



# House of Commons

## NOTICES OF AMENDMENTS

given on

**Thursday 7 June 2012**

*For other Amendment(s) see the following page(s):*  
Finance Bill Committee 55-65 and 67-82

### PUBLIC BILL COMMITTEE

#### FINANCE BILL

**(Except Clauses 1, 4, 8, 189 and 209, Schedules 1, 23 and 33,  
and any new Clauses and new Schedules first appearing on the Order Paper not later than  
Tuesday 17 April 2012 and relating to value added tax)**

David Gauke

**118**

Schedule 13, page 322, line 39, leave out from 'is' to end of line 43 and insert  
"completed"—

- (a) when the share in the partnership's profits of the person involved in the relevant change is no longer to be determined under the asset-backed arrangement (conditionally or unconditionally) by reference (wholly or partly) to payments in respect of the security, or
  - (b) if earlier, when no responsible authority is any longer entitled (conditionally or unconditionally) to any payments in connection with the asset-backed arrangement.
- (6) In sub-paragraph (5)(b) the reference to payments are to payments of any type including drawings or distributions from a partnership, payments in respect of the security and other payments in respect of an asset (as read in accordance with section 776(4)(b) of CTA 2010).
- (7) "Responsible authority" means—
- (a) the persons who from time to time are the trustees of the relevant scheme, or
  - (b) the persons who from time to time are the persons controlling the management of the relevant scheme,
- in their capacity as such.
- (8) A responsible authority is entitled to a payment "in connection with" the asset-backed arrangement if it is entitled to the payment directly or indirectly in consequence of the arrangement or otherwise in connection with the arrangement.'

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**Finance Bill, *continued***

- David Gauke **119**  
 Schedule 13, page 323, line 7, leave out '(2)' and insert '(3)'.
- David Gauke **120**  
 Schedule 13, page 323, line 11, leave out sub-paragraph (2).
- David Gauke **121**  
 Schedule 13, page 323, line 17, leave out from 'which' to 'the' in line 18 and insert 'a responsible authority is entitled in connection with'.
- David Gauke **122**  
 Schedule 13, page 323, line 38, leave out sub-paragraphs (5) to (7).
- David Gauke **123**  
 Schedule 13, page 324, line 25, leave out 'and (6) and (7)'.
- David Gauke **124**  
 Schedule 13, page 324, line 26, leave out from 'including' to end of line 27 and insert 'drawings or distributions from a partnership, payments in respect of the security and other payments in respect of an asset (as read in accordance with section 776(4)(b) of CTA 2010)'.
- David Gauke **125**  
 Schedule 13, page 324, line 28, leave out sub-paragraph (9).
- David Gauke **126**  
 Schedule 13, page 324, line 31, leave out 'sub-paragraphs (4)(b) to (d) and (7)(b) to (d)' and insert 'sub-paragraph (4)(b) to (d)'.
- David Gauke **127**  
 Schedule 13, page 324, line 33, after 'arrangement' insert 'or any other arrangement'.
- David Gauke **128**  
 Schedule 13, page 328, line 2, leave out from second 'E,' to end of line 4 and insert 'makes—
- (a) to the lender, or a person connected with the lender, in order to reverse the relevant change in relation to the partnership, or
  - (b) otherwise to a responsible authority in order to buy out the authority's interest in any partnership involved in the asset-backed arrangement.'

**Finance Bill, continued**

- David Gauke **129**  
 Schedule **13**, page **328**, line **25**, leave out from ‘not’ to end of line 30 and insert ‘include a responsible authority.’.
- David Gauke **130**  
 Schedule **13**, page **343**, line **12**, leave out ‘under’ and insert ‘in connection with’.
- David Gauke **131**  
 Schedule **13**, page **343**, line **45**, leave out ‘under’ and insert ‘in connection with’.
- David Gauke **132**  
 Schedule **13**, page **344**, line **21**, leave out from ‘including’ to end of line 22 and insert ‘drawings or distributions from a partnership, payments in respect of the security and other payments in respect of an asset (as read in accordance with section 776(4)(b) of CTA 2010).’.
- David Gauke **133**  
 Schedule **13**, page **344**, line **25**, at end insert—  
 ‘(9A) For the purposes of sub-paragraphs (3)(a) and (6)(b) a person is entitled to a payment “in connection with” the asset-backed arrangement if the person is entitled to the payment directly or indirectly in consequence of the arrangement or otherwise in connection with the arrangement.’.
- David Gauke **134**  
 Schedule **13**, page **344**, line **28**, after ‘arrangement’ insert ‘or any other arrangement’.
- David Gauke **135**  
 Clause **126**, page **76**, line **13**, leave out from ‘any’ to end of line 15 and insert ‘relevant non-trading deficit which the company has for the accounting period.’.
- David Gauke **136**  
 Clause **126**, page **76**, line **15**, at end insert—  
 ‘(2) The reference to a relevant non-trading deficit for an accounting period is a reference to the non-trading deficit which the company would have under section 388 of CTA 2009 (loan relationships and derivative contracts) if credits and debits given in respect of the company’s creditor relationships (within the meaning of Part 5 of that Act) were ignored.’.

Finance Bill, *continued*

David Gauke

137

Clause 129, page 78, line 19, at end insert—

‘(5A) But if there is a difference between—

- (a) the net amount recognised by the transferee in respect of the transfer of contracts of long-term insurance or contracts made in the course of capital redemption business, and
- (b) the net amount recognised by the transferor in respect of the transfer of those contracts,

the amount of the difference is to be taken into account for the purpose of calculating the BLAGAB trade profit or loss of the transferee for the accounting period in which those contracts are transferred.

(5B) The difference is to be taken into account—

- (a) as a receipt (if, when added to the net amount in subsection (5A)(b), the result is the net amount in subsection (5A)(a)), and
- (b) as an expense (if, when subtracted from the net amount in subsection (5A)(b), the result is the net amount in subsection (5A)(a)).

(5C) The net amount recognised by an insurance company in respect of the transfer of the contracts is determined by subtracting—

- (a) the total amount in respect of liabilities relating to the contracts that is or would be recognised for the purposes of a balance sheet drawn up at the relevant time by the company in accordance with generally accepted accounting practice, from
- (b) the total amount in respect of assets relating to the contracts that is or would be recognised for those purposes,

and “the relevant time” means the time immediately before the transfer (in the case of the transferor) and the time immediately after it (in the case of the transferee).

(5D) The Treasury may by order amend any of subsections (5A) to (5C).’.

David Gauke

138

Clause 129, page 78, line 19, at end insert—

‘(5E) This section does not apply to any amount that arises in respect of a transfer so far as the transfer consists of a with-profits fund transfer.

The reference here to a with-profits fund transfer is a reference to—

- (a) a transfer of business from a with-profits fund to a fund that is not a with-profits fund, or
- (b) a transfer of business from a fund that is not a with-profits fund to a with-profits fund.’.

David Gauke

139

Clause 130, page 78, line 27, at beginning insert ‘either’.

David Gauke

140

Clause 130, page 78, line 28, at end insert ‘or, if they are, the transfer consists of or includes a with-profits fund transfer within the meaning of section 129(5E)’.

Finance Bill, *continued*

David Gauke

141

Clause 130, page 78, line 31, leave out ‘business (or part of the business) transferred’ and insert ‘relevant transferred business’.

David Gauke

142

Clause 130, page 78, line 38, at end insert—

‘(2A) In subsection (1)(c) “the relevant transferred business” means—

- (a) if the transferor and transferee are not members of the same group of companies when the transfer occurs, the business (or part of the business) transferred under the insurance business transfer scheme, and
- (b) if the transfer consists of or includes a with-profits fund transfer, the business transferred by the with-profits fund transfer.’

David Gauke

143

Clause 130, page 78, line 41, leave out from ‘apply’ to end of line 42 and insert ‘so far as section 129(5) applies in relation to the transfer.’.

David Gauke

144

Schedule 16, page 388, line 41, leave out paragraph (c) and insert—

‘(c) in step 2, for paragraph (a) (together with the “and” at the end of it) substitute—

“(a) so much of the amount for the purposes of section 73 of FA 2012 of the adjusted BLAGAB management expenses of the company for the period as, on the assumption that the company had no BLAGAB non-trading loan relationships profits for the period, could be subtracted at step 6 under that section without producing a negative amount, and”.’

David Gauke

145

Schedule 17, page 417, line 8, leave out sub-paragraphs (2) to (5) and insert—

- ‘(2) Each new holding is treated for the purposes of corporation tax on chargeable gains as if it were a holding of the company with a base cost and an indexation allowance as at 1 January 2013 equal to the total of the base costs and indexation allowances of the old holdings that are carried into the new holding.
- (3) In the case of securities (“new securities”) comprised in a new holding, the amount of the base cost or indexation allowance of an old holding that is carried into the new holding is equal to the proportion which the new securities derived from the old holding bear to all of the securities comprised in the old holding.
- (4) For the purpose of calculating the indexation allowance of a new holding in respect of any period falling on or after 1 January 2013, it is to be assumed that, on that date, there had been a disposal of the holding for a consideration of such amount as would secure that on the disposal neither a gain nor a loss would accrue to the company.
- (5) For the purposes of this paragraph—
  - (a) references to a base cost are—

**Finance Bill, continued**

- (i) in the case of a section 104 holding, references to the amount of qualifying expenditure within the meaning of section 110 of TCGA 1992, and
- (ii) in the case of a 1982 holding, references to the amount of expenditure that would fall to be deducted if the holding were disposed of,
- (b) references to an indexation allowance are—
  - (i) in the case of a section 104 holding, references to the indexation allowance as found in accordance with section 110 of TCGA 1992, and
  - (ii) in the case of a 1982 holding, references to the indexation allowance within the meaning of Chapter 4 of Part 2 of that Act,
- (c) the base cost and the indexation allowance of an old holding are calculated on the assumption that the holding is disposed of immediately before 1 January 2013,
- (d) “section 104 holding” has the same meaning as in section 104(3) of TCGA 1992, and
- (e) “1982 holding” has the same meaning as in section 109 of that Act.’.

David Gauke

**146**

Schedule 20, page 436, leave out lines 36 and 37 and insert ‘by a UK connected company.’

- (3) In subsection (2)(b)(ii)—
  - “services” does not include services provided as part of insurance business, and
  - “UK connected company” means—
    - (a) a UK resident company connected with the CFC, or
    - (b) a non-UK resident company connected with the CFC acting through a UK permanent establishment.’.

David Gauke

**147**

Schedule 20, page 451, leave out lines 43 and 44 and insert ‘by a UK connected company.’

- (2A) In subsection (2)(b)(ii)—
  - “services” does not include services provided as part of insurance business, and
  - “UK connected company” means—
    - (c) a UK resident company connected with the CFC, or
    - (d) a non-UK resident company connected with the CFC acting through a UK permanent establishment.’.

David Gauke

**148**

Schedule 6, page 211, line 14, leave out ‘in consequence’ and insert ‘, nor any money raised by the issue spent, in consequence or anticipation’.

**Finance Bill, continued**

- David Gauke **149**
- Schedule 6, page 211, leave out lines 17 to 27 and insert—
- ‘(a) the main purpose, or one of the main purposes, of the arrangements is to secure—
- (i) that a qualifying business activity is or will be carried on by the issuing company or a qualifying 90% subsidiary of that company, and
- (ii) that one or more persons (whether or not including any party to the arrangements) may obtain relevant tax relief in respect of shares issued by the issuing company which raise money for the purposes of that activity or that such shares may comprise part of the qualifying holdings of a VCT,
- (aa) that activity is the relevant qualifying business activity.’.
- David Gauke **150**
- Schedule 6, page 211, line 33, leave out from ‘is’ to end of line 34 and insert ‘, in the course of the arrangements, paid to or for the benefit of a relevant person or relevant persons.’.
- David Gauke **151**
- Schedule 6, page 211, line 36, after ‘that’ insert ‘the whole or greater part of’.
- David Gauke **152**
- Schedule 6, page 211, line 38, leave out from ‘by’ to end of line 39 and insert ‘a relevant person or relevant persons.’.
- David Gauke **153**
- Schedule 6, page 212, line 6, at end insert—
- “relevant person” means a person who is a party to the arrangements or a person connected with such a party;’.
- David Gauke **154**
- Schedule 6, page 248, leave out lines 20 and 21.
- David Gauke **155**
- Schedule 6, page 248, leave out lines 24 and 25.
- David Gauke **156**
- Schedule 6, page 258, line 20, at end insert—
- ‘ (1) Schedule 4 (index of defined expressions) is amended as follows.
- (2) Insert the following entries at the appropriate places—
- “arrangements (in Part 5A) section 257HJ(1)”

**Finance Bill, continued**

“associate (in Part 5A)	section 257HJ(1)”
“bonus shares (in Part 5A)	section 257HJ(1)”
“compliance certificate (in Part 5A)	section 257EC(1)”
“compliance statement (in Part 5A)	section 257ED(1)”
“director (in Part 5A)	section 257HJ(1)”
“disposal of shares (in Part 5A)	section 257HH”
“EIS relief (in Part 5A)	section 257HJ(1)”
“group (in Part 5A)	section 257HJ(1)”
“group company (in Part 5A)	section 257HJ(1)”
“issue of shares (in Part 5A)	section 257HI”
“market value (in Part 5A)	section 257HJ(6)”
“new qualifying trade (in Part 5A)	section 257HF”
“ordinary shares (in Part 5A)	section 257HJ(1)”
“parent company (in Part 5A)	section 257HJ(1)”



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**Finance Bill, continued**

“period A, period B (in Part 5A)	section 257AC”
“permanent establishment (in Part 5A)	section 257HJ(1)”
“qualifying business activity (in Part 5A)	section 257HG”
“qualifying subsidiary (in Part 5A)	section 257HJ(1)”
“qualifying 90% subsidiary (in Part 5A)	section 257HJ(1)”
“research and development (in Part 5A)	section 257HJ(1)”
“SEIS (in Part 5A)	section 257A(2)”
“single company (in Part 5A)	section 257HJ(1)”

(3) In the entry for “control”, in the second column, after “257(3),” insert “257HJ(3),”.

David Gauke

**157**

Schedule 7, page 261, line 16, leave out ‘in consequence’ and insert ‘, nor any money raised by the issue employed, in consequence or anticipation’.

David Gauke

**158**

Schedule 7, page 261, leave out lines 19 to 29 and insert—

- ‘(a) the main purpose, or one of the main purposes, of the arrangements is to secure—
  - (i) that a qualifying business activity is or will be carried on by the issuing company or a qualifying 90% subsidiary of that company, and
  - (ii) that one or more persons (whether or not including any party to the arrangements) may obtain relevant tax relief in respect of shares issued by the issuing company which raise money for the purposes of that activity or that such shares may comprise part of the qualifying holdings of a VCT,
- (aa) that activity is the relevant qualifying business activity.’.

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**Finance Bill, *continued***

David Gauke

**159**

Schedule 7, page 261, line 35, leave out from ‘is’ to end of line 36 and insert ‘, in the course of the arrangements, paid to or for the benefit of a relevant person or relevant persons.’.

David Gauke

**160**

Schedule 7, page 261, line 38, after ‘that’ insert ‘the whole or greater part of’.

David Gauke

**161**

Schedule 7, page 261, line 40, leave out from ‘by’ to end of line 41 and insert ‘a relevant person or relevant persons.’.

David Gauke

**162**

Schedule 7, page 262, line 10, at end insert—  
 “‘relevant person’ means a person who is a party to the arrangements or a person connected with such a party;’.

David Gauke

**163**

Schedule 7, page 266, line 33, leave out ‘in consequence’ and insert ‘, nor any money raised by the issue employed, in consequence or anticipation’.

David Gauke

**164**

Schedule 7, page 266, line 36, leave out from beginning to ‘and’ in line 8 on page 267 and insert—

- ‘(a) the main purpose, or one of the main purposes, of the arrangements is to secure—
  - (i) that a qualifying business activity is or will be carried on by the company or a qualifying 90% subsidiary of the company, and
  - (ii) that one or more persons (whether or not including any party to the arrangements) may obtain relevant tax relief in respect of shares issued by the company which raise money for the purposes of that activity or that such shares may comprise part of the qualifying holdings of a venture capital trust,
- (aa) that activity is the relevant qualifying business activity.’.

David Gauke

**165**

Schedule 7, page 267, line 13, leave out from ‘is’ to end of line 14 and insert ‘, in the course of the arrangements, paid to or for the benefit of a relevant person or relevant persons.’.

David Gauke

**166**

Schedule 7, page 267, line 16, after ‘that’ insert ‘the whole or greater part of’.

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**Finance Bill, *continued***

David Gauke

**167**

Schedule 7, page 267, line 18, leave out from ‘by’ to end of line 19 and insert ‘a relevant person or relevant persons.’.

David Gauke

**168**

Schedule 7, page 267, line 36, at end insert—  
“‘relevant person’ means a person who is a party to the arrangements or a person connected with such a party;’.

David Gauke

**169**

Schedule 8, page 271, line 30, leave out ‘in consequence’ and insert ‘, nor any money raised by the issue employed, in consequence or anticipation’.

David Gauke

**170**

Schedule 8, page 271, line 33, leave out from beginning to end of line 1 on page 272 and insert—

- ‘(a) the main purpose, or one of the main purposes, of the arrangements is to secure—
  - (i) that a qualifying activity is or will be carried on by the relevant company or a qualifying 90% subsidiary of that company, and
  - (ii) that shares or securities issued by the relevant company may be comprised in any company’s qualifying holdings or that one or more persons may obtain relevant tax relief in respect of such shares which raise money for the purposes of that qualifying activity,
- (aa) that qualifying activity is the relevant qualifying activity by reference to which the requirement in section 293(1)(b) (money raised to be employed within two years for relevant qualifying activity) is met in relation to the relevant holding.’.

David Gauke

**171**

Schedule 8, page 272, line 7, leave out from ‘is’ to end of line 8 and insert ‘, in the course of the arrangements, paid to or for the benefit of a relevant person or relevant persons.’.

David Gauke

**172**

Schedule 8, page 272, line 10, after ‘that’ insert ‘the whole or greater part of’.

David Gauke

**173**

Schedule 8, page 272, line 11, leave out ‘business’.

David Gauke

**174**

Schedule 8, page 272, line 12, leave out from ‘by’ to end of line 13 and insert ‘a relevant person or relevant persons.’.

**Finance Bill, *continued***

David Gauke

**175**

Schedule 8, page 272, line 26, at end insert—

“relevant person” means a person who is a party to the arrangements or a person connected with such a party;”.

David Gauke

**176**

Schedule 8, page 272, leave out lines 27 to 31 and insert—

“qualifying activity” has the same meaning as in section 291;”.

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