

WRITTEN MINISTERIAL STATEMENT

Draft Legislation for Finance Bill 2012 & Tax Policy Update

The Exchequer Secretary to the Treasury (David Gauke): Following Budget 2011, the Government consulted on a number of tax policies. Today the Government is publishing the responses to these consultations alongside draft clauses for legislation to be included in Finance Bill 2012. This fulfils our objective to confirm the majority of intended tax changes at least three months ahead of publication.

The draft clauses will be open to technical consultation until 10 February 2012.

Details of the clauses published today are set out in the Overview of Draft Legislation document, which also includes Tax Information and Impact Notes for each measure. All publications will be available on the HMT and HMRC websites.

The Government is making additional changes to tax policy. Legislation will be introduced in Finance Bill 2012 to:

- provide that visiting EU forces and their civilian staff receive the tax treatment to which they are entitled under the EU Status of Forces Agreement. Similar treatment already applies to visiting North Atlantic Treaty Organisation (NATO) forces.
- exempt from income tax payments of the Continuity of Education Allowance to service personnel in the armed forces.
- ensure that individuals provided with security enhanced cars are not unfairly impacted by the abolition of the £80,000 cap on the cash equivalent of the benefit on company cars.
- exempt from UK taxation, money earned by non-resident footballers and team officials in relation to the Champions League final in 2013, which will be held at Wembley.
- ensure that existing tax rules dealing with tax adjustments arising on a change in accounting policy continue to apply following the expected changes to UK Generally Accepted Accounting Practice in 2012. The legislation will apply to changes in accounting policy where accounts are prepared after 1 January 2012.
- introduce a lower rate of 20 per cent of the full rates of climate change levy for supplies of taxable commodities used in the recycling of steel and aluminium, from 1 April 2012.
- make consequential amendments to stamp duty land tax reliefs arising from provisions of the Health and Social Care Bill.

- make further changes to the capital allowances anti-avoidance rules that apply to transactions involving plant or machinery following the announcement on 12 August 2011 to close down a loophole in the legislation.
- take a power to modify the stamp duty land tax Disclosure of Tax Avoidance Schemes regime to facilitate both the removal of the grandfathering rules for certain avoidance schemes using the sub-sale rules and the removal of the property valuation thresholds for disclosure.
- provide double taxation relief for remote gaming duty, general betting duty and pool betting duty following the announcement on 18 July 2011 of a review of remote gambling taxation.
- amend the bank levy to ensure that the liabilities of joint ventures are correctly aggregated into a foreign banking group or a relevant non banking group's chargeable equity and liabilities; to ensure that double taxation relief can be restricted where the amount of a foreign bank levy subsequently is reduced; and to amend the powers allowing the rules for the exchange of information with foreign authorities to work as intended. The changes to the rules on joint ventures will have effect for chargeable periods ending on or after 1 January 2012.

The Government will propose amendments in Finance Bill 2013 to two pieces of legislation designed to protect the UK tax base. These are contained in sections 714 to 751 of the Income Tax Act 2007 (transfer of assets abroad) and section 13 of the Taxation of Chargeable Gains Act 1992 (gains on assets held by foreign companies closely controlled by UK participators). A further announcement will be made around Budget 2012 and the Government intends to publish a consultation including draft legislation at that time.

The Government also announces the withdrawal of five extra statutory concessions and a consultation on supplementary legislation for two concessions. The withdrawals will have effect from the beginning of the 2013/14 tax year. Further details are available on the HMRC website.

The Government has also tabled two further written statements today which:

- set out legislation for Finance Bill 2012 which has effect from today; and
- provide further details on non-domicile taxation and the statutory residence test.

HM Treasury

6 December 2011