sugars” for the purposes of a designated food labelling obligation (see subsection (3)). (2) In sections 76, 80, 98, 99(1) and (2) and 100 and in paragraph 11 of Schedule 20, 35 “specified” means specified in regulations made by the Commissioners for the purposes of this Part. (3) In the definition of “sugars” in subsection (1), “designated food labelling obligation” means an obligation that – (a) relates to the provision of nutritional information on the packaging of 40 food or drinks, (b) is imposed by an enactment, an EU instrument or subordinate legislation, and (c) is designated by regulations made by the Commissioners for the purposes of this Part. 45 96 2) Bill
		Finance (No. Part 3 – Soft drinks industry levy

	=	
“taxable person” has the meaning given by section 57(9).	<>	<p>(4) Section 1122 of CTA 2010 (meaning of connected person) applies for the purposes of this Part.</p> <p>(5) For the purposes of this Part, a person “packages” chargeable soft drinks if-</p> <ul style="list-style-type: none"> (a) the person packages soft drinks, and (b) the packaged soft drinks are chargeable soft drinks. <p style="text-align: center;">5</p>
	=	
78 Regulations	<>	106 Regulations
(1) Regulations under this Part- (a) may make different provision for different purposes; (b) may include incidental, consequential, supplementary or transitional provision.	=	(1) Regulations under this Part- (a) may make different provision for different purposes; (b) may include incidental, consequential, supplementary or transitional provision.
	<>	10
(2) Regulations under this Part are to be made by statutory instrument.	=	(2) Regulations under this Part are to be made by statutory instrument.
(3) A statutory instrument containing regulations under section 74 may not be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.	<>	(3) A statutory instrument containing regulations under section 100 may not be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.
(4) Any other statutory instrument containing regulations under this Part is subject to annulment in pursuance of a resolution of the House of Commons.	<>	(4) Any other statutory instrument containing regulations under this Part is 15
	=	subject to annulment in pursuance of a resolution of the House of Commons.
	--+	(5) But subsection (4) does not apply to a statutory instrument containing only regulations under section 107 (commencement of this Part).
	=	
	--+	107 Commencement <p>(1) Subject to subsection (2), this Part comes into force on such day as the 20 Commissioners may by regulations appoint.</p> <p>(2) The amendment made by paragraph 3 of Schedule 23 comes into force in accordance with provision made by the Treasury by regulations.</p> <p>(3) Regulations under this section may appoint different days for different purposes.</p>
		25
	=	
PART 5	<>	PART 4
FULFILMENT BUSINESSES	=	FULFILMENT BUSINESSES
79 Carrying on a third country goods fulfilment business	<>	108 Carrying on a third country goods fulfilment business
(1) For the purposes of this Part a	=	(1) For the purposes of this Part a

person carries on a third country goods fulfilment business if the person, by way of business–	<>	person carries on a third country goods fulfilment business if the person, by way of business– 30
Draft provisions for Finance Bill 2017 75 Part 5 – Fulfilment businesses	=	
(a) stores third country goods which are owned by a person who is not established in a Member State, or (b) stores third country goods on behalf of a person who is not established in a Member State,	=	(a) stores third country goods which are owned by a person who is not established in a Member State, or (b) stores third country goods on behalf of a person who is not established in a Member State,
at a time when the conditions in subsection (2) are met in relation to the goods.	<>	at a time when the conditions in subsection (2) are met in relation to the goods. 35
(2) The conditions are that– (a) there has been no supply of the goods in the United Kingdom for the purposes of VATA 1994, and (b) the goods are being offered for sale in the United Kingdom or elsewhere.	=	(2) The conditions are that– (a) there has been no supply of the goods in the United Kingdom for the purposes of VATA 1994, and (b) the goods are being offered for sale in the United Kingdom or elsewhere. 40
		Finance (No. 2) Bill 97 Part 4 – Fulfilment businesses
(3) But a person does not carry on a third country goods fulfilment business if the person's activities within subsection (1) are incidental to the carriage of the goods. (4) Goods are “third country” goods if they have been imported from a place outside the Member States within the meaning of section 15 of VATA 1994.	=	(3) But a person does not carry on a third country goods fulfilment business if the person's activities within subsection (1) are incidental to the carriage of the goods. (4) Goods are “third country” goods if they have been imported from a place outside the Member States within the meaning of section 15 of VATA 1994. 5
(5) Whether a person is established in a Member State is to be determined in accordance with Article 10 of Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax.	=	(5) Whether a person is established in a Member State is to be determined in accordance with Article 10 of Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax.
80 Requirement for approval	<>	109 Requirement for approval 10
(1) A person may not carry on a third country goods fulfilment business otherwise than in accordance with an approval given by the Commissioners under this section. (2) The Commissioners may approve a person to carry on a third country goods	=	(1) A person may not carry on a third country goods fulfilment business otherwise than in accordance with an approval given by the Commissioners under this section. (2) The Commissioners may approve a person to carry on a third country goods

fulfilment business only if they are satisfied that the person is a fit and proper person to carry on the business. (3) The Commissioners may approve a person to carry on a third country goods fulfilment business for such periods and subject to such conditions or restrictions as they may think fit or as they may by regulations made by them	<>	fulfilment business only if they are satisfied that the person is a fit and proper person to carry on the business. (3) The Commissioners may approve a person to carry on a third country goods fulfilment business for such periods and subject to such conditions or restrictions as they may think fit or as they may by regulations made by them
prescribe.	<>	prescribe. 20
(4) The Commissioners may at any time for reasonable cause vary the terms of, or revoke, an approval under this section. (5) In this Part "approved person" means a person approved under this section to carry on a third country goods fulfilment business.	=	(4) The Commissioners may at any time for reasonable cause vary the terms of, or revoke, an approval under this section. (5) In this Part "approved person" means a person approved under this section to carry on a third country goods fulfilment business.
81 Register of approved persons	<>	110 Register of approved persons 25
(1) The Commissioners must maintain a register of approved persons. (2) The register is to contain such information relating to approved persons as the Commissioners consider appropriate. (3) The Commissioners may make publicly available such information contained in the register as they consider necessary to enable those who deal with a person who carries on a third country goods fulfilment business to determine whether the person in question is an approved person in relation to that activity.	=	(1) The Commissioners must maintain a register of approved persons. (2) The register is to contain such information relating to approved persons as the Commissioners consider appropriate. (3) The Commissioners may make publicly available such information contained in the register as they consider necessary to enable those who deal with a person who carries on a third country goods fulfilment business to determine whether the person in question is an approved person in relation to that activity.
76 Draft provisions for Finance Bill 2017 Part 5 – Fulfilment businesses	+-	
(4) The information may be made available by such means (including the internet) as the Commissioners consider appropriate.	=	(4) The information may be made available by such means (including the internet) as the Commissioners consider appropriate.
82 Regulations relating to approval, registration etc.	<>	111 Regulations relating to approval, registration etc.
(1) The Commissioners may by regulations make provision– (a) regulating the approval and registration of persons under this Part,	=	(1) The Commissioners may by regulations make provision– (a) regulating the approval and registration of persons under this Part,

(b) regulating the variation or revocation of any such approval or registration, or of any condition or restriction to which such an approval or registration is subject,	<>	(b) regulating the variation or revocation of any such approval or registration, or of any condition or restriction to which such an approval or registration is subject,
(c) about the register maintained under section 81,	<>	(c) about the register maintained under section 110, 98 2) Bill Part 4 – Fulfilment businesses
(d) regulating the carrying on of a third country goods fulfilment business, and (e) imposing obligations on approved persons. (2) The regulations may, in particular, make provision–	=	(d) regulating the carrying on of a third country goods fulfilment business, and (e) imposing obligations on approved persons. (2) The regulations may, in particular, make provision–
(a) requiring applications, and other communications with the Commissioners, to be made electronically;	<>	(a) requiring applications, and other communications with the Commissioners, to be made electronically;
(b) as to the procedure for the approval and registration of bodies corporate which are members of the same group;	=	(b) as to the procedure for the approval and registration of bodies corporate which are members of the same group;
(c) requiring approved persons to keep and make available for inspection such records as may be prescribed by or under the regulations.	<>	(c) requiring approved persons to keep and make available for inspection such records as may be prescribed by or under the regulations.
	=	
	--+	112 Disclosure of information by HMRC (1) The Commissioners may disclose to an approved person information held by Her Majesty's Revenue and Customs in connection with a function of Her Majesty's Revenue and Customs, but only for the purpose mentioned in subsection (2). 15 (2) The purpose is to assist the approved person in complying with obligations imposed on that person by virtue of section 111. (3) An approved person to whom information is disclosed under subsection (1)– (a) may use the information only for the purpose of complying with obligations imposed on that person by virtue of section 111, and 20 (b) may not further disclose the information except with the consent of the Commissioners. (4) Section 19 of the Commissioners for Revenue and Customs Act 2005 (offence) applies to a disclosure in contravention of subsection (3)(b) as it

		applies to a disclosure, in contravention of section 20(9) of that Act, of revenue and customs information relating to a person whose identity is specified in the disclosure or can be deduced from it.
	=	
83 Offence	<>	113 Offence
(1) A person who–	=	(1) A person who–
(a) carries on a third country goods fulfilment business, and	<>	(a) carries on a third country goods fulfilment business, and
(b) is not an approved person, commits an offence.	=	(b) is not an approved person, commits an offence.
(2) In proceedings for an offence under subsection (1) it is a defence to show that the person did not know, and had no reasonable grounds to suspect, that the person–		(2) In proceedings for an offence under subsection (1) it is a defence to show that the person did not know, and had no reasonable grounds to suspect, that the person–
(a) was carrying on a third country goods fulfilment business, or	=	(a) was carrying on a third country goods fulfilment business, or
(b) was not an approved person.		(b) was not an approved person.
(3) A person is taken to have shown the fact mentioned in subsection (2) if–		(3) A person is taken to have shown the fact mentioned in subsection (2) if–
(a) sufficient evidence of that fact is adduced to raise an issue with respect to it, and	<>	(a) sufficient evidence of that fact is adduced to raise an issue with respect to it, and
(b) the contrary is not proved beyond reasonable doubt.	=	(b) the contrary is not proved beyond reasonable doubt.
(4) A person guilty of an offence under this section is liable on summary conviction–		(4) A person guilty of an offence under this section is liable on summary conviction–
	--+	Finance (No. 2) Bill
		99
		Part 4 – Fulfilment businesses
	=	
(a) in England and Wales, to imprisonment for a term not exceeding 12 months, or a fine, or both;		(a) in England and Wales, to imprisonment for a term not exceeding 12 months, or a fine, or both;
(b) in Scotland, to imprisonment for a term not exceeding 12 months, or a fine not exceeding the statutory maximum, or both;		(b) in Scotland, to imprisonment for a term not exceeding 12 months, or a fine not exceeding the statutory maximum, or both;
(c) in Northern Ireland, to imprisonment for a term not exceeding 6 months, or a fine not exceeding the statutory maximum, or both.	<>	(c) in Northern Ireland, to imprisonment for a term not exceeding 6 months, or a fine not exceeding the statutory maximum, or both.
(5) A person guilty of an offence under this section is liable on conviction on indictment to–	=	(5) A person guilty of an offence under this section is liable on conviction on indictment to–
(a) imprisonment for a period not exceeding 7 years,		(a) imprisonment for a period not exceeding 7 years,
Draft provisions for Finance Bill 2017	--+	

	=	
(b) a fine, or	<>	(b) a fine, or 10
(c) both. (6) In relation to an offence committed before the commencement of section 154(1) of the Criminal Justice Act 2003 the reference in subsection (4)(a) to 12 months is to be read as a reference to 6 months.	=	(c) both. (6) In relation to an offence committed before the commencement of section 154(1) of the Criminal Justice Act 2003 the reference in subsection (4)(a) to 12 months is to be read as a reference to 6 months.
84 Forfeiture	<>	114 Forfeiture 15
(1) If a person- (a) carries on a third country goods fulfilment business, and (b) is not an approved person, any goods within subsection (2) are liable to forfeiture under CEMA 1979.	=	(1) If a person- (a) carries on a third country goods fulfilment business, and (b) is not an approved person, any goods within subsection (2) are liable to forfeiture under CEMA 1979.
(2) Goods are within this subsection if- (a) they are stored by the person, and (b) their storage by the person constitutes, or has constituted, the carrying on of a third country goods fulfilment business by the person.	<>	(2) Goods are within this subsection if- 20 (a) they are stored by the person, and (b) their storage by the person constitutes, or has constituted, the carrying on of a third country goods fulfilment business by the person.
85 Penalties (1) Schedule 18 provides for a penalty to be payable by a person who carries on a third country goods fulfilment business and is not an approved person. (2) The Commissioners may make regulations (“penalty regulations”) imposing a penalty for the contravention by an approved person of- (a) any condition or restriction imposed under this Part; (b) regulations under this Part.	<>	115 Penalties (1) Schedule 24 provides for a penalty to be payable by a person who carries on a third country goods fulfilment business and is not an approved person. (2) The Commissioners may make regulations (“penalty regulations”) imposing a penalty for the contravention by an approved person of- (a) any condition or restriction imposed under this Part; (b) regulations under this Part. 30
(3) The amount of a penalty imposed by the penalty regulations is to be specified in the regulations, but must not exceed £3,000. (4) The penalty regulations may make provision for the assessment and recovery of a penalty imposed by the regulations.	=	(3) The amount of a penalty imposed by the penalty regulations is to be specified in the regulations, but must not exceed £3,000. (4) The penalty regulations may make provision for the assessment and recovery of a penalty imposed by the regulations.
(5) The Commissioners may by regulations make provision for corporate bodies which are members of the same group to be jointly and severally liable for	<>	(5) The Commissioners may by regulations make provision for corporate bodies 35 which are members of the same group to be jointly and severally liable for any

any	penalties imposed under— (a) Schedule 18; (b) penalty regulations.	<>	penalties imposed under— (a) Schedule 24; (b) penalty regulations.
86	Appeals	<>	116 Appeals ⁴⁰ (1) FA 1994 is amended as follows.
	(1) FA 1994 is amended as follows.	=	(1) FA 1994 is amended as follows. ¹⁰⁰ ^{Bill} ^{Part 4 – Fulfilment} ^{businesses}
	(2) In section 13A(2) (customs and excise reviews and appeals: relevant decisions) after paragraph (gb) insert— “(gc) any decision by HMRC that a person is liable to a penalty, or as to the amount of a person’s liability, under— (i) regulations under section 85 of FA 2017, or (ii) Schedule 18 to that Act;”.	=	(2) In section 13A(2) (customs and excise reviews and appeals: relevant decisions) after paragraph (gb) insert— “(gc) any decision by HMRC that a person is liable to a penalty, or as to the amount of a person’s liability, under— (i) regulations under section 115 of the Finance Act 2017, or ⁵ (ii) Schedule 24 to that Act;”.
	(3) In Schedule 5 to that Act (decisions subject to review and appeal) after paragraph 9A insert—	=	(3) In Schedule 5 to that Act (decisions subject to review and appeal) after paragraph 9A insert—
78	Draft provisions for Finance Bill 2017 ^{Part 5 – Fulfilment} ^{businesses}	+-	
	“The Finance Act 2017	=	“The Finance Act 2017
	9B Any decision for the purposes of Part 5 of the Finance Act 2017 (third	<>	9B Any decision for the purposes of Part 5 of the Finance Act 2017 (third ¹⁰
	country goods fulfilment businesses) as to— (a) whether or not, and in which respects, any person is to be, or to continue to be, approved and registered, or (b) the conditions or restrictions subject to which any person is	=	country goods fulfilment businesses) as to— (a) whether or not, and in which respects, any person is to be, or to continue to be, approved and registered, or (b) the conditions or restrictions subject to which any person is
	approved and registered.”	<>	approved and registered.” ¹⁵
87	Regulations	<>	117 Regulations
	(1) Regulations under this Part may— (a) make provision which applies generally or only for specified cases or purposes;	=	(1) Regulations under this Part may— (a) make provision which applies generally or only for specified cases or purposes;

(b) make different provision for different cases or purposes;	<>	(b) make different provision for different cases or purposes;
20		
(c) include incidental, consequential, transitional or transitory provision;	=	(c) include incidental, consequential, transitional or transitory provision;
(d) confer a discretion on the Commissioners;		(d) confer a discretion on the Commissioners;
(e) make provision by reference to a notice to be published by the Commissioners.		(e) make provision by reference to a notice to be published by the Commissioners.
(2) Regulations under this Part are to be made by statutory instrument.	<>	(2) Regulations under this Part are to be made by statutory instrument.
25		
(3) A statutory instrument containing regulations under this Part is subject to annulment in pursuance of a resolution of the House of Commons.	=	(3) A statutory instrument containing regulations under this Part is subject to annulment in pursuance of a resolution of the House of Commons.
(4) This section does not apply to regulations under section 89 (commencement).	<>	(4) This section does not apply to regulations under section 119 (commencement).
=		
88 Interpretation (1) In this Part–	<>	118 Interpretation (1) In this Part–
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“approved person” has the meaning given by section 80(5);		“approved person” has the meaning given by section 109(5);
“the Commissioners” means the Commissioners for Her Majesty’s Revenue and Customs.	=	“the Commissioners” means the Commissioners for Her Majesty’s Revenue and Customs.
(2) For the purposes of this Part two or more bodies corporate are members of a		(2) For the purposes of this Part two or more bodies corporate are members of a
group if–	<>	group if–
35		
(a) one of them controls each of the others,	=	(a) one of them controls each of the others,
(b) one person (whether a body corporate or an individual) controls all of them, or		(b) one person (whether a body corporate or an individual) controls all of them, or
(c) two or more individuals carrying on a business in partnership control		(c) two or more individuals carrying on a business in partnership control
all of them.	<>	all of them.
40		
(3) A body corporate is to be taken to control another body corporate if–	=	(3) A body corporate is to be taken to control another body corporate if–
	--+	Finance (No. 2) Bill
		101 Part 4 – Fulfilment businesses
	=	
(a) it is empowered by or under legislation to control that body’s activities,		(a) it is empowered by or under legislation to control that body’s activities,
or		or
(b) it is that body’s holding company within the meaning of section 1159 of, and Schedule 6 to, the Companies Act 2006.		(b) it is that body’s holding company within the meaning of section 1159 of, and Schedule 6 to, the Companies Act 2006.
(4) An individual or individuals are to be taken to control a body corporate if the	<>	(4) An individual or individuals are to be taken to control a body corporate if the
5		
individual or individuals (were	=	individual or individuals (were the

the individual or individuals a company) would be that body's holding company within the meaning of section 1159 of, and Schedule 6 to, the Companies Act 2006.	individual or individuals a company) would be that body's holding company within the meaning of section 1159 of, and Schedule 6 to, the Companies Act 2006.
Draft provisions for Finance Bill 2017	+-
79 Part 6 – Administration, avoidance and enforcement	=
89 Commencement (1) This Part comes into force on such day as the Commissioners may by regulations made by statutory instrument appoint. (2) Regulations under subsection (1) may appoint different days for different purposes.	<> 119 Commencement (1) This Part comes into force on such day as the Commissioners may by 10 regulations made by statutory instrument appoint. (2) Regulations under subsection (1) may appoint different days for different purposes.
PART 6	<> PART 5
ADMINISTRATION, AVOIDANCE AND ENFORCEMENT	= <> ADMINISTRATION, AVOIDANCE AND ENFORCEMENT 15
	=
	--+ Reporting and record-keeping
	=
	--+ 120 Digital reporting and record-keeping for income tax etc (1) TMA 1970 is amended as follows. (2) After section 12B insert-
	=
	--+ “Digital reporting and record-keeping 20 12C Digital reporting and record-keeping Schedule A1 (digital reporting and record-keeping) has effect.” (3) Before Schedule 1AA insert- “SCHEDULE A1 Section 12C
	=
	--+ DIGITAL REPORTING AND RECORD-KEEPING 25
	=
	--+ PART 1
	=
	--+ APPLICATION
	=
	--+ Application: persons
	=
	--+ 1 (1) This Schedule applies to a person within the charge to income tax who, otherwise than in partnership, carries on (or has carried on)– 30 (a) a trade,

	<p>profession or vocation the profits of which are chargeable to income tax under Part 2 of ITTOIA 2005,</p> <p>(b) a property business the profits of which are chargeable to income tax under Part 3 of ITTOIA 2005, or</p> <p>102</p> <p>Finance (No. 2) Bill</p> <p>Part 5 – Administration, avoidance and enforcement</p>
=	
--+	<p>(c) any other activity which may give rise to profits or other income chargeable to income tax under Part 2 or 3 of ITTOIA 2005.</p> <p>(2) This is subject to paragraph 2.</p> <p>2 (1) This Schedule does not apply to–</p> <p>5</p> <p>(a) the trustees of a charitable trust, or</p> <p>(b) the trustees of an exempt unauthorised unit trust (within the meaning of the Unauthorised Unit Trusts (Tax) Regulations 2013 (S.I. 2013/2819)),</p> <p>unless the trustees elect for this Schedule to apply to them.</p> <p>10</p> <p>(2) This Schedule does not apply to a person in respect of an excluded activity unless the person elects for this Schedule to apply to the person in respect of the excluded activity.</p> <p>(3) The following are excluded activities–</p> <p>15</p> <p>(a) the underwriting business of a member of Lloyd's (within the meaning of section 184 of the Finance Act 1993),</p> <p>(b) holding shares in respect of which a distribution may be made which is chargeable to income tax under Part 3 of ITTOIA 2005 by virtue of section 548(6) of CTA 2010</p> <p>20</p> <p>(distributions to shareholders in real estate investment trusts), and</p> <p>(c) participating in an open-ended investment company which may make distributions chargeable to income tax under Part 3 of ITTOIA 2005 by virtue of regulation 69Z18 of the Authorised Investment</p>

	<p>Funds (Tax) Regulations 2006 (S.I. 25 2006/964) (property income distributions).</p> <p>(4) The Commissioners may by regulations make provision about elections under this paragraph and the withdrawal of such elections, including provision—</p> <p>(a) about how an election may be made or withdrawn, and 30</p> <p>(b) about the period for which an election or withdrawal has effect.</p>
=	
-+	Application: partnerships
=	
-+	<p>3 (1) This Schedule applies to a partnership if one or more of the partners is within the charge to income tax.</p> <p>35 (2) This is subject to paragraph 4.</p> <p>4 (1) If all the activities of a partnership which may give rise to profits or income are excluded activities, this Schedule does not apply to the partnership unless the partnership elects for this Schedule to apply to it.</p> <p>40 (2) The following are excluded activities—</p> <p>(a) the underwriting business of a Lloyd's partnership (as defined in section 184(1) of the Finance Act 1993),</p> <p>(b) holding shares in respect of which a distribution may be made which is chargeable to income tax under Part 3 of 45</p> <p>ITTOIA 2005 by virtue of section 548(6) of CTA 2010 Finance (No. 2) Bill</p>
	103
	Part 5 – Administration, avoidance and enforcement
=	
-+	<p>(distributions to shareholders in real estate investment trusts), and</p> <p>(c) participating in an open-ended investment company which may make distributions chargeable to income tax under Part 3 of ITTOIA 2005 by virtue of regulation 69Z18 of the 5</p> <p>Authorised Investment Funds (Tax) Regulations 2006 (S.I. 2006/964)</p>

	<p>(property income distributions).</p> <p>(3) The Commissioners may by regulations make provision about elections under this paragraph and the withdrawal of such elections,</p> <p>including provision–</p>
	<p>10</p> <p>(a) about how an election may be made or withdrawn, and</p> <p>(b) about the period for which an election or withdrawal has effect.</p>
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-+	Nominated partners
=	
-+	<p>5 (1) Requirements imposed under this Schedule on a partnership are to</p> <p>15 be met by a nominated partner.</p> <p>(2) A “nominated partner” is a partner nominated for the purposes of this Schedule–</p> <p>(a) by the partners, or</p> <p>(b) by the Commissioners.</p>
	<p>20</p> <p>(3) A nomination, or a revocation of a nomination, by the partners does not have effect until notice of the revocation or nomination is given</p> <p>to HMRC.</p>
	<p>(4) The Commissioners may by regulations make provision about nominations and the revocation of nominations, including provision</p> <p>25 about the circumstances in which the Commissioners may nominate a partner.</p>
	<p>(5) In this Act references to a nominated partner are to a partner nominated for the purposes of this Schedule.</p>
=	
-+	<p>PART 2</p> <p>30</p>
=	
-+	DIGITAL
	REPORTING AND RECORD-KEEPING
=	
-+	Interpretation
=	
-+	<p>6 In this Part of this Schedule “business”–</p> <p>(a) in relation to a person to whom this Schedule applies (see paragraphs 1 and 2), means the activity by virtue of which</p> <p>35</p> <p>this Schedule applies to the person (and if more than one, means each of</p>

them), and
(b) in relation to a partnership to which this Schedule applies (see paragraphs 3 and 4), means any activity of the partnership.

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-+ Periodic updates

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--+ 7 (1) The Commissioners may by regulations require a person or partnership to whom this Schedule applies to provide to HMRC, by 104

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Part 5 – Administration, avoidance and enforcement

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--+ electronic communications, specified information about the business of the person or partnership.

(2) The information which may be specified includes any information (“financial information”) relevant to calculating profits, losses or income of the business, including information about receipts and 5 expenses.

(3) The regulations may require information to be provided at or for specified intervals, times or periods.

(4) The regulations may not require financial information about the business to be provided more often than once every 3 months.

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-+ End of period statement

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--+ 8 (1) The Commissioners may by regulations require a person to whom this Schedule applies to provide to HMRC, by electronic communications, a statement containing specified information about the person’s business in relation to each relevant period.

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(2) “Relevant period” means—
(a) in relation to a business the profits or income of which are chargeable to income tax under Chapter 2 of Part 2 of ITTOIA 2005, a basis period (see Chapter 15 of that Part), and
(b) otherwise, a tax year.

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(3) The information which may be specified includes any information relevant to calculating

profits, losses or income of the business for the

relevant period, including information about receipts and expenses.

(4) Regulations under this paragraph may require the statement-

(a) to be provided before the end of a specified period, and

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(b) to include a declaration to the effect that the information

included in it is correct and complete.

(5) In this Act-

(a) references to an end of period statement are to a statement under this paragraph;

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(b) references to an end of period statement for a tax year are to an end of period statement for that tax year or for the basis period for that tax year.

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Facility for complying with notice to file under section 8 or 8A

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9 The Commissioners may by regulations make provision for the

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establishment and use of a facility enabling a person to whom this Schedule applies to file or deliver, by electronic communications-

(a) anything which under section 8(1AB) may be required to be filed or delivered by a notice to file under section 8;

(b) anything which under section 8A(1AB) may be required to be

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filed or delivered by a notice to file under section 8A.
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Partnership return

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10 (1) The Commissioners may by regulations require a partnership to which this Schedule applies to provide to HMRC, by electronic communications, a return containing specified information about the partnership's business in relation to each tax year.

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(2) The information which may be specified includes any information which is or may be required to be included in a section 12AA partnership return, including information in respect of any

	<p>partners within the charge to corporation tax.</p> <p>(3) In particular, the information which may be specified includes the 10 information required to be included in a section 12AA partnership return by section 12AB (partnership statements).</p> <p>(4) Regulations under this paragraph may require the return-</p> <ul style="list-style-type: none"> (a) to be provided before the end of a specified period, and (b) to include a declaration to the effect that the information 15 included in it is correct and complete. <p>(5) In this Act-</p> <ul style="list-style-type: none"> (a) references to a Schedule A1 partnership return are to a return under this paragraph, and (b) references to a partnership statement, in relation to a 20 Schedule A1 partnership return, are to information required to be included in the return under sub-paragraph (3).
=	
-+	Record-keeping
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-+	<p>11 (1) The Commissioners may by regulations require a person or partnership to whom this Schedule applies to-</p> <p>25 (a) keep specified records relating to the business in electronic form, and</p> <p>(b) preserve those records in electronic form for a specified period.</p> <p>(2) The records which may be specified are any records the 30 Commissioners consider relevant to ascertaining information required to be provided by regulations under this Part of this Schedule.</p> <p>(3) A requirement imposed by regulations under this paragraph is in addition to, and not in place of, any other requirement that the 35 person or partnership keep and preserve records (or keep and preserve records in a particular form).</p> <p>(4) Paragraph 5(1) (requirements imposed on partnership to be met by nominated partner) does</p>

not apply to requirements under this paragraph.

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12 (1) This paragraph applies where requirements imposed by regulations under paragraph 11 for any period are not complied with.

(2) The person, or in the case of a partnership each relevant partner, is

liable for a penalty.

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--+ (3) “Relevant partner” means any person who was a partner in the partnership at any time during the period in question.

(4) The amount of the penalty must not exceed £3,000.

(5) A person or relevant partner is not liable to a penalty under this paragraph in relation to a period if the person or relevant partner is

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liable to a penalty under section 12B(5) in relation to that period.

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--+ Electronic communications and records: supplementary powers

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--+ 13 (1) This paragraph applies to regulations under paragraphs 7, 8, 9, 10 and 11.

(2) The regulations may (amongst other things) make provision-

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(a) as to the electronic form to be taken by information provided and records kept,

(b) requiring persons to prepare and keep records of information provided by means of electronic communications,

(c) for the production of the contents of records kept in

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accordance with regulations under this Part of this Schedule,

(d) as to conditions that must be complied with in connection with the use of electronic communications or the keeping of electronic records,

(e) for treating information as not having been provided or

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records as not having been kept unless conditions are complied with,

(f) for determining the time at which and person by whom information is taken

to have been delivered, and
(g) for authenticating
information or records.

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(3) The regulations may also make
provision (which may include
provision for the application
of conclusive or other presumptions)
about the manner of proving
for any purpose—
(a) whether any use of
electronic communications is to be taken
as having resulted in
the provision of information,

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(b) the time at which
information was provided,
(c) the person by whom
information was provided,
(d) the contents of any
information provided,
(e) the contents of any
records, and
(f) any other matter for
which provision may be made by the

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regulations.

(4) The regulations may allow or
require use to be made of
intermediaries in connection
with—
(a) the provision of
information by means of electronic
communications, and

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(b) the authentication or
security of anything transmitted by any
such means.

(5) The regulations may—
(a) allow any authorisation
or requirement for which the
regulations may
provide to be given by means of a specific
or

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general direction
given by the Commissioners, and
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enforcement

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(b) provide that
the conditions of an authorisation or
requirement are
to be taken to be satisfied only where the
Commissioners
are satisfied as to specified matters.

(6) The regulations may
provide—
(a) that information
provided must meet standards of accuracy

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and completeness
set by specific or general directions given
by the
Commissioners, and
(b) that failure to

meet those standards may be treated as a failure to provide the information, or as a failure to comply with the requirements of the regulations.

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PART 3

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EXEMPTIONS

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Exemption for the digitally excluded

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14 (1) The Commissioners must by regulations make provision-

(a) for a person to be

exempt from requirements imposed by

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regulations under paragraphs 7, 8 and 11 if the

Commissioners are satisfied that the person is digitally excluded, and

(b) for a partnership to be exempt from requirements imposed

by regulations under paragraphs 7, 10 and 11 if the

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Commissioners are satisfied that the partnership is digitally excluded.

(2) A person is digitally excluded if the digital exclusion condition is met

in relation to the person.

(3) A partnership is digitally excluded if the digital exclusion condition

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is met in relation to each partner.

(4) The digital exclusion condition is met in relation to a person or partner if-

(a) the person or partner is a practising member of a religious society or order whose beliefs are incompatible with using

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electronic communications or keeping electronic records, or

(b) for any reason (including age, disability or location) it is not reasonably practicable for the person or partner to use electronic communications or to keep electronic records.

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Further exemptions

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15 (1) The Commissioners may by regulations make provision for further

		<p style="text-align: right;">exemptions.</p> <p style="text-align: right;">(2) Regulations under sub-paragraph (1) may in particular make provision for exemptions based on income or other financial criteria.</p> <p style="text-align: right;">108</p> <p style="text-align: right;">Finance (No. 2) Bill</p> <p style="text-align: right;">Part 5 – Administration, avoidance and enforcement</p>
	=	
	--+	PART 4
	=	
	--+	SUPPLEMENTARY PROVISION
	=	
	--+	Appeals
	=	
Returns and enquiries	<>	<p style="text-align: right;">16 (1) An appeal may be brought against any decision made by the Commissioners, or by an officer of Revenue and Customs, under</p> <p style="text-align: right;">5</p> <p style="text-align: right;">regulations under this Schedule.</p> <p style="text-align: right;">(2) Notice of an appeal under this paragraph must be given to HMRC within 30 days after the day on which notice of the decision is given.</p> <p style="text-align: right;">(3) The notice of appeal must–</p> <p style="text-align: right;">(a) be in writing, and</p> <p style="text-align: right;">10</p> <p style="text-align: right;">(b) specify the grounds of appeal.</p>
	=	
	--+	Interpretation
	=	
	--+	<p style="text-align: right;">17 Any power in this Schedule to require the provision of information includes power to require the provision of accounts, statements and documents relating to that information.</p> <p style="text-align: right;">15</p>
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	--+	Regulations
	=	
	--+	<p style="text-align: right;">18 (1) Regulations under this Schedule may–</p> <p style="text-align: right;">(a) make provision which applies generally or only for specified cases or purposes;</p> <p style="text-align: right;">(b) make different provision for different cases or purposes;</p> <p style="text-align: right;">20</p> <p style="text-align: right;">(c) include incidental, supplemental, consequential, transitional or transitory provision;</p> <p style="text-align: right;">(d) make provision for matters to be specified by the Commissioners in accordance with the regulations.</p> <p style="text-align: right;">(2) Sub-paragraph (1)(d) does</p>

not apply to the following matters (which
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may be specified only by
the regulations): any interval, time or
period specified by virtue
of paragraph 7(3), 8(4)(a) or 10(4)(a).
(3) Regulations under this
Schedule may provide that, for the purposes
of any provision of this
Schedule or of the regulations, a change in
the accounting date of a
business is to be disregarded (and its
period
30
of account determined
accordingly).
(4) Regulations under Part 2
of this Schedule may not impose
requirements having effect
before the tax year 2018-19.
(5) The power to make
regulations under this Schedule is
exercisable by
statutory instrument.
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(6) A statutory instrument
containing regulations under this Schedule is
subject to annulment in
pursuance of a resolution of the House of
Commons.”

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--+ 121 Digital reporting and record-keeping
for income tax etc: further amendments
(1) Schedule 25 contains provision
amending TMA 1970.
40
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enforcement

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--+ (2) The amendments made by Schedule 25
have effect in relation to the tax year
2018-19 and subsequent tax years.
(3) The Commissioners for Her Majesty’s
Revenue and Customs may by
regulations amend or modify any
provision of the Taxes Acts in consequence
of the provision made by section 120
or Schedule 25.
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(4) Regulations under subsection (3) may
make transitional, transitory or saving
provision.
(5) Regulations under subsection (3)
must be made by statutory instrument.
(6) A statutory instrument containing
regulations under subsection (3) may not be
made unless a draft of the
instrument has been laid before, and approved
by a
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resolution of, the House of Commons.

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--+ 122 Digital reporting and record-keeping
for VAT
(1) Schedule 11 to VATA 1994
(administration, collection and enforcement)
is
amended as set out in subsections

(2) and (3).

(2) In paragraph 2 (accounting and payment)–

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(a) in sub-paragraph (1) for “and the making of returns” substitute “, the making of returns and the submission of information”;

(b) after sub-paragraph (11) insert–

“(11A) Regulations under this paragraph may include incidental, supplemental, consequential, transitional or transitory

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provision.”

(3) In paragraph 6 (duty of taxable person to keep records), for sub-paragraph (4)

substitute–

“(4) The Commissioners may by regulations make provision about the form in, and means by which, records are to be kept and preserved.

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(5) Regulations under sub-paragraph (4) may–

(a) make different provision for different cases;

(b) provide for any provision of the regulations to be subject to conditions and exceptions specified by the Commissioners by notice;

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(c) include incidental, supplemental, consequential, transitional or transitory provision.

(6) If regulations under sub-paragraph (4) make provision requiring records to be kept or preserved in electronic form, paragraph 13 of Schedule A1 to the Taxes Management Act 1970 applies to those

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regulations as it applies to regulations under paragraph 11 of that Schedule.”

(4) In section 83(1) of VATA 1994 (appealable decisions), for paragraph (zc) substitute–

“(zc) a decision of the Commissioners about the application of any

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provision of regulations under paragraph 2 or 6 of Schedule 11,

or of regulations under section 135 or 136 of the Finance Act 2002 relating to VAT,

which–

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	-+	(i) requires returns to be made or information to be submitted by electronic communications, or (ii) requires records to be kept or preserved in electronic form, (including in particular a decision as to whether such a 5 requirement applies and a decision to impose a penalty)."
	=	
	-+	Enquiries
	=	
90 Partial closure notices Schedule 19 makes provision for partial closure notices in respect of enquiries under sections 9A, 12ZM and 12AC of TMA 1970 and Schedule 18 to FA 1998.	<>	123 Partial closure notices Schedule 26 makes provision for partial closure notices in respect of enquiries under sections 9A, 12ZM and 12AC of TMA 1970 and Schedule 18 to FA 1998. 10
	=	
Avoidance	<>	Avoidance etc
	=	
91 Errors in taxpayers' documents (1) Schedule 24 to FA 2007 (penalties for errors) is amended as follows. (2) After paragraph 3 insert–	<>	124 Errors in taxpayers' documents (1) Schedule 24 to FA 2007 (penalties for errors) is amended as set out in subsections (2) and (3). (2) After paragraph 3 insert– 15
“Errors related to avoidance arrangements 3A (1) This paragraph applies where a document of a kind listed in the Table in paragraph 1 is given to HMRC by a person (“P”) and the document contains an inaccuracy which–	=	“Errors related to avoidance arrangements 3A (1) This paragraph applies where a document of a kind listed in the Table in paragraph 1 is given to HMRC by a person (“P”) and the document contains an inaccuracy which–
(a) falls within paragraph 1(2), and	<>	(a) falls within paragraph 1(2), and 20
(b) arises because the document is submitted on the basis that	=	(b) arises because the document is submitted on the basis that
particular avoidance arrangements (within the meaning given by paragraph 3B) had an effect which in fact they did not have.	<>	particular avoidance arrangements (within the meaning of paragraph 3B) had an effect which in fact they did not have.
(2) It is to be presumed that the inaccuracy was careless, within the meaning of paragraph 3, unless–	=	(2) It is to be presumed that the inaccuracy was careless, within the meaning of paragraph 3,
	<>	unless– 25
(a) the inaccuracy was deliberate on P's part, or (b) P satisfies HMRC or (on an appeal notified to the tribunal) the	=	(a) the inaccuracy was deliberate on P's part, or (b) P satisfies HMRC or (on an appeal notified to the tribunal) the

<p>tribunal that P took reasonable care to avoid inaccuracy.</p> <p>(3) In considering whether P took reasonable care to avoid inaccuracy,</p> <p>HMRC and (on an appeal notified to the tribunal) the tribunal must</p>	<p>tribunal that P took reasonable care to avoid inaccuracy.</p> <p>(3) In considering whether P took reasonable care to avoid inaccuracy,</p> <p>HMRC and (on an appeal notified to the tribunal) the tribunal must</p>
<p>take no account of any evidence of any reliance by P on advice where the advice is disqualified.</p> <p>(4) Advice is “disqualified” if any of the following applies–</p> <p>(a) the advice was given to P by an interested person;</p> <p>(b) the advice was given to P as a result of arrangements made</p>	<p>take no account of any evidence of any reliance by P on advice where the advice is disqualified.</p> <p>(4) Advice is “disqualified” if any of the following applies–</p> <p>(a) the advice was given to P by an interested person;</p> <p>(b) the advice was given to P as a result of arrangements made</p>
<p>between an interested person and the person who gave the advice;</p>	<p>between an interested person and the person who gave the advice;</p>
<p>80</p> <p>Draft provisions for Finance Bill 2017</p> <p>Part 6 – Administration, avoidance and enforcement</p>	<p>+-</p>
<p>(c) the person who gave the advice did not have appropriate expertise for giving the advice;</p>	<p>(c) the person who gave the advice did not have appropriate expertise for giving the advice;</p>
<p>(d) the advice took no account of P’s individual circumstances;</p>	<p>(d) the advice took no account of P’s individual circumstances;</p> <p>40</p> <p>Finance (No. 2) Bill</p> <p>111</p> <p>Part 5 – Administration, avoidance and enforcement</p>
<p>(e) the advice was addressed to, or given to, a person other than P;</p>	<p>(e) the advice was addressed to, or given to, a person other than P;</p>
<p>but this is subject to sub-paragraph (5).</p>	<p>but this is subject to sub-paragraphs (5) and (7).</p>
<p>(5) Where (but for this sub-paragraph) advice would be disqualified</p>	<p>(5) Where (but for this sub-paragraph) advice would be disqualified</p>
<p>under any of paragraphs (a) to (c) of sub-paragraph (4), the advice is not disqualified under that paragraph if at the relevant time–</p> <p>(a) P has taken reasonable steps to find out whether the advice</p>	<p>under any of paragraphs (a) to (c) of sub-paragraph (4), the advice is</p> <p>5</p> <p>not disqualified under that paragraph if at the relevant time P–</p> <p>(a) has taken reasonable steps to find out whether the advice</p>
<p>falls within that paragraph, and</p> <p>(b) reasonably believes that it does not.</p>	<p>falls within that paragraph, and</p> <p>(b) reasonably believes that it does not.</p>
<p>(6) In sub-paragraph (4) “an interested person” means–</p>	<p>(6) In sub-paragraph (4) “an interested person” means–</p> <p>10</p>

<p>(a) a person who for any consideration (whether or not in money) facilitated P's entering into the avoidance arrangements, or</p> <p>(b) a person, other than P, who participated in the avoidance arrangements or any transaction forming part of them.</p>	<p>(a) a person, other than P, who participated in the avoidance arrangements or any transaction forming part of them, or</p> <p>(b) a person who for any consideration (whether or not in money) facilitated P's entering into the avoidance arrangements.</p>
	<p>15</p> <p>(7) Where (but for this subparagraph) advice would be disqualified under paragraph (a) of sub-paragraph (4) because it was given by a person within sub-paragraph (6)(b), the advice is not disqualified under that paragraph if-</p> <p>(a) the person giving the advice had appropriate expertise for</p> <p>20</p> <p>giving it,</p> <p>(b) the advice took account of P's individual circumstances, and</p> <p>(c) at the time when the question whether the advice is disqualified arises-</p> <p>(i) Condition E in paragraph 3B(5) is met in relation to</p> <p>25</p> <p>the avoidance arrangements, but</p> <p>(ii) none of Conditions A to D in paragraph 3B(5) is or has</p> <p>at any time been met in relation to them.</p> <p>(8) If the document mentioned in sub-paragraph (1) is given to HMRC by P as a personal representative of a deceased person ("D")-</p> <p>30</p> <p>(a) sub-paragraph (4) is to be read as if-</p> <p>(i) the references in paragraphs (a) and (b) to P were to P or D;</p> <p>(ii) the reference in paragraph (d) to P were to D, and</p> <p>(iii) the reference in paragraph (e) to a person other than</p> <p>35</p> <p>P were to a person who is neither P nor D,</p> <p>(b) sub-paragraph (6) is to be read as if-</p> <p>(i) the reference in paragraph (a) to P were a reference to the person to whom the advice was given, and</p> <p>(ii) the reference in paragraph (b) to P were to D (or,</p> <p>40</p> <p>where P</p>

(7) In this paragraph—

also participated in the avoidance

arrangements, P or D), and

(c) sub-paragraph (7)
is to be read as if the reference in
paragraph (b) to

P were to D.

(9) In this paragraph—

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“arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);

“arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);

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“the relevant time” means the time when the document mentioned in sub-paragraph (1) is given to HMRC; “the tribunal” has the same meaning as in paragraph 17 (see paragraph 17(5A)).

“the relevant time” means the time when the document mentioned in sub-paragraph (1) is given to HMRC; “the tribunal” has the same meaning as in paragraph 17 (see paragraph 17(5A)).

(8) This paragraph and section 276 of FA 2014 (limitation of defence of reasonable care in certain circumstances) are without prejudice to each other.

3B (1) In paragraph 3A “avoidance arrangements” means arrangements which fall within sub-paragraph (2).

3B (1) In paragraph 3A “avoidance arrangements” means, subject to sub-
5 paragraph (3), arrangements which fall within sub-paragraph (2).

(2) Arrangements fall within this sub-paragraph if, having regard to all the circumstances, it would be reasonable to conclude that the obtaining of a tax advantage was the main purpose, or one of the

(2) Arrangements fall within this sub-paragraph if, having regard to all the circumstances, it would be reasonable to conclude that the obtaining of a tax advantage was the main purpose, or one of the

main purposes, of the arrangements.

main purposes, of the arrangements.

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(3) Arrangements are not avoidance arrangements for the purposes of paragraph 3A if (although they fall within sub-paragraph (2))—
15 (a) they are arrangements which accord with established practice, and
(b) HMRC had, at the time the arrangements were entered into,

15

indicated its acceptance of that practice.

(4) If, at any time, any of Conditions A to E is met in relation to particular

arrangements—

(a) for the purposes of this Schedule the arrangements are to be

(3) Where any of conditions A to E is met in relation to particular arrangements, for the purposes of this paragraph the arrangements

<p>are to be taken to fall within (and always to have fallen within) sub-paragraph (2).</p> <p>This does not prevent arrangements from falling within sub-</p>	<p>taken to fall within (and always to have fallen within) sub- 20 (b) in relation to the arrangements, sub-paragraph (3) (and the reference to it in sub-paragraph (1)) are to be treated as omitted.</p> <p>This does not prevent arrangements from falling within sub- 25</p>
<p>paragraph (2) other than by reason of one or more of conditions A to E being met.</p>	<p>paragraph (2) other than by reason of one or more of Conditions A to E being met.</p>
<p>(4) Conditions A to E are as follows—</p>	<p>(5) Conditions A to E are as follows—</p>
<p>(a) condition A is that the arrangements are DOTAS arrangements within the meaning given by section 219(5)</p>	<p>(a) Condition A is that the arrangements are DOTAS arrangements within the meaning given by section 219(5) 30</p>
<p>and (6) of FA 2014;</p>	<p>and (6) of FA 2014;</p>
<p>Draft provisions for Finance Bill 2017</p> <p>81</p> <p>Part 6 – Administration, avoidance and enforcement</p>	<p>++</p>
<p>(b) condition B is that the arrangements are disclosable VAT arrangements within the meaning given by paragraph 9 of Schedule 18 to FA 2016;</p>	<p>(b) Condition B is that the arrangements are disclosable VAT arrangements or disclosable indirect tax arrangements for the purposes of Schedule 18 to FA 2016 (see paragraphs 8A to 9A of that Schedule); 35</p>
<p>(c) condition C is that both of the following apply—</p> <p>(i) P has been given a notice under a provision mentioned in sub-paragraph (5) stating that a tax advantage arising from the arrangements is to be counteracted, and</p>	<p>(c) Condition C is that both of the following apply—</p> <p>(i) P has been given a notice under a provision mentioned in sub-paragraph (6) stating that a tax advantage arising from the arrangements is to be counteracted, 40</p>
<p>(ii) that tax advantage has been counteracted under section 209 of FA 2013;</p> <p>(d) condition D is that a follower notice under section 204 of FA 2014 has been given to P by reference to the arrangements (and not withdrawn) and—</p>	<p>(ii) that tax advantage has been counteracted under section 209 of FA 2013;</p> <p>(d) Condition D is that a follower notice under section 204 of FA 2014 has been given to P by reference to the arrangements (and not withdrawn) and 45</p>
<p>(i) the necessary corrective action for the purposes of</p>	<p>(i) the necessary corrective action for the purposes of section 208 of</p>

section 208 of FA 2014 has been taken in respect of the denied advantage, or	FA 2014 has been taken in respect of the denied advantage, or
	--+ Finance (No. 2) Bill Part 5 – Administration, avoidance and enforcement 113
(ii) the denied advantage has been counteracted otherwise than as mentioned in sub-paragraph (i); (e) Condition E is that a tax advantage asserted by reference to the arrangements has been counteracted (by an assessment,	(ii) the denied advantage has been counteracted otherwise than as mentioned in sub-paragraph (i); (e) Condition E is that a tax advantage asserted by reference to the arrangements has been counteracted (by an assessment,
an amendment of a return or claim, or otherwise) on the basis	<> an amendment of a return or claim, or otherwise) on the basis 5
that an avoidance-related rule applies in relation to P's affairs.	= that an avoidance-related rule applies in relation to P's affairs.
(5) The provisions referred to in sub-paragraph (4)(c)(i) are–	<> (6) The provisions referred to in sub-paragraph (5)(c)(i) are–
(a) paragraph 12 of Schedule 43 to FA 2013 (general anti-abuse rule: notice of final decision);	= (a) paragraph 12 of Schedule 43 to FA 2013 (general anti-abuse rule: notice of final decision);
(b) paragraph 8 or 9 of Schedule 43A to that Act (pooled arrangements: notice of final decision);	<> (b) paragraph 8 or 9 of Schedule 43A to that Act (pooled or bound arrangements: notice of final decision);
(c) paragraph 8 of Schedule 43B to that Act (generic referrals: notice of final decision).	= (c) paragraph 8 of Schedule 43B to that Act (generic referrals: notice of final decision).
(6) In sub-paragraph (4)(d) the reference to giving a follower notice to P	<> (7) In sub-paragraph (5)(d) the reference to giving a follower notice to P 15
includes giving a partnership follower notice in respect of a partnership return in relation to which P is a relevant partner; and for the purposes of this sub-paragraph– (a) “relevant partner” has the meaning given by paragraph 2(5)	= includes giving a partnership follower notice in respect of a partnership return in relation to which P is a relevant partner; and for the purposes of this sub-paragraph– (a) “relevant partner” has the meaning given by paragraph 2(5)
of Schedule 31 to FA 2014;	<> of Schedule 31 to FA 2014; 20
(b) a partnership follower notice is given “in respect of” the partnership return mentioned in paragraph 2(2)(a) or (b) of that Schedule.	= (b) a partnership follower notice is given “in respect of” the partnership return mentioned in paragraph 2(2)(a) or (b) of that Schedule.
(7) For the purposes of sub-paragraph (4)(d) it does not matter whether the denied advantage has been dealt with–	<> (8) For the purposes of sub-paragraph (5)(d) it does not matter whether the denied advantage has been dealt with–

		25
(a) wholly as mentioned in one or other of sub-paragraphs (i)	=	(a) wholly as mentioned in one or other of sub-paragraphs (i)
and (ii) of sub-paragraph (4)(d), or	<>	and (ii) of sub-paragraph (5)(d), or
(b) partly as mentioned in one of those sub-paragraphs and partly as mentioned in the other;	=	(b) partly as mentioned in one of those sub-paragraphs and partly as mentioned in the other;
and “the denied advantage” has the same meaning as in Chapter 2 of	<>	and “the denied advantage” has the same meaning as in Chapter 2 of 30
Part 4 of FA 2014 (see section 208(3) of and paragraph 4(3) of Schedule 31 to that Act).	=	Part 4 of FA 2014 (see section 208(3) of and paragraph 4(3) of Schedule 31 to that Act).
(8) For the purposes of sub-paragraph (4)(e) a tax advantage has been asserted by reference to” the arrangements if a return, claim or	<>	(9) For the purposes of sub-paragraph (5)(e) a tax advantage has been asserted by reference to” the arrangements if a return, claim or
82 Draft provisions for Finance Bill 2017	+-	
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appeal has been made by P on the basis that the tax advantage results from the arrangements.	<>	appeal has been made by P on the basis that the tax advantage results 35 from the arrangements.
(9) In this paragraph–	<>	(10) In this paragraph–
“arrangements” has the same meaning as in paragraph 3A; “avoidance-related rule” has the same meaning as in Part 4 of	=	“arrangements” has the same meaning as in paragraph 3A; “avoidance-related rule” has the same meaning as in Part 4 of
Schedule 18 to FA 2016 (see paragraph 25 of that Schedule);	<>	Schedule 18 to FA 2016 (see paragraph 25 of that Schedule); 40
a “tax advantage” includes– (a) relief or increased relief from tax, (b) repayment or increased repayment of tax, (c) avoidance or reduction of a charge to tax or an assessment to tax,	=	a “tax advantage” includes– (a) relief or increased relief from tax, (b) repayment or increased repayment of tax, (c) avoidance or reduction of a charge to tax or an assessment to tax, 45
(d) avoidance of a possible assessment to tax, (e) deferral of a payment of tax or advancement of a repayment of tax,	=	(d) avoidance of a possible assessment to tax, (e) deferral of a payment of tax or advancement of a repayment of tax,
	--+	114 Finance (No. 2) Bill Part 5 – Administration, avoidance and enforcement
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<p>(f) avoidance of an obligation to deduct or account for tax, and</p> <p>(g) in relation to VAT, anything which is a tax advantage for the purposes of Schedule 18 to FA 2016 under paragraph 5 of that Schedule.”</p>	<p>(f) avoidance of an obligation to deduct or account for tax, and</p> <p>(g) in relation to VAT, anything which is a tax advantage for the purposes of Schedule 18 to FA 2016 under paragraph 5 of that Schedule.”</p>
<p>(3) In paragraph 18, after sub-paragraph (5) insert-</p> <p>“(6) Paragraph 3A applies where a document is given to HMRC on behalf of P as it applies where a document is given to HMRC by P.”</p>	<p>(3) In paragraph 18, after sub-paragraph (5) insert-</p> <p>“(6) Paragraph 3A applies where a document is given to HMRC on behalf of P as it applies where a document is given to HMRC by P (and in paragraph 3B(9) the reference to P includes a person acting on behalf of P).”</p>
<p>(4) This section applies in relation to any document of a kind listed in the Table in paragraph 1 of Schedule 24 to FA 2007 which relates to a tax period that-</p>	<p>10</p> <p>(4) In FA 2014, omit section 276 (which is superseded by the provision inserted by subsections (2) and (3)).</p> <p>(5) The amendments made by this section have effect in relation to any document of a kind listed in the Table in paragraph 1 of Schedule 24 to FA 2007 which relates to a tax period that-</p> <p>15</p>
<p>(a) begins on or after 6 April 2017, and</p> <p>(b) ends on or after the day on which this Act is passed.</p>	<p>(a) begins on or after 6 April 2017, and</p> <p>(b) ends on or after the day on which this Act is passed.</p>
<p>(5) In subsection (4) “tax period” has the meaning given by paragraph 28(g) of Schedule 24 to FA 2007.</p>	<p>(6) In subsection (5) “tax period” has the meaning given by paragraph 28(g) of Schedule 24 to FA 2007.</p>
<p>92 Penalties for enablers of defeated tax avoidance</p> <p>Schedule 20 contains provision for penalties for persons who enable tax avoidance which is defeated.</p>	<p>125 Penalties for enablers of defeated tax avoidance</p> <p>20</p> <p>Schedule 27 makes provision for penalties for persons who enable tax avoidance which is defeated.</p>
<p>93 Disclosure of tax avoidance schemes: VAT and other indirect taxes</p> <p>(1) Schedule 21 makes provision about the disclosure of tax avoidance schemes involving VAT or other indirect taxes.</p>	<p>126 Disclosure of tax avoidance schemes: VAT and other indirect taxes</p> <p>(1) Schedule 28 contains provision about the disclosure of tax avoidance schemes involving VAT or other indirect taxes.</p> <p>25</p> <p>(2) In consequence of the provision made by Schedule 28, section 58A of, and Schedule 11A to, VATA 1994 (disclosure of VAT avoidance schemes) cease to have effect to require a person to disclose any scheme which-</p> <p>(a) is first entered into by that person on or after 1 September 2017,</p> <p>(b) constitutes notifiable</p>

	<p>arrangements under Schedule 28, 30 (c) implements proposals which are notifiable proposals under Schedule 28.</p> <p>(3) No scheme or proposed scheme may be notified to the Commissioners under paragraph 9 of Schedule 11A to VATA 1994 (voluntary notification of schemes) on or after 1 September 2017.</p> <p>35</p> <p>(4) This section and Schedule 28 come into force—</p> <p>(a) so far as is necessary for enabling the making of regulations under that Schedule, on the passing of this Act, and</p>	
(2) Schedule 21 comes into force—		
<p>(a) so far as is necessary for enabling the making of regulations, on the passing of this Act, and</p> <p>(b) for all other purposes, on 1 September 2017.</p>	=	<p>(b) for all other purposes, on 1 September 2017.</p>
(3) But the provisions of Schedule 21 have no effect in relation to—	<>	<p>127 Promoters of tax avoidance schemes: threshold conditions etc 40</p> <p>(1) In Part 2 of Schedule 34 to FA 2014 (meeting the threshold conditions: bodies corporate and partnerships), in paragraph 13A (interpretation), for sub-Finance (No. 2) Bill</p> <p>115 Part 5 – Administration, avoidance and enforcement</p>
	=	
(a) notifiable proposals as respects which the relevant date (as defined in	<>	<p>paragraphs (6) to (8) substitute— “(6) Two or more persons together control a body corporate if together they have the power to secure that the affairs of the body corporate are conducted in accordance with their wishes in any way specified in sub-paragraph (5)(a) to (c). 5</p> <p>(7) A person controls a partnership if the person is a member of the partnership and— (a) has the right to a share of more than half the assets, or more than half the income, of the partnership, or (b) directs, or is on a day-to-day level in control of, the 10 management of the business of the partnership. (8) Two or more persons together control a partnership if they are members of the partnership and together they— (a) have the right to a share of more than half the assets, or of more than half the income, of the partnership, or 15 (b) direct, or are on a</p>

paragraph 11(3) of the Schedule) is before 1 September 2017, and

(b) any notifiable arrangements which implement such a proposal.

day-to-day level in control of, the management of the business of the partnership.

(9) Paragraph 19(2) to (5) of Schedule 36 (connected persons etc) applies to a person referred to in sub-paragraph (7) or (8) as if references to “P” were to that person.

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(10) A person has significant influence over a body corporate or partnership if the person –

(a) does not control the body corporate or partnership, but
(b) is able to, or actually does, exercise significant influence over it (whether or not as the result of a legal entitlement).

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(11) Two or more persons together have significant influence over a body corporate or partnership if together those persons –

(a) do not control the body corporate or partnership, but
(b) are able to, or actually do, exercise significant influence over it (whether or not as the result of a legal entitlement).

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(12) References to a person being a promoter are to the person carrying on business as a promoter.”

(2) In Part 2 of Schedule 34 to FA 2014, for paragraphs 13B to 13D substitute –

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“Relevant bodies controlled etc by other persons treated as meeting a threshold condition

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<>

13B (1) A relevant body is treated as meeting a threshold condition at the relevant time if any of Conditions A to C is met.

(2) Condition A is that –
(a) a person met the threshold condition at a time when the person was a promoter, and

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(b) the person controls or has significant influence over the relevant body at the relevant time.

(3) Condition B is that –

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	--+	<p>(a) a person met the threshold condition at a time when the person controlled or had significant influence over the relevant body,</p> <p>(b) the relevant body was a promoter at that time, and</p> <p>(c) the person controls or has significant influence over the relevant body at the relevant time.</p> <p>(4) Condition C is that-</p> <p>(a) two or more persons together controlled or had significant influence over the relevant body at a time when one of those persons met the threshold condition,</p> <p>(b) the relevant body was a promoter at that time, and</p> <p>(c) those persons together control or have significant influence over the relevant body at the relevant time.</p> <p>(5) Where the person referred to in sub-paragraph (2)(a) or (3)(a) or (4)(a) as meeting a threshold condition is an individual, sub-</p> <p>paragraph (1) only applies if the threshold condition is a relevant threshold condition.</p> <p>(6) For the purposes of sub-paragraph (2) it does not matter whether the relevant body existed at the time referred to in sub-paragraph (2)(a).</p>
	=	
	--+	<p>Persons who control etc a relevant body treated as meeting a threshold condition</p>
	=	
(4) Section 58A of, and Schedule 11A to, VATA 1994 (disclosure of avoidance schemes) are repealed.	<>	<p>13C (1) If at a time when a person controlled or had significant influence over a relevant body-</p> <p>(a) the relevant body met a threshold condition, and</p> <p>(b) the relevant body, or another relevant body which the person controlled or had significant influence over, was a promoter,</p> <p>the person is treated as meeting the threshold condition at the relevant time.</p> <p>(2) It does not matter whether any relevant body referred to sub-paragraph (1) exists at the relevant time.</p>
	=	
	--+	<p>Relevant bodies controlled etc by the same person treated as meeting a threshold</p>

		condition
	=	
	--+	<p>13D (1) If–</p> <p>(a) a person controlled or had significant influence over a relevant body at a time when it met a threshold condition, and</p> <p style="text-align: center;">35</p> <p>(b) at that time that body, or another relevant body which the person controlled or had significant influence over, was a promoter, any relevant body which the person controls or has significant influence over at the relevant time is treated as meeting the threshold</p> <p style="text-align: center;">40</p> <p>condition at the relevant time.</p> <p>(2) If–</p> <p>(a) two or more persons together controlled or had significant influence over a relevant body at a time when it met a threshold condition, and</p> <p style="text-align: center;">45</p> <p>Finance (No. 2) Bill</p> <p>117</p> <p>Part 5 – Administration, avoidance and enforcement</p>
	=	
	<>	<p>(b) at that time that body, or another relevant body which those persons together controlled or had significant influence over, was a promoter, any relevant body which those persons together control or have significant influence over at the relevant time is treated as meeting</p> <p style="text-align: center;">5</p> <p>the threshold condition at the relevant time.</p> <p>(3) It does not matter whether–</p> <p>(a) a relevant body referred to in sub-paragraph (1)(a) or (b) or (2)(a) or (b) exists at the relevant time, or</p> <p>(b) a relevant body existing at the relevant time existed at the</p> <p style="text-align: center;">10</p> <p>time referred to in sub-paragraph (1)(a) or (2)(a)."</p> <p>(3) In Part 4 of Schedule 34A to FA 2014 (meeting section 237A conditions: bodies corporate and partnerships), for paragraphs 20 to 22 substitute–</p>
	=	
	--+	“Relevant bodies controlled etc by other persons treated as meeting section 237A condition

(5) Subsection (4) comes into force on 1 September 2017.

=		
--+	<p>20 (1) A relevant body is treated as meeting a section 237A condition at the section 237A(2) relevant time if any of Conditions A to C is met.</p> <p>(2) Condition A is that-</p> <p>(a) a person met the section 237A condition at a time when the person was a promoter, and</p> <p>20</p> <p>(b) the person controls or has significant influence over the relevant body at the section 237A(2) relevant time.</p> <p>(3) Condition B is that-</p> <p>(a) a person met the section 237A condition at a time when the person controlled or had significant influence over the</p> <p>25</p> <p>relevant body,</p> <p>(b) the relevant body was a promoter at that time, and</p> <p>(c) the person controls or has significant influence over the relevant body at the section 237A(2) relevant time.</p> <p>(4) Condition C is that-</p> <p>30</p> <p>(a) two or more persons together controlled or had significant influence over the relevant body at a time when one of those persons met the section 237A condition,</p> <p>(b) the relevant body was a promoter at that time, and</p> <p>(c) those persons together control or have significant influence</p> <p>35</p> <p>over the relevant body at the section 237A(2) relevant time.</p> <p>(5) Sub-paragraph (1) does not apply where the person referred to in sub-paragraph (2)(a), (3)(a), or (4)(a) as meeting a section 237A condition is an individual.</p> <p>(6) For the purposes of sub-paragraph (2) it does not matter whether the</p> <p>40</p> <p>relevant body existed at the time referred to in sub-paragraph (2)(a).</p>	
=		
--+	Persons who control etc a relevant body treated as meeting a section 237A condition	
=		
--+	<p>21 (1) If at a time when a person controlled or had significant influence</p> <p>over a relevant body-</p>	

	=	
	-+	<p>(a) the relevant body met a section 237A condition, and</p> <p>(b) the relevant body, or another relevant body which the person controlled or had significant influence over, was a promoter, the person is treated as meeting the section 237A condition at the section 237A(2) relevant time.</p> <p style="text-align: center;">5</p> <p>(2) It does not matter whether any relevant body referred to sub-paragraph (1) exists at the section 237A(2) relevant time.</p>
	=	
	-+	Relevant bodies controlled etc by the same person treated as meeting a section 237A condition
	=	
	-+	<p>22 (1) If-</p> <p style="text-align: center;">10</p> <p>(a) a person controlled or had significant influence over a relevant body at a time when it met a section 237A condition, and</p> <p>(b) at that time that body, or another relevant body which the person controlled or had significant influence over, was a</p> <p style="text-align: center;">15</p> <p>promoter, any relevant body which the person controls or has significant influence over at the section 237A(2) relevant time is treated as meeting the section 237A condition at the section 237A(2) relevant time.</p> <p style="text-align: center;">20</p> <p>(2) If-</p> <p>(a) two or more persons together controlled or had significant influence over a relevant body at a time when it met a section 237A condition, and</p> <p>(b) at that time that body, or another relevant body which those</p> <p style="text-align: center;">25</p> <p>persons together controlled or had significant influence over, was a promoter, any relevant body which those persons together control or have significant influence over at the section 237A(2) relevant time is treated as meeting the section 237A condition at the section 237A(2)</p> <p style="text-align: center;">30</p> <p>relevant time.</p>

		<p>(3) It does not matter whether–</p> <p>(a) a relevant body referred to in sub-paragraph (1)(a) or (b) or (2)(a) or (b) exists at the section 237A(2) relevant time, or</p> <p>(b) a relevant body existing at the section 237A(2) relevant time</p> <p>35</p> <p>existed at the time referred to in sub-paragraph (1)(a) or (2)(a)."</p> <p>(4) In Part 4 of Schedule 34A to FA 2014, in paragraph 23 (interpretation)–</p> <p>(a) in sub-paragraph (1), for the definition of "control" substitute–</p> <p>"control" and "significant influence" have the same</p> <p>40</p> <p>meanings as in Part 4 of Schedule 34 (see paragraph 13A(5) to (11));</p> <p>references to a person being a promoter are to the person carrying on business as a promoter;";</p> <p>(b) in sub-paragraph (2), for "20(1)(a), 21(1)(a) and 22(1)(a)" substitute "20</p> <p>45</p> <p>to 22".</p> <p>Finance (No. 2) Bill</p> <p>119</p> <p>Part 5 – Administration, avoidance and enforcement</p>
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	--+	<p>(5) The amendments made by subsections (1) and (2) have effect for the purposes of determining whether a person meets a threshold condition in a period of three years ending on or after 8 March 2017.</p> <p>(6) The amendments made by subsections (3) and (4) have effect for the purposes of determining whether a person meets a section 237A condition in a period of</p> <p>5</p> <p>three years ending on or after 8 March 2017.</p>
	=	
94 Requirement to correct certain offshore tax non-compliance Schedule 22 makes provision for and in connection with requiring persons to correct any offshore tax non-compliance subsisting on 6 April 2017.	<>	128 Requirement to correct certain offshore tax non-compliance Schedule 29 makes provision for and in connection with requiring persons to correct any offshore tax non-compliance subsisting on 6 April 2017.
95 Penalty for transactions connected with VAT fraud etc	<>	129 Penalty for transactions connected with VAT fraud etc
		10
(1) VATA 1994 is amended as follows. (2) After section 69B (penalty for breach of record-keeping requirements imposed by directions) insert– "69C Transactions connected with VAT fraud	=	(1) VATA 1994 is amended as follows. (2) After section 69B (penalty for breach of record-keeping requirements imposed by directions) insert– "69C Transactions connected with VAT fraud

(1) A person (T) is liable to a penalty where-	<>	(1) A person (T) is liable to a penalty where-
<p>(a) T has entered into a transaction involving the making of a supply by or to T (“the transaction”), and</p> <p>(b) conditions A to C are satisfied.</p> <p>(2) Condition A is that the transaction was connected with the fraudulent evasion of VAT by another person (whether occurring before or after T entered into the transaction).</p> <p>(3) Condition B is that T knew or should have known that the transaction was connected with the fraudulent evasion of VAT by another person.</p> <p>(4) Condition C is that HMRC have issued a decision (“the denial decision”) in relation to the supply which-</p>	=	<p>(a) T has entered into a transaction involving the making of a supply by or to T (“the transaction”), and</p> <p>(b) conditions A to C are satisfied.</p> <p>(2) Condition A is that the transaction was connected with the fraudulent evasion of VAT by another person (whether occurring before or after T entered into the transaction).</p> <p>(3) Condition B is that T knew or should have known that the transaction was connected with the fraudulent evasion of VAT by another person.</p> <p>(4) Condition C is that HMRC have issued a decision (“the denial decision”) in relation to the supply which-</p>
<p>(a) prevents T from exercising or relying on a VAT right in relation to the supply,</p> <p>(b) is based on the facts which satisfy conditions A and B in relation to the transaction, and</p> <p>(c) applies a relevant principle of EU case law (whether or not in circumstances that are the same as the circumstances in which any relevant case was decided by the European Court of Justice).</p> <p>(5) In this section “VAT right” includes the right to deduct input tax, the right to apply a zero rate to international supplies and any other right connected with VAT in relation to a supply.</p> <p>(6) The relevant principles of EU case law for the purposes of this section are the principles established by the European Court of Justice in the following cases-</p> <p>(a) joined Cases C-439/04 and C-440/04 Axel Kittel v. Belgian State;</p> <p>Belgium v. Recolta Recycling (denial of right to deduct input tax), and</p>	<>	<p>(a) prevents T from exercising or relying on a VAT right in relation to the supply,</p> <p>(b) is based on the facts which satisfy conditions A and B in relation to the transaction,</p> <p>(c) applies a relevant principle of EU case law (whether or not in circumstances that are the same as the circumstances in which any relevant case was decided by the European Court of Justice).</p> <p>(5) In this section “VAT right” includes the right to deduct input tax, the right to apply a zero rate to international supplies and any other right</p> <p>connected with VAT in relation to a supply.</p> <p>(6) The relevant principles of EU case law for the purposes of this section are the principles established by the European Court of Justice in the following cases-</p> <p>(a) joined Cases C-439/04 and C-440/04 Axel Kittel v. Belgian State;</p> <p>Belgium v. Recolta Recycling (denial of right to deduct input tax), and</p>
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2) Bill

Part 5 – Administration, avoidance and enforcement

<p>(b) Case C-273/11 Mecsek-Gabona Kft v Nemzeti Adó- és Vámhivatal Dél-dunántúli Regionális Adó Főigazgatósága (denial of right to zero rate),</p>	=	<p>(b) Case C-273/11 Mecsek- Gabona Kft v Nemzeti Adó- és Vámhivatal Dél-dunántúli Regionális Adó Főigazgatósága (denial of right to zero rate),</p>
<p>84 Draft provisions for Finance Bill 2017 Part 6 – Administration, avoidance and enforcement</p>	+-	
<p>as developed or extended by that Court (whether before or after the coming into force of this section) in other cases relating to the denial or</p>	=	<p>as developed or extended by that Court (whether before or after the coming into force of this section) in other cases relating to the denial or</p>
<p>refusal of a VAT right in order to prevent abuses of the VAT system. (7) The penalty payable under this section is 30% of the potential lost VAT. (8) The potential lost VAT is– (a) the additional VAT which becomes payable by T as a result of the denial decision,</p>	=>	<p>refusal of a VAT right in order to prevent abuses of the VAT system. (7) The penalty payable under this section is 30% of the potential lost VAT. (8) The potential lost VAT is– (a) the additional VAT which becomes payable by T as a result of the denial decision,</p>
<p>(b) the VAT which is not repaid to T as a result of that decision, or (c) in a case where as a result of that decision VAT is not repaid to T and additional VAT becomes payable by T, the aggregate of the VAT that is not repaid and the additional VAT.</p>	=>	<p>(b) the VAT which is not repaid to T as a result of that decision, or (c) in a case where as a result of that decision VAT is not repaid to T and additional VAT becomes payable by T, the aggregate of the VAT that is not repaid and the additional VAT.</p>
<p>(9) No assessment of a penalty under this section may be made more than two years after the denial decision is issued.</p>	<>	<p>(9) Where T is liable to a penalty under this section the Commissioners 15 may assess the amount of the penalty and notify it to T accordingly. (10) No assessment of a penalty under this section may be made more than</p>
<p>two years after the denial decision is issued.</p>	=>	<p>two years after the denial decision is issued.</p>
<p>(10) The assessment of a penalty under this section may be made immediately after the denial decision is made (and notice of the</p>	<>	<p>(11) The assessment of a penalty under this section may be made immediately after the denial decision is made (and notice of the</p>
<p>assessment may be given to T in the same document as the notice of the decision).</p>	=>	<p>assessment may be given to T in the same document as the notice of the decision).</p>
<p>(11) Where by reason of conduct involving making a claim to exercise or rely on a VAT right in relation to a supply T–</p>	<>	<p>(12) Where by reason of actions involved in making a claim to exercise or rely on a VAT right in relation to a supply T–</p>
<p>(a) is liable to a penalty for an inaccuracy under paragraph 1 of</p>	<>	<p>(a) is liable to a penalty for an inaccuracy under paragraph 1 of</p>

Schedule 24 to the Finance Act 2007 for which T has been assessed (and the assessment has not been successfully appealed against by T or withdrawn), or (b) is convicted of an offence (whether under this Act or otherwise), that conduct does not give rise to liability to a penalty under this section.	=	Schedule 24 to the Finance Act 2007 for which T has been assessed (and the assessment has not been successfully appealed against by T or withdrawn), or (b) is convicted of an offence (whether under this Act or otherwise), those actions do not give rise to liability to a penalty under this section. 30
69D Penalties under section 69C: officers' liability (1) Where– (a) a company is liable to a penalty under section 69C, and (b) the actions of the company which give rise to that liability are attributable to an officer of the company,	=	69D Penalties under section 69C: officers' liability (1) Where– (a) a company is liable to a penalty under section 69C, and (b) the actions of the company which give rise to that liability were attributable to an officer of the company ("the officer"), 35
the officer is liable to pay such portion of the penalty (which may be equal to or less than 100%) as HMRC may specify in a notice given to the officer. (2) Subsection (1) does not allow HMRC to recover more than 100% of a penalty. (3) Before giving the officer a notice under this section HMRC must– (a) inform the officer that they are considering doing so, and (b) afford the officer the opportunity to make representations about whether a notice should be given or the portion that should be specified. (4) A notice under this section– (a) may only be given after the amount of the penalty due from the company has been assessed, and (b) may not be given more than two years after the denial decision relevant to that penalty was issued.	=	the officer is liable to pay such portion of the penalty (which may be equal to or less than 100%) as HMRC may specify in a notice given to the officer (a "decision notice"). (2) Before giving the officer a decision notice HMRC must– (a) inform the officer that they are considering doing so, and 40 (b) afford the officer the opportunity to make representations about whether a decision notice should be given or the portion that should be specified. (3) A decision notice– Finance (No. 2) Bill 121
Draft provisions for Finance Bill 2017 85 Part 6 – Administration, avoidance and enforcement	=	Part 5 – Administration, avoidance and enforcement
	=	
	<>	(a) may not be given before the amount of the penalty due from the company has been assessed (but it may be given immediately after that has happened), and (b) may not be given more than two years after the denial decision

<p>(5) Where the Commissioners have specified a portion of a penalty in a notice given to an officer under subsection (1)–</p> <p>(a) section 70 applies to the specified portion as to a penalty under section 69C,</p> <p>(b) the officer must pay the specified portion before the end of the period of 30 days beginning with the day on which the notice is given,</p> <p>(c) section 76(9) applies as if the notice were an assessment notified under section 76,</p> <p>(d) a further notice may be given in respect of a portion of any additional amount assessed in an additional assessment, and</p> <p>(e) section 69C(11) applies as if the officer were liable to a penalty.</p> <p>(6) In this section “company” means a body corporate or unincorporated association but does not include a partnership, a local authority or a local authority association.</p> <p>(7) In its application to a body corporate other than a limited liability partnership “officer” means–</p> <p>(a) a director (including a shadow director within the meaning of section 251 of the Companies Act 2006),</p> <p>(b) a manager, or</p> <p>(c) a secretary.</p> <p>(8) In its application to a limited liability partnership “officer” means a member.</p> <p>(9) In its application in any</p>	<p>=</p> <p><></p> <p>=</p> <p><></p> <p>=</p> <p><></p> <p>=</p> <p><></p>	<p>relevant to that penalty was issued.</p> <p>5</p> <p>(4) Where the Commissioners have specified a portion of the penalty in a decision notice given to the officer–</p> <p>(a) section 70 applies to the specified portion as to a penalty under section 69C,</p> <p>(b) the officer must pay the specified portion before the end of the 10 period of 30 days beginning with the day on which the notice is given,</p> <p>(c) section 76(9) applies as if the decision notice were an assessment notified under section 76, and</p> <p>(d) a further decision notice may be given in respect of a portion of 15 any additional amount assessed in an additional assessment.</p> <p>(5) HMRC may not recover more than 100% of the penalty through issuing decision notices in relation to two or more persons.</p> <p>(6) A person is not liable to pay an amount by virtue of this section if the actions of the company concerned are attributable to the person by 20 reference to conduct for which the person has been convicted of an offence.</p> <p>In this subsection “conduct” includes omissions.</p> <p>(7) In this section “company” means a body corporate or unincorporated association but does not include a partnership, a local authority or a 25 local authority association.</p> <p>(8) In its application to a body corporate other than a limited liability partnership “officer” means–</p> <p>(a) a director (including a shadow director within the meaning of section 251 of the Companies Act 2006),</p> <p>30</p> <p>(b) a manager, or</p> <p>(c) a secretary.</p> <p>(9) In its application to a limited liability partnership “officer” means a member.</p> <p>(10) In its application in any</p>
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other case, "officer" means–	=	other case, "officer" means– 35
(a) a director, (b) a manager, (c) a secretary, or (d) any other person managing or purporting to manage any of the company's affairs.	<>	(a) a director, (b) a manager, (c) a secretary, or (d) any other person managing or purporting to manage any of the company's affairs. 40
69E Publication of details of persons liable to penalties under section 69C (1) The Commissioners may publish information about a person if– (a) in consequence of an investigation the person has been found liable to one or more penalties under section 69C (the amount of	=	69E Publication of details of persons liable to penalties under section 69C (1) The Commissioners may publish information about a person if– (a) in consequence of an investigation the person has been found liable to one or more penalties under section 69C (the amount of
which has been assessed), and	<>	which has been assessed), and 45 122 Bill Part 5 – Administration, avoidance and enforcement
(b) the potential lost VAT in relation to the penalty (or the aggregate of the potential lost VAT in relation to each of the penalties) exceeds £50,000.	=	(b) the potential lost VAT in relation to the penalty (or the aggregate of the potential lost VAT in relation to each of the penalties) exceeds £50,000.
(2) The information that may be published about a person is– (a) the person's name (including any trading name, previous name	<>	(2) The information that may be published under subsection (1) is– (a) the person's name (including any trading name, previous name 5
or pseudonym), (b) the person's address (or registered office), (c) the nature of any business carried on by the person, (d) the amount of the penalty or penalties in question,	=	or pseudonym), (b) the person's address (or registered office), (c) the nature of any business carried on by the person, (d) the amount of the penalty or penalties in question,
(e) the periods or times to which the actions giving rise to the	<>	(e) the periods or times to which the actions giving rise to the 10
penalty or penalties relate,	=	penalty or penalties relate,
86 Draft provisions for Finance Bill 2017 Part 6 – Administration, avoidance and enforcement	+-	
(f) any other information that the Commissioners consider it appropriate to publish in order to make clear the person's identity.	=	(f) any other information that the Commissioners consider it appropriate to publish in order to make clear the person's identity.

(3) In a case where-	<>	(3) In a case where-
(a) the requirements in subsection (1)(a) and (b) are met in relation to a penalty or penalties for which a company is liable, (b) information about the company is published by virtue of this section, and (c) an officer of the company has been given a notice (the "decision notice") specifying a portion of the penalty, or any of the penalties, payable by the company as a portion which the officer is liable to pay,	=	15 (a) the requirements in subsection (1)(a) and (b) are met in relation to a penalty or penalties for which a company is liable, (b) information about the company is published by virtue of this section, (c) a person ("the officer") has been given a decision notice under section 69D specifying a portion of the penalty (or, if there is more than one penalty, of any of the penalties) payable by the company as a portion which the officer is liable to pay, and (d) the amount (or, if the decision notice specifies portions of more than one penalty, the aggregate amount) which the officer is liable to pay under the decision notice exceeds £25, 000,
the Commissioners may publish information about the officer.	=	the Commissioners may publish information about the officer.
(4) The information that may be published about an officer is-	<>	(4) The information that may be published under subsection (3) is-
(a) the officer's name, (b) the officer's address, (c) the officer's position in the company,	=	(a) the officer's name, (b) the officer's address, (c) the officer's position (or former position) in the company,
(d) the amount of any penalty imposed on the company of which a portion is payable by the officer under the decision notice and the portion so payable,	=	(d) the amount of any penalty imposed on the company of which a portion is payable by the officer under the decision notice and the portion so payable,
(e) the periods or times to which the actions giving rise to any such penalty relate, (f) any other information that the Commissioners consider it appropriate to publish in order to make clear the officer's identity.	=	(e) the periods or times to which the actions giving rise to any such penalty relate, (f) any other information that the Commissioners consider it appropriate to publish in order to make clear the officer's identity.
(5) Information published under this section may be published in any manner that the Commissioners consider appropriate.	<>	(5) Information published under this section may be published in any manner that the Commissioners consider appropriate.
(6) Before publishing any information the Commissioners must-	<>	(6) Before publishing any information under this section the Commissioners must-
(a) inform the person or officer to which it relates that they are considering doing so (in the case of an officer, on the assumption that they publish information about the company), and (b) afford the person or	=	(a) inform the person or officer to which it relates that they are considering doing so (in the case of an officer, on the assumption that they publish information about the company), and (b) afford the person or

officer the opportunity to make representations about whether it should be published.	officer the opportunity to make representations about whether it should be published.
	<p>--+ Finance (No. 2) Bill 123 Part 5 – Administration, avoidance and enforcement</p>
<p>(7) No information may be published under subsection (1) before the day on which the penalty becomes final or, where more than one penalty is involved, the latest day on which any of the penalties becomes final.</p> <p>(8) No information may be published under subsection (1) for the first time after the end of the period of one year beginning with that day.</p>	<p>(7) No information may be published under subsection (1) before the day on which the penalty becomes final or, where more than one penalty is involved, the latest day on which any of the penalties becomes final.</p> <p>(8) No information may be published under subsection (1) for the first time after the end of the period of one year beginning with that day.</p> <p style="text-align: center;">5</p>
<p>(9) No information may be published under subsection (3) before whichever is the later of—</p> <p>(a) the day mentioned in subsection (7), and</p> <p>(b) the day on which the decision notice becomes final.</p>	<p>(9) No information may be published under subsection (3) before whichever is the later of—</p> <p>(a) the day mentioned in subsection (7), and</p> <p>(b) the day on which the decision notice given to the officer becomes final.</p> <p style="text-align: center;">10</p>
<p>(10) No information may be published under subsection (3) for the first time after the end of the period of one year beginning with the later of the two days mentioned in subsection (9).</p> <p>Draft provisions for Finance Bill 2017</p> <p>87</p> <p>Part 6 – Administration, avoidance and enforcement</p>	<p>(10) No information may be published under subsection (3) for the first time after the end of the period of one year beginning with the later of the two days mentioned in subsection (9).</p>
<p>(11) No information may be published (or continue to be published) under subsection (1) or (3) after the end of the period of three years beginning with the day mentioned in subsection (7).</p> <p>(12) For the purposes of this section a penalty or a decision notice becomes final when the time for any appeal or further appeal relating to it expires or, if later, any appeal or final appeal relating to it is finally determined.</p>	<p>(11) No information may be published (or continue to be published) under subsection (1) or (3) after the end of the period of three years beginning 15 with the day mentioned in subsection (7).</p> <p>(12) For the purposes of this section a penalty or a decision notice becomes final when the time for any appeal or further appeal relating to it expires or, if later, any appeal or final appeal relating to it is finally determined.</p> <p style="text-align: center;">20</p>
<p>(13) The Treasury may by regulations made by statutory instrument amend subsection (1) to vary the</p>	<p>(13) The Treasury may by regulations made by statutory instrument—</p> <p style="text-align: center;">(a) amend subsection (1)</p>

amount for the time being specified in paragraph (b).	to vary the amount for the time being specified in paragraph (b), or (b) amend subsection (3) to vary the amount for the time being specified in paragraph (d). 25
(14) A statutory instrument containing regulations under subsection (13) is subject to annulment in pursuance of a resolution of the House of Commons. (3) In section 70 (mitigation of penalties)-	(14) A statutory instrument containing regulations under subsection (13) is subject to annulment in pursuance of a resolution of the House of Commons. (3) In section 70 (mitigation of penalties)-
(a) in the heading, for "and 67" substitute "67, 69A and 69C",	(a) in the heading, for "and 67" substitute "67, 69A and 69C", 30
(b) in subsection (1) for "or 69A" substitute "69A or 69C", and (c) after subsection (4) insert- "(5) In the application of subsections (3) and (4) in relation to a penalty under section 69C, subsection (4) has effect with the	(b) in subsection (1) for "or 69A" substitute "69A or 69C", and (c) after subsection (4) insert- "(5) In the application of subsections (3) and (4) in relation to a penalty under section 69C, subsection (4) has effect with the
omission of paragraphs (b) and (c)."	omission of paragraphs (b) and (c)." 35
(4) In section 76 (assessment of amounts due by way of penalty etc), in subsection (1)(b) for "to 69B" (in both places) substitute "to 69C". (5) In section 83(1) (appeals), after paragraph (n) insert-	(4) In section 76 (assessment of amounts due by way of penalty etc), in subsection (1)(b) for "to 69B" (in both places) substitute "to 69C". (5) In section 83(1) (appeals), after paragraph (n) insert-
"(na) any liability to a penalty under section 69C, the giving of a notice under section 69D or a decision as to the specified portion of a penalty to which a notice under section 69D relates ,".	"(na) any liability to a penalty under section 69C, any assessment of a penalty under that section or the amount of such an assessment ; 40 (nb) the giving of a decision notice under section 69D or the portion of a penalty assessed under section 69C which is specified in such a notice ;";
(6) After paragraph 21 of Schedule 24 to FA 2007 (penalties for errors: double	(6) After paragraph 21 of Schedule 24 to FA 2007 (penalties for errors: double
--+ 124 (No. 2) Bill Part 5 – Administration, avoidance and enforcement	
jeopardy) insert- "21ZA(1) A person is not liable to a penalty under paragraph 1 in respect of an inaccuracy if- (a) the inaccuracy involves a claim by the person to exercise or	jeopardy) insert- "21ZA(1) A person is not liable to a penalty under paragraph 1 in respect of an inaccuracy if- (a) the inaccuracy involves a claim by the person to exercise or
rely on a VAT right	rely on a VAT right

(in relation to a supply) that has been denied or refused by HMRC as mentioned in subsection (4) of section 69C of VATA 1994, and (b) the person has been assessed to a penalty under that section (and the assessment has not been successfully appealed against or withdrawn).	=	(in relation to a supply) that has been denied or refused by HMRC as mentioned in subsection (4) of section 69C of VATA 1994, and (b) the person has been assessed to a penalty under that section (and the assessment has not been successfully appealed against or withdrawn).
(2) In sub-paragraph (1)(a) "VAT right" has the same meaning as in section 69C of VATA 1994." (7) Section 69C does not apply in relation to transactions entered into before this section comes into force.	=	(2) In sub-paragraph (1)(a) "VAT right" has the same meaning as in section 69C of VATA 1994." (7) Section 69C does not apply in relation to transactions entered into before this section comes into force.
88 Draft provisions for Finance Bill 2017 Part 6 – Administration, avoidance and enforcement	+-	
Enforcement powers	=	
96 Customs enforcement: power to enter premises and inspect goods	<>	Customs enforcement powers 15
(1) Section 24 of FA 1994 (power to enter premises and inspect goods) is amended as follows. (2) The existing text becomes subsection (1). (3) In that subsection–	<>	(1) Section 24 of FA 1994 (power to enter premises and inspect goods) is amended as follows. (2) The existing text becomes subsection (1). (3) In that subsection– 20
(a) at the beginning insert "This section applies"; (b) omit the words after paragraph (b). (4) After that subsection insert– "(2) The officer may at any reasonable time enter and inspect the premises. (3) The officer may inspect, examine and take account of any goods found	=	(a) at the beginning insert "This section applies"; (b) omit the words after paragraph (b). (4) After that subsection insert– "(2) The officer may at any reasonable time enter and inspect the premises. (3) The officer may inspect, examine and take account of any goods found 25
on the premises. (4) The officer may require a relevant person to provide any assistance that is reasonable for the purpose of exercising the power in subsection (3). (5) For example, the officer may require a relevant person to move, open or unpack goods and containers. (6) The officer may, for the purpose of exercising the power in	=	on the premises. (4) The officer may require a relevant person to provide any assistance that is reasonable for the purpose of exercising the power in subsection (3). (5) For example, the officer may require a relevant person to move, open or unpack goods and containers. 30
	=	(6) The officer may, for the purpose of exercising the power in subsection

subsection (3)- (a) move, open, or unpack goods and containers; (b) search containers and anything in them;	<>	(3)- (a) move, open, or unpack goods and containers; (b) search containers and anything in them;
(c) mark goods and containers.	<>	(c) mark goods and containers. 35
(7) The Commissioners are not to bear any costs incurred by a relevant person in complying with a requirement under subsection (4). (8) But the Commissioners are to bear the costs of anything done by the officer under subsection (6).	=	(7) The Commissioners are not to bear any costs incurred by a relevant person in complying with a requirement under subsection (4). (8) But the Commissioners are to bear the costs of anything done by the officer under subsection (6).
(9) In this section “relevant person” means—	<>	(9) In this section “relevant person” means— 40
(a) the person to whom this Chapter applies;	=	(a) the person to whom this Chapter applies;
	--+	Finance (No. 2) Bill 125 Part 5 – Administration, avoidance and enforcement
(b) the occupier of the premises; (c) a person who has (or appears to have) possession or control of the goods; (d) a person who is (or appears to be) acting on behalf of a person	=	(b) the occupier of the premises; (c) a person who has (or appears to have) possession or control of the goods; (d) a person who is (or appears to be) acting on behalf of a person
within any of paragraphs (a) to (c).	<>	within any of paragraphs (a) to (c). 5
(10) Section 159(2) of the Customs and Excise Management Act 1979 (examinations of goods to be at a place appointed by the Commissioners) does not apply to an examination under subsection (3).”	=	(10) Section 159(2) of the Customs and Excise Management Act 1979 (examinations of goods to be at a place appointed by the Commissioners) does not apply to an examination under subsection (3).”
97 Power to search vehicles or vessels	<>	131 Power to search vehicles or vessels 10
In section 163 of CEMA 1979 (power to search vehicles or vessels), after subsection (1) insert— “(1A) The officer, constable or member may use reasonable force if necessary for the purpose of exercising the power in subsection (1).”	=	In section 163 of CEMA 1979 (power to search vehicles or vessels), after subsection (1) insert— “(1A) The officer, constable or member may use reasonable force if necessary for the purpose of exercising the power in subsection (1).”
Draft provisions for Finance Bill 2017	+-	
89 Part 6 – Administration, avoidance and enforcement	=	
	<>	

Information		Information 15
	=	
98 Data-gathering from money service businesses	<>	132 Data-gathering from money service businesses
(1) In Part 2 of Schedule 23 to FA 2011 (data-gathering powers: relevant data-holders), after paragraph 13C insert– “Money service businesses”	=	(1) In Part 2 of Schedule 23 to FA 2011 (data-gathering powers: relevant data-holders), after paragraph 13C insert– “Money service businesses”
13D (1) A person is a relevant data-holder if the person–	<>	13D (1) A person is a relevant data-holder if the person– 20
(a) carries on any of the activities in sub-paragraph (2) by way of business, (b) is a person to whom the Money Laundering Regulations 2007 (S.I. 2007/2157) apply, and (c) is not an excluded credit institution.	=	(a) carries on any of the activities in sub-paragraph (2) by way of business, (b) is a person to whom the Money Laundering Regulations 2007 (S.I. 2007/2157) apply, and (c) is not an excluded credit institution. 25
(2) The activities referred to in sub-paragraph (1)(a) are– (a) operating a currency exchange office; (b) transmitting money (or any representation of monetary value) by any means; (c) cashing cheques which are made payable to customers.	=	(2) The activities referred to in sub-paragraph (1)(a) are– (a) operating a currency exchange office; (b) transmitting money (or any representation of monetary value) by any means; (c) cashing cheques which are made payable to customers. 30
(3) An excluded credit institution is a credit institution which has permission to carry on the regulated activity of accepting deposits– (a) under Part 4A of the Financial Services and Markets Act 2000 (permission to carry on regulated activities), or (b) resulting from Part 2 of Schedule 3 to that Act (exercise of	=	(3) An excluded credit institution is a credit institution which has permission to carry on the regulated activity of accepting deposits– (a) under Part 4A of the Financial Services and Markets Act 2000 (permission to carry on regulated activities), or (b) resulting from Part 2 of Schedule 3 to that Act (exercise of 35
passport rights by EEA firms). (4) Sub-paragraph (3) is to be read with section 22 of and Schedule 2 to the Financial Services and Markets Act 2000, and any order under that section (classes of regulated activities).	=	passport rights by EEA firms). (4) Sub-paragraph (3) is to be read with section 22 of and Schedule 2 to the Financial Services and Markets Act 2000, and any order under that section (classes of regulated activities).
(5) In this paragraph “credit institution” has the meaning given by	<>	(5) In this paragraph “credit institution” has the meaning given by 40
Article 4.1(1) of Regulation (EU) No 575/2013 of the European	=	Article 4.1(1) of Regulation (EU) No 575/2013 of the European
	--+	126 2) Bill Finance (No.

		Part 5 – Administration, avoidance and enforcement
Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.” (2) This section applies in relation to relevant data with a bearing on any period (whether before, on or after the day on which this Act is passed).	=	Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.” (2) This section applies in relation to relevant data with a bearing on any period (whether before, on or after the day on which this Act is passed).
	--+	PART 6 5
	=	
	--+	FINAL
	=	
	--+	133 Northern Ireland welfare payments: updating statutory reference In section 44(2) of FA 2016 (tax treatment of supplementary welfare payments: Northern Ireland) for “the Housing Benefit (Amendment) Regulations (Northern Ireland) 2016 (S.R. (N.I.) 2016 No. 258)” substitute “the Housing Benefit (Amendment No. 2) Regulations (Northern Ireland) 2016 (S.R. (N.I.) 2016 No. 326)”. 10
	=	
	--+	134 Interpretation In this Act the following abbreviations are references to the following Acts.
	=	
	--+	ALDA 1979 Alcoholic Liquor Duties Act 1979 15 CAA 2001 Capital Allowances Act 2001 CEMA 1979 Customs and Excise Management Act 1979 CTA 2009 Corporation Tax Act 2009 CTA 2010 Corporation Tax Act 2010 CT(NI)A 2015 Corporation Tax (Northern Ireland) Act 2015 20 FA, followed by a year of that year Finance Act F(No.2)A, followed by a year (No.2) Act of that year Finance F(No.3)A, followed by a year (No.3) Act of that year Finance HODA 1979 Hydrocarbon Oil Duties Act 1979 ICTA Corporation Taxes Act 1988 25 IHTA 1984 Inheritance Tax Act 1984

		ITA 2007 Act 2007 ITEPA 2003 (Earnings and Pensions) Act 2003 ITTOIA 2005 (Trading and Other Income) Act 2005 OTA 1975 Taxation Act 1975 30 TCGA 1992 Chargeable Gains Act 1992 Finance (No. 2) Bill 127 Part 6 – Final	Income Tax Income Tax Income Tax Oil Taxation of 127
	=		
	--+	TIOPA 2010 (International and Other Provisions) Act 2010 TMA 1970 Management Act 1970 TPDA 1979 Products Duty Act 1979 VATA 1994 Tax Act 1994 VERA 1994 Excise and Registration Act 1994	Taxation Taxes Tobacco Value Added 5 Vehicle
	=		
	--+	135 Short title This Act may be cited as the Finance Act 2017.	