

Notes on Summer Finance Bill 2015 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. Future taxation: rates of income tax

Authorises the Finance Bill to provide for setting upper limits of rates of income tax to apply in future tax years.

3. Inheritance tax

Authorises the Finance Bill to provide (including provision having retrospective effect) for:

- the inheritance tax treatment of settled property;
- the introduction of a new nil-rate band when a residence is passed to direct descendants; and
- a freeze in the existing nil rate band for the tax years 2018-19, 2019-2020 and 2020-21.

4. Banking companies (surcharge)

Authorises the Finance Bill to provide for the imposition of a surcharge on the profits of banking companies, to have effect from 1 January 2016.

5. Controlled foreign companies

Authorises the Finance Bill to provide for amendments to Part 9A of the Taxation (International and Other Provisions) Act 2010.

6. Compensation payments

Authorises the Finance Bill to provide for amendment of Chapter 9 of Part 3 of Corporation Tax Act 2009 to restrict the deductions from Corporation Tax liability that may be made by banking companies in respect of compensation expenses.

7. Pensions

Authorises the Finance Bill to provide (including provision having retrospective effect) for the taxation of pensions.

8. Enterprise investment scheme

Authorises the Finance Bill to provide (including provision having retrospective effect) for changes to the rules for income tax relief in respect of the enterprise investment scheme.

9. Venture capital trusts

Authorises the Finance Bill to provide (including provision having retrospective effect) for changes to the rules for income tax relief in respect of venture capital trusts.

10. Meaning of “farming” and related expressions

Authorises the Finance Bill to provide for amending section 996 of the Income Tax Act 2007 (meaning of “farming”) and related expressions in the Income Tax Acts to align the rules for farming activities inside and outside the UK.

11. Expenditure on research and development

Authorises the Finance Bill to provide for changes to the tax credits for research and development expenditure.

12. Loan relationships and derivative contracts

Authorises the Finance Bill to provide for amendments to corporation tax rules on loan relationships and derivative contracts.

13. Intangible fixed assets

Authorises the Finance Bill to provide for amendments to Part 8 of the Corporation Tax Act 2009.

14. Investment companies: currency to be used in corporation tax calculations

Authorises the Finance Bill to provide for amendments to corporation tax rules on the currency to be used in tax calculations.

15. Group relief

Provides for the amendment of the Corporation Tax Act 2010 to remove residency restrictions and location specific requirements from consortium link companies for accounting periods beginning on or after 10 December 2014.

16. Tax avoidance involving carried-forward losses

Authorises the Finance Bill to provide for an amendment to Part 14B Corporation Tax Act 2010 to ensure that amounts claimed as deductions against a controlled foreign company charge can be considered as part of the arrangements covered by anti-avoidance rules in relation to carried-forward losses.

17. Trade profits

Authorises the Finance Bill to provide for changes to income tax and corporation tax legislation concerning the valuation of trading stock transferred otherwise than by way of trade, and the valuation of trading stock on the cessation of a trade.

18. Carried interest and disguised investment management fees

Provides for the capital gains tax treatment of certain sums arising to individuals providing investment management services, specifically that carried interest arising will be treated as a chargeable gain. Also provides for amendment of the definition of management fees for the purposes of legislation concerning disguised investment management fees. These amendments will have effect for carried interest and fees arising on or after 8 July 2015.

19. Insurance premium tax (standard rate)

Provides for an increase in the standard rate of Insurance Premium Tax (IPT) from 6 per cent to 9.5 per cent.

20. Aggregates levy: restoration of exemptions

Provides for the repeal of the legislation that suspended certain exemptions from aggregates levy in April 2014, with effect from 1 August 2015. It also provides for the removal of the exemption that had been in place for shale prior to the suspension, and for the introduction of a new exempt process for non-aggregate shale, both with effect from 1 April 2014.

21. Climate change levy: removal of exemption for electricity from renewable sources

Provides for the removal of the exemption from climate change levy for electricity from renewable sources where this is generated on or after 1 August 2015.

22. 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.

23. Future taxation: other

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

- a. for the personal allowance for the purposes of income tax;
- b. for the basic rate limit to apply for the 2016-17 and 2017-18 tax years;
- c. for the rate of corporation tax for the financial years 2017, 2018, 2019 and 2020;
- d. for changes to be made to the Inheritance Tax Act 1984 to freeze the existing nil-rate band for the tax years 2018-19, 2019-2020 and 2020-21;
- e. for changes to the taxation of pensions;
- f. for the purposes of income tax to restrict the rate at which income tax relief for finance-related expenses in connection with property businesses is given, for the tax year 2017-18 and thereafter;
- g. for an exemption from income tax for travel expenses paid to members of a local authority etc. to have effect for the tax year 2016-17 and subsequent tax years; and
- h. for changes to bands and rates of vehicle excise duty applying to light passenger vehicles (cars) taken out on or after 1 April 2017.

24. International agreements

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