

WRITTEN MINISTERIAL STATEMENT

Draft Legislation for Finance Bill 2012: Measures with Immediate Effect

The Exchequer Secretary to the Treasury (David Gauke): This Government is committed to creating a fair tax system and will take the necessary steps to prevent the loss of tax revenues.

The Government is announcing today measures which will protect the Exchequer and maintain fairness in the tax system. The legislation for these measures will have effect from today and will be included in Finance Bill 2012.

The Protocol on announcements made outside scheduled fiscal events, published at Budget 2011, sets out the criteria the Government will observe when changing legislation with immediate effect. The Government is acting in accordance with the Protocol in announcing the following changes to legislation.

Lloyd's stop-loss insurance

Legislation will be introduced to ensure that all premiums payable by corporate members of Lloyd's in respect of member-level stop-loss reinsurance shall be deducted for tax purposes in the same period in which the profits to which they relate are recognised. The legislation will apply to all premiums paid in respect of policies taken out on or after 6 December 2011 to remove the benefit of the current mismatch without further delay.

Scope of the supplementary charge

The Government is introducing legislation, taking effect from 6 December 2011, to prevent a potential loss of tax by ensuring that the supplementary charge applies to ring fence chargeable gains and to confirm that the scope of the supplementary charge matches that of ring fence corporation tax.

Section 171A Taxation of Chargeable Gains Act 1992 will be amended to provide that an election cannot be made to transfer a ring fence chargeable gain from a company carrying on a ring fence trade to a company not carrying on a ring fence trade.

Section 330 Corporation Tax Act 2010 will be amended to put beyond doubt that supplementary charge is charged by reference to all of the ring fence profits of a company that are chargeable to corporation tax; that is by reference to its chargeable gains in addition to the trading profits arising to the company as a result of its ring fence trade.

Further details have today been published on HMRC's website, together with the proposed draft legislation and Tax Information and Impact Notes.

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

- set out legislation for Finance Bill 2012 and updates on tax policy; and
- provide further details on non-domicile taxation and the statutory residence test.

HM Treasury

6 December 2011