

EXPLANATORY NOTE

CLAUSE 35, SCHEDULE 16 AND SCHEDULE 17: TAX RELIEF FOR VIDEO GAMES DEVELOPMENT

AMENDMENTS 39-49

SUMMARY

1. Clause 35 and Schedules 16 and 17 introduce a new relief from corporation tax for video games development. This relief requires State aid approval before it can be implemented. State aid approval is currently delayed due to an investigation by the European Commission into the scheme. The amendment ensures that there are necessary powers to update Schedule 16 after Royal Assent of Finance Bill 2013.

DETAILS OF THE AMENDMENT

2. Part 2 of Schedule 16 is amended to allow for a ‘specified date’ for commencement of the new relief.
3. New paragraph 4 allows for any amendments to the design of the relief in order to meet, and in direct consequence of requirements to meet, State aid approval.
4. Consequential amendments for other parts of the Taxes Acts as specified in Schedule 17 are amended to take into account the effects of the amendments in Schedule 16.

BACKGROUND

5. The video games tax relief requires State aid approval from the European Commission before it can be introduced. The European Commission opened a formal investigation procedure into the scheme on 17 April 2013, which has resulted in a delay to its implementation.
6. This amendment provides the Government with the necessary powers to update Schedules 16 and 17 after Royal Assent of Finance Bill 2013 to reflect any changes necessary to ensure that the video games tax relief is compliant with State aid rules.

Thursday 16 May 2013

PUBLIC BILL COMMITTEE

Mr David Gauke

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- Schedule 16, page 296, line 17, at end insert—
() may provide for those amendments to be treated as having come into force on a day earlier than the day on which the order is made or this Act is passed;’.

Mr David Gauke

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Schedule 16, page 296, line 22, leave out ‘1 April 2013.’ and insert ‘the day specified for the purposes of this paragraph in an order made by the treasury (“the specified day”).
An order under sub-paragraph (1) may specify a day earlier than the day on which the order is made or this act is passed.’.

Mr David Gauke

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- Schedule 16, page 296, line 24, leave out ‘1 April 2013’ and insert ‘the specified day’.

Mr David Gauke

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- Schedule 16, page 296, line 24, leave out ‘date’ and insert ‘day’.

Mr David Gauke

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- Schedule 16, page 296, line 27, leave out ‘1 April 2013’ and insert ‘the specified day’.

Mr David Gauke

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- Schedule 16, page 296, line 28, leave out ‘date’ and insert ‘day’.

Mr David Gauke

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- Schedule 16, page 296, line 33, at end insert—
(4)(1) The Treasury may by order make such amendments of this Schedule as are necessary for the purpose of complying with any undertakings given to the European Commission, or any conditions imposed by the Commission, in connection with an application for State aid approval.
(2) In this paragraph “State aid approval” means approval that the provision made by Part 15B of CTA 2009, to the extent that it constitutes the granting of aid to which any of the provisions of Article 107 or 108 of the Treaty on the Functioning of the European Union applies, is, or would be, compatible with the internal market, within the meaning of Article 107 of that Treaty.
(3) An order under this paragraph may—

- (a) make incidental, supplemental, consequential, transitional or saving provision, including provision amending Schedule 17;
 - (b) contain provision having effect in relation to times before the order is made or this Act is passed.
 - (4) A statutory instrument that contains (whether alone or with other provisions) an order under this paragraph may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, the House of Commons.’.
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Mr David Gauke

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Schedule 17, page 307, line 2, at end insert—
‘may provide for any of those amendments to be treated as having come into force on a day earlier than the day on which the order is made or this act is passed;’.

Mr David Gauke

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- Schedule 17, page 307, line 7, leave out ‘1 April 2013.’ and insert ‘the relevant day.’
- (i) “The relevant day” is—
- (a) in the case of amendments relating to Part 15A of CTA 2009, 1 April 2013, and
- (b) in the case of amendments relating to Part 15B of that Act, the day specified by order for the purposes of paragraph 3 of Schedule 16.’.

Mr David Gauke

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- Schedule 17, page 307, line 9, leave out ‘1 April 2013’ and insert ‘the relevant day’.

Mr David Gauke

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- Schedule 17, page 307, line 9, leave out ‘date’ and insert ‘day’.