

Template for costing the policies of opposition parties

Please remember that everything entered into this template, and email correspondence relating to its completion, may be published under the Freedom of Information Act

Description of policy
<p>“Closing loopholes such as the Quoted Eurobond Exemption which is used by some companies to shift profits out of the UK. HMRC themselves have identified the problem, but have failed to act. Those businesses legitimately using the exemption to obtain finance from international bond markets would be able to continue to do so. But those who use it as a loophole to move profits <u>to connected companies</u> in tax havens will be prevented from doing so. Labour is tabling an amendment to the Finance Bill next week urging the Government to act on this loophole, which has been estimated to cost up to £500m a year in lost revenues.”</p> <p>http://press.labour.org.uk/post/90097295639/labour-sets-out-plans-to-tackle-tax-avoidance</p>
Additional policy assumptions
<p>We assume that the quoted Eurobonds exemption is to be restricted such that it does not apply to bonds issued (i) by a UK company (ii) to an overseas connected company located in a jurisdiction with which the UK does not have a double tax treaty providing for full or partial withholding tax relief.</p>
Additional technical modelling assumptions or judgements required
<p>That in response to the measure all affected companies restructure their debt obligations, for example by issuing discounted bonds which do not pay annual interest, or by issuing bonds through subsidiary companies located in jurisdictions with which the UK has a double tax treaty providing for full or partial withholding tax relief.</p>
If needed, information required on distributional effects of the policy

Cost/Revenue to the Exchequer over five years

	DEL					AME				
	Start-up cost	Year 2	Year 3	Year 4	Year 5	Start-up cost	Year 2	Year 3	Year 4	Year 5
Current										
Capital										
Total										

	Revenue				
	20015-16	2016-17	2017-18	2018-19	2019-20
Total	neg	neg	neg	neg	neg

Distributional effects (if none requested, any significant):

Comparison with current system (if applicable):

Other comments (including other Departments consulted):

To be completed by Permanent Secretary's Office
Date costing signed off:

26th September 2014

[If applicable]
Date revised costing signed off: