

NOTES ON FINANCE BILL RESOLUTIONS

1. **Amendment of the Law**

Authorises the Finance Bill to contain those provisions which do not impose or increase a tax charge, in particular provisions that give relief from tax or which deal with tax administration. It also restricts the scope for amendments to VAT.

2. **Income tax (charge and main rates)**

Provides for income tax to be charged for the 2013-14 tax year at the rates legislated in Finance Act 2012.

3. **Income tax (personal allowance for those born after 5 April 1948)**

Provides for the income tax personal allowance for individuals aged under 65 to be set at £9,440 for the 2013-14 tax year and the disapplication of indexation provisions for that personal allowance for that tax year.

4. **Income tax (basic rate limit)**

Provides for the income tax basic rate limit to be set at £32,010 for the 2013-14 tax year and the disapplication of indexation provisions for the basic rate limit for that tax year.

5. **Corporation tax (charge and main rate for financial year 2014)**

Authorises the Finance Bill to provide for the corporation tax main rate to be charged for the financial year 2014 (the year beginning 1 April 2014) and for that year the main rate of corporation tax to be 30 per cent on ring fence profits, and 21 per cent on other profits of companies.

6. **Corporation tax (small profits rate and fractions for financial year 2013)**

Authorises the Finance Bill to provide for the small profits rate of corporation tax for the financial year 2013 (the year beginning 1 April 2013) to be 19 per cent on ring fence profits of companies and 20 per cent on all other profits of companies; and for the marginal relief ring fence fraction to be eleven four-hundredths and for the marginal relief standard fraction for other profits to be three four-hundredths.

7. **Contributions to registered pension schemes**

Authorises the Finance Bill to provide for amending section 308 of the Income Tax (Earnings and Pensions) Act 2003.

8. **Tax advantaged employee share schemes**

Authorises the Finance Bill to provide for amending the SIP code, the SAYE code, the CSOP code or the EMI code.

9. Patent royalties

Authorises the Finance Bill to provide (including provision having retrospective effect) for the abolition of the income tax reliefs in sections 448 and 449 Income Tax Act 2007 for payments of patent royalties made on or after 5 December 2012.

10. Limit on income tax reliefs

Provides for a limit on the deductions which may be made at Step 2 of the calculation in section 23 of ITA 2007 (calculation of income tax liability).

11. Calculation of profits on cash basis

Authorises the Finance Bill to provide for trade, professional or vocational profits for income tax to be calculated on a cash rather than an accruals basis.

12. Deductions in calculating profits

Authorises the Finance Bill to provide for provision (including provision having retrospective effect) to be made about the deductions allowed when calculating the profits of a trade, profession, vocation or property business for the purposes of income tax, or the profits of a trade or property business for the purposes of corporation tax.

13. Arrangements made by intermediaries

Provides for any amount paid to office holders when they are engaged through a third party intermediary to be brought into the charge to income tax. The extension applies both where the worker is named as an office holder of the client but paid through an intermediary and where the intermediary (third party) is named as the office holder of the client. It applies in each case where the worker would be considered as an office holder of the client if the services were provided directly under a contract between the worker and the client. In the situations described above, providing there is also a requirement for the personal service of the worker, it brings into charge for income tax, as the worker's deemed earnings from employment, any payment made to the worker via an intermediary (third party).

14. Insurance policies etc

Authorises the Finance Bill to provide for amendments (including amendments having retrospective effect) to Schedule 15 to the Income and Corporation Taxes Act 1988, Chapter 9 of Part 4 of the Income tax (Trading and Other Income Act) 2005 and section 55 of the Finance Act 1995.

15. Transfer of assets abroad

Authorises the Finance Bill to make provision (including provision having retrospective effect) for changes to be made to the tax rules relating to the transfer of assets abroad.

- 16. Deduction from interest payments**

Authorises the Finance Bill to provide for amendments to rules on deduction of income tax from interest.
- 17. Disguised interest**

Authorises the Finance Bill to provide for income tax rules on disguised interest.
- 18. Controlled foreign companies**

Authorises the Finance Bill to make provision (including provision having retrospective effect) about and in connection with controlled foreign companies.
- 19. Change in company ownership**

Authorises the Finance Bill to make provision for changes to the rules regarding deductions for corporation tax purposes following changes in the ownership of, or in partnership arrangements relating to, a company.
- 20. Expenditure on research and development**

Authorises the Finance Bill to provide for the introduction of a research and development credit.
- 21. Television programmes and video games**

Authorises the Finance Bill make provision about the taxation of television and video game production activities.
- 22. Real estate investment trusts**

Authorises the Finance Bill to make provision in relation to UK Real Estate Investment Trusts.
- 23. Tax relief for employee share acquisitions**

Authorises the Finance Bill to make provision about the tax relief available to a company in connection with employee share options and acquisitions.
- 24. Derivative contracts**

Authorises the Finance Bill to make provision (including provision having retrospective effect) for amending Chapter 7 of Part 7 of the Corporation Tax Act 2009.
- 25. Tax mismatch schemes**

Authorises the Finance Bill to make provision (including provision having retrospective effect) about tax mismatch schemes.
- 26. Tier two capital**

Authorises the Finance Bill to make provision (including provision having retrospective effect) about the tax treatment of tier two capital.

27. Tax treatment of financing costs and income (group treasury companies)

Authorises the Finance Bill to make provision (including provision having retrospective effect) for amending section 316 of the Taxation (international and Other Provisions) Act 2010.

28. Community amateur sports clubs

Authorises the Finance Bill to make provision (including provision having retrospective effect) about community amateur sports clubs.

29. Pension schemes

Authorises the Finance Bill to make provision (including provision having retrospective effect) in relation to pension schemes.

30. Drawdown pensions and dependant's drawdown pensions

Provides for the amount that may be withdrawn from a drawdown pension fund as an authorised pension or authorised pension death benefit to increase from 100 per cent to 120 per cent of the basis amount in each drawdown pension year; and provides also for the disapplication of a rule which in certain circumstances requires a new reference period to begin due to a transfer of sums and assets held for the purposes of a drawdown pension arrangement to another pension scheme.

31. Employee shareholder shares

Authorises the Finance Bill to make provisions in connection with the acquisition and disposal of employee shareholder shares.

32. Seed enterprise investment schemes

Authorises the Finance Bill to provide for amendments to the Income Tax Act 2007 relating to the Seed Enterprise Investment Scheme.

33. Disincorporation relief

Authorises the Finance Bill to make provision for relief from taxation in connection with the transfer of a business from a company to its shareholders.

34. Attribution of gains to member of non-resident companies

Authorises the Finance Bill to make provision (including provision having retrospective effect) for and in connection with amending section 13 of the Taxation of Chargeable Gains Act 1992.

35. Treatment for capital gains tax purposes of shares acquired under the EMI code

Authorises the Finance Bill to make provision (including provision having retrospective effect) about the treatment for capital gains tax purposes of shares acquired under options which are qualifying options under the EMI code.

- 36. Capital gains tax on disposals of high value properties**
Authorises the Finance Bill to provide for a charge to capital gains tax on disposals of interests in high value properties.
- 37. Calculation of chargeable gains of companies**
Authorises the Finance Bill to provide for changes to the rules governing the calculation of corporate chargeable gains and losses when companies dispose of assets.
- 38. Capital allowances**
Authorises the Finance Bill to make provision about capital allowances.
- 39. Community investment tax relief**
Authorises the Finance Bill to make provision about community investment tax relief.
- 40. Lease premium relief**
Authorises the Finance Bill to make provision in relation to lease premiums.
- 41. Manufactured payments**
Authorises the Finance Bill to make provision (including provision having retrospective effect) about manufactured payments.
- 42. Close companies**
Authorises the Finance Bill to make provision about close companies.
- 43. Oil taxation (petroleum revenue tax)**
Authorises the Finance Bill to make provision in relation to petroleum revenue tax.
- 44. Oil taxation (loan relationships)**
Authorises the Finance Bill to make provision about loan relationships in respect of property that is comprised in a settlement the sole or main purpose of which is to provide security for the performance of obligations under an abandonment programme approved under Part 4 of the Petroleum Act 1998.
- 45. Oil taxation (ring fence trades)**
Authorises the Finance Bill to make provision about the taxation of ring fence trades.
- 46. Annual tax on enveloped dwellings**
Authorises the Finance Bill to made provision for and in connection with the imposition of a new tax on the holding of interests in high value properties.

- 47. Inheritance tax (treatment of liabilities)**
Authorises the Finance Bill to make provision about the treatment of liabilities for the purposes of inheritance tax.
- 48. Inheritance tax (non-domiciled spouses and civil partners)**
Authorises the Finance Bill to make provision about the treatment of the non-domiciled spouses and civil partners of UK domiciled individuals and their potential election to be treated as UK domiciled.
- 49. Fuel duties**
Authorises the Finance Bill to make provision about rates of duty and rebates under the Hydrocarbon Oil Duties Act 1979.
- 50. Alcoholic liquor duties (rates)**
Provides for increases in the rates of excise duty charged on spirits, sparkling and still wine and made wine, sparkling and still cider and perry and high strength beer duty and a reduction in the rates of excise duty on general beer duty beer to take effect from 25 March 2013.
- 51. Tobacco products duty (rates)**
Provides for changes to the rates of duty on tobacco products, set out in the Table in Schedule 1 to the Tobacco Products Duty Act 1979, to come into force at 6pm on 20 March 2013.
- 52. Tobacco products duty (herbal smoking products)**
Authorises the Finance Bill to make provision for tobacco products duty to be charged on herbal smoking products.
- 53. Air passenger duty (rates of duty from 1 April 2013)**
Provides for changes to the rates of air passenger duty in relation to the carriage of passengers beginning on or after 1 April 2013.
- 54. Air passenger duty (miscellaneous provision)**
Authorises the Finance Bill to make provision for requiring persons to make payments on account of their liabilities for air passenger duty based on estimates of what their liabilities will be.
- 55. Vehicle excise duty (rates for light passenger vehicles etc)**
Provides for changes to certain rates of vehicle excise duty applying to light passenger vehicles (cars), light goods vehicles (vans), motorcycles etc. in relation to licences taken out on or after 1 April 2013.
- 56. Vehicle licences for disabled people**
Provides for the vehicle excise duty exemption for disabled people in Schedule 2 of the Vehicle Excise and Registration Act 1994 to include enhanced mobility Personal Independence Payment (PIP) and Armed Forces Independence Payment (AFIP) recipients, and for a 50 per cent

vehicle excise duty rate discount to apply to standard mobility PIP recipients, with effect from 8 April 2013.

57. Value added tax (health service bodies)

Provides that a clinical commissioning group, the Health and Social Care Information Centre, the National Health Service Commissioning Board and the National Institute for Health and Care Excellence shall be eligible for VAT refunds.

58. Value added tax (supplies of fuel)

Authorises the Finance Bill to make provision (including provision having retrospective effect) about the value of certain supplies of fuel for the purposes of value added tax.

59. Value added tax (energy-saving materials)

Authorises the Finance Bill to make provision for amendments to Group 2 of Schedule 7A of the VAT Act 1994 concerning the withdrawal of the reduced rate of VAT for the installation of energy saving materials in buildings used solely for a relevant charitable propose with effect from 1 August 2013.

60. Stamp duty land tax

Authorises the Finance Bill to make provision (including provision having retrospective effect) for amending Part 4 of Finance Act 2003.

61. Landfill tax (standard rate)

Authorises the Finance Bill to make provision about the standard rate of landfill tax.

62. Climate change levy

Authorises the Finance Bill to contain provision for amending Schedule 6 to the Finance Act 2000, including the rates of climate change levy (CCL) and the carbon price support rates of CCL.

63. Climate change levy: supplies subject to carbon price support rates etc

Provides for Schedule 6 to Finance Act 2000 to be amended to introduce the carbon price floor (CPF) in Great Britain from 1 April 2013, as it applies to fuels that are subject to the climate change levy (CCL) and used in electricity generation. It repeals CPF provisions in Finance Acts 2011 and 2012 from 26 March 2013 and re-enacts the legislation in an amended and consolidated form, from 1 April 2013. It sets the tax's scope, provides for the carbon price support rates of CCL for 2013-14 and provides for regulations to give effect to the tax.

64. Bank levy (rates)

Authorises the Finance Bill to make provision (including provision having retrospective effect) about bank levy rates.

- 65. Tax deductions for the bank levy and foreign bank levies**
Authorises the Finance Bill to make provision (including provision having retrospective effect) to ignore foreign bank levies when calculating profits or losses for the purposes of income and corporation tax.
- 66. General anti-abuse rule**
Authorises the Finance Bill to make provision for the purposes of counteracting tax advantages arising from tax arrangements that are abusive.
- 67. Trusts with a vulnerable beneficiary**
Authorises the Finance Bill to make provision about trusts with vulnerable beneficiaries.
- 68. Unauthorised unit trusts**
Authorises the Finance Bill to make provision for changes to the tax rules for trustees or unit holders of unauthorised unit trusts.
- 69. Residence and ordinary residence**
Authorises the Finance Bill to provide for a statutory residence test to determine whether individuals are UK resident for the purposes of income tax, capital gains tax, inheritance tax and corporation tax, to impose charges on individuals who become resident following a temporary period of non-residence and to remove or replace rules that use the concept of 'ordinary residence'.
- 70. Overpayment relief**
Authorises the Finance Bill to provide for amendments to legislation dealing with claims in respect of overpaid tax and excessive assessments.
- 71. Relief from tax (incidental and consequential charges)**
Authorises the Finance Bill to make provision for incidental or consequential charges to any duty or tax (including charges having retrospective effect) that may arise from provision designed in general to afford relief from taxation.

Procedure (Future Taxation)

Authorises the Finance Bill to contain provision (to take effect in a future year) for the main rate of corporation tax to be 20 per cent for the financial year 2015.

Procedure (Future Taxation)

Authorises the Finance Bill to contain provision (to take effect in a future year):

- a) for corporation tax to be charged for the financial year 2014;
- b) for the taxation of company cars with effect from 6 April 2015;
- c) about the standard lifetime allowance under Part 4 of the Finance Act 2004;
- d) about the annual allowance under Part 4 of the Finance Act 2004;
- e) about the standard rate of landfill tax;
- f) for the main rates of climate change levy (CCL) on or after 1 April 2014, and the carbon price support rates of CCL on or after 1 April 2014 and 1 April 2015; and,
- g) for and in connection with penalties for late filing, late payment and errors.

Procedure (R&D expenditure credits)

Authorises the Finance Bill to provide for the payment of credits to companies in respect of expenditure on research and development.

Procedure (Television tax credits)

Authorises the Finance Bill to provide for the payment of tax credits to television companies in respect of expenditure on television production activities.

Procedure (Video game tax credits)

Authorises the Finance Bill to provide for the payment of tax credits to video game development companies in respect of expenditure on video game development activities.

Procedure (Decommissioning relief agreements)

Authorises the Finance Bill to provide for the payment out of money, provided by Parliament, of sums payable by the Treasury or a Minister of the Crown to a company in connection with the amount of tax relief obtained in respect of decommissioning expenditure it has incurred.

Procedure (International agreements to improve tax compliance)

Authorises the Finance Bill to provide for enabling effect to be given to international agreements relating to international tax compliance which are entered into by the Government of the United Kingdom.

Procedure (Penalty instead of forfeiture of larger ships)

Authorises the Finance Bill to provide for the imposition of penalties instead of forfeiture of larger ships for and in connection with offences under any enactment relating to customs and excise.

Finance (Money)

Authorises the Finance Bill to provide the payment out of money provided by Parliament for:

- a) sums incurred by Her Majesty's Revenue & Customs in respect of the payment of credits to companies in respect of expenditure on research and development;
- b) sums payable by the Treasury or a Minister of the Crown to a company in connection with the amount of tax relief obtained in respect of decommissioning expenditure it has incurred; and,
- c) sums payable by the Secretary of State by virtue of any provisions of the Act relating to vehicle excise and registration.