

EXPLANATORY NOTES

FINANCE ACT 2014

INTRODUCTION

Section 1: Income Tax: Charge, Rates, Basic Rate Limit and Personal Allowance for 2014-15

Summary

Details of the Section

Background Note

Section 2: Basic Rate Limit for 2015-16 and Personal Allowances from 2015

Summary

Details of the Section

Background Note

Section 3: the Starting Rate for Savings and the Savings Rate Limit.

Summary

Details of the Section

Background Note

Section 4: Indexation of Limits and Allowances under ITA 2007

Summary

Details of the Section

Background Note

Section 5: Corporation Tax: Charge for Financial Year 2015

Summary

Details of the Section

Background Note

Section 6: Corporation Tax: Small Profits Rate and Fractions for Financial Year 2014

Summary

Details of the Section

Background Note

Section 7 and Schedule 1: Corporation Tax: Rates for Ring Fence Profits and Abolition of Small Profits Rate for Non-Ring Fence Profits

Summary

Details of the Schedule

PART 1

PART 2

PART 3

Background Note

Section 8: Capital Gains Tax Annual Exempt Amount for 2014-15

Summary

Details of the Section

Background Note

Section 9: Capital Gains Tax Annual Exempt Amount for 2015-16

Summary

Details of the Section

Background Note

Section 10 and Schedule 2: Temporary Increase in Annual Investment Allowance

Summary

Details of the Section

Details of the Schedule

PART 1

PART 2

Background Note

Section 11: Transferable Tax Allowance for Married Couples and Civil Partners

Summary

Details of the Section

Background Note

Section 12: Recommended Medical Treatment

Summary

Details of the Section

Background Note

Section 13: Relief for Loan Interest: Loan to Buy Interest in Close Company

Summary

Details of the Section

Background Note

Section 14: Relief for Loan Interest: Loan to Buy Interest in Employee-Controlled Company

Summary

Details of the Section

Background Note

Section 15 and Schedule 3: Restrictions on Remittance Basis

Summary

Details of the Schedule

Condition 1: The UK employments test

Condition 2: The associated employer test

Condition 3: The related employments test

Condition 4: The 65% test

Condition 5: The regulatory requirement test

Background Note

Section 16: Treatment of Agency Workers

Summary

Details of the Section

Background Note

Section 17: Recovery under PAYE Regulations from Certain Company Officers

Summary

Details of the Section

Regulation 97ZA

Regulation 97ZB

Regulation 97ZC

Regulation 97ZD

Regulation 97ZE

Regulation 97ZF

Background Note

Section 18: Employment Intermediaries: Information Powers and Related Penalties

Summary

Details of the Section

Background Note

Section 19: Payments Made by Employer on Account of Tax Where Deduction Not Possible

Summary

Details of the Section

Background Note

Section 20: PAYE Obligations of UK Intermediary in Cases Involving Non-UK Employer

Summary

Details of the Section

Background Note

Section 21: Oil and Gas Workers on the Continental Shelf: Operation of PAYE

Summary

Details of the Section

Background Note

Section 22: Threshold for Benefit of Loan to Be Treated as Earnings

Summary

Details of the Section

Background Note

Section 23: Taxable Benefits: Cars, Vans and Related Benefits

Summary

Details of the Section

Background Note

Section 24: Cars: the Appropriate Percentage

Summary

Details of the Section

Background Note

Section 25: Cars and Vans: Payments for Private Use

Summary

Details of the Section

Background Note

Section 26: Release of Debts: Stabilisation Powers under Banking Act 2009

Summary

Details of the Section

Background Note

Section 27: Holdings Treated as Rights under Loan Relationships

Summary

Details of the Section

Background Note

Section 28: De-Grouping Charges (Loan Relationships Etc)

Summary

Details of the Section

Background Note

Section 29: Disguised Distribution Arrangements Involving Derivative Contracts

Summary

Details of the Section

Background Note

Section 30: Avoidance Schemes Involving the Transfer of Corporate Profits

Summary

Details of the Section

Background Note

Section 31: R&D Tax Credits for Small Or Medium-Sized Enterprises

Summary

Details of the Section

Background Note

Section 32: Film Tax Relief

Summary

Details of the Section

Background Note

Section 33: Television Tax Relief: Activities to Be Treated as a Separate Trade

Summary

Detail of the Section

Background Note

Section 34: Video Games Development

Summary

Details of the Section

Background Note

Section 35: Corporate Gift Aid for Community Amateur Sports Clubs

Summary

Details of the Section

General provisions

Anti-abuse provisions

Donations from companies to CASCs

Background Note

Example 1:

Example 2:

Section 36 and Schedule 4: Tax Relief for Theatrical Production

Summary

Details of the Schedule

PART 1: INTRODUCTION

PART 2: CONSEQUENTIAL AMENDMENTS

PART 3: COMMENCEMENT

Background Note

Section 37: Changes in Company Ownership

Summary

Details of the Section

Background Note

Section 38: Transfer of Deductions: Research and Development Allowances

Summary

Details of the Section

Background Note

Section 39: Tax Treatment of Financing Costs and Income

Summary

Details of the Section

Background Note

Section 40: Determination of Beneficial Entitlement for Purposes of Group Relief

Summary

Details of the Section

Background Note

Section 41: Pension Flexibility: Drawdown

Summary

Details of the Section

Background Note

Section 42: Pension Flexibility: Taking Low-Value Pension Rights as Lump Sum

Summary

Details of the Section

Background Note

Section 43 and Schedule 5: Pension Flexibility: Further Amendments

Summary

Details of the Schedule

Background Note

Section 44 and Schedule 4: Transitional Provision for New Standard Lifetime Allowance for 2014-15 Etc

Summary

Details of the Schedule

PART 1

PART 2

PART 3

Background Note

Section 45: Taxable specific income: effect on pension input amount for non-UK schemes

Summary

Details of the Section

Background Note

Section 46 and Schedule 7: Pension Schemes

Summary

Details of the Schedule

Registration of pension schemes

De-registration of pension schemes

Declarations required from person who is to be a scheme administrator

Payments by registered pension schemes: surrender

Orders for money etc to be restored to pension schemes

Liabilities of trustees appointed by Pensions Regulator etc

Background Note

Section 47: Glasgow Grand Prix

Summary

Details of the Section

Background Note

Section 48: Major Sporting Events: Power to Provide for Tax Exemptions

Summary

Details of the Section

Background Note

Section 49: Share Incentive Plans: Increases in Maximum Annual Awards Etc

Section 50: Share Incentive Plans: Power to Adjust Maximum Annual Awards Etc

Summary

Details of the Sections

Section 49: Share Incentive Plans: Increase in Maximum Annual Awards Etc

Section 50: Share Incentive Plans: Power to Adjust Maximum Annual Awards Etc

Background Note

Section 51 and Schedule 8: Employee Share Schemes

Summary

Details of the Schedule

PART 1: SHARE INCENTIVE PLANS

PART 2: SAYE OPTION SCHEMES

PART 3: CSOP SCHEMES

PART 4: ENTERPRISE MANAGEMENT INCENTIVES

PART 5: OTHER EMPLOYEE SHARE SCHEMES

Background

Section 52 Schedule 9: Employment-Related Securities Etc

Summary

Details of the Schedule

PART 1: INTERNATIONALLY MOBILE EMPLOYEES

**PART 2: RESTRICTED SECURITIES AND SECURITIES
ACQUIRED FOR LESS THAN MARKET VALUE: REPLACEMENT
AND ADDITIONAL SECURITIES AND ROLLOVER RELIEF ETC**

**PART 3: CORPORATION TAX RELIEF FOR EMPLOYEE SHARE
ACQUISITIONS**

PART 4: COMMENCEMENT AND TRANSITIONAL PROVISION

Background Note

Section 53 and Schedule 10: Venture Capital Trusts

Summary

Details of the Schedule

Background Note

Section 54: Removing Time Limit on SEIS Relief

Summary

Details of the Section

Background Note

Section 55: Removing the Time Limit on CGT Relief in Respect of Re-Investment
under SEIS

Summary

Details of the Section

Background Note

Section 56: Exclusion of Incentivised Electricity or Heat Generation Activities.

Summary

Details of the Section

Background Note

Section 57 and Schedules 11 & 12: Tax Relief for Social Investment

Summary

Details of Schedule 11

PART 1

Chapter 1

Chapter 2

Chapter 3

Chapter 4

Chapter 5

Chapter 6

Chapter 7

Chapter 8

Chapter 9

PART 2

Details of Schedule 12

Background Note

Section 58: Relief on Disposal of Private Residence

Summary

Details of the Section

Background Note

Section 59: Remittance Basis and Split Year Treatment

Summary

Details of the Section

Background Note

Section 60: Termination of Life Interest and Death of Life Tenant: Disabled Persons

Summary

Details of the Section

Background Note

Section 61: Capital Gains Roll-Over Relief: Relevant Classes of Assets

Summary

Details of the Section

Background Note

Section 62: Capital Gains Rollover Relief: Intangible Fixed Assets

Summary

Details of the Section

Amendment to Section 156ZB TCGA 1992

New section 870A CTA 2009

Commencement

Background Note

Section 63: Avoidance Involving Losses

Summary

Details of the Section

Background Note

Section 64: Extension of Capital Allowances

Summary

Details of the Section

Background Note

Section 65 and Schedule 13: General Block Exemption Regulation

Summary

Details of the Schedule

Background Note

Section 66: Business Premises Renovation Allowances

Summary

Details of the Section

Background Note

Section 67: Mineral Extraction Allowances: Activities Not Within the Charge to Tax

Summary

Details of the Section

Background Note

Section 68: Mineral Extraction Allowances: Expenditure on Planning Permission

Summary

Details of the Section

Background Note

Section 69 Schedule 14: Oil and Gas Fiscal Regime: Extended Ring Fence Expenditure Supplement for Onshore Activities

Summary

Details of the Schedule

Background Note

Section 70 and Schedule 15: Supplementary Charge: Onshore Allowance

Summary

Details of the Schedule

PART 1 AMENDMENTS TO PART 8 OF CTA 2010

PART 2 MINOR AND CONSEQUENTIAL AMENDMENTS

PART 3 COMMENCEMENT AND TRANSITIONAL PROVISIONS

Background Note

Section 71: Oil and Gas: Reinvestment after Pre-Trading Disposal

Summary

Details of the Section

New section 198J

New section 198K

New Section 198L

Background Note

Section 72: Substantial Shareholder Exemption: Oil and Gas

Summary

Details of the Section

Background Note

Section 73 and Schedule 16: Oil Contractor Activities: Ring-Fence Trade Etc.

Summary

Details of the Schedule

Background Note

Section 74 and Schedule 17: Partnerships (Part 1): Limited Liability Partnerships:
Treatment of Salaried Members

Summary

Details of the Schedule

Background Note

Section 74 and Schedule 17: Partnerships (Part 2): Partnerships With Mixed
Membership

Summary

Details of the Schedule

Background Note

Section 74 and Schedule 17: Partnerships (Part 3): Alternative Investment Fund
Managers: Deferred Remuneration Etc

Summary

Details of the Schedule

Background Note

Section 74 and Schedule 17: Partnerships (Part 4): Disposals of Assets through
Partnerships

Summary

Details of the Schedule

Income tax

Corporation tax

Background Note

Section 75: Transfer Pricing: Restriction on Claims for Compensation Adjustments

Summary

Details of the Section

Background Note

Section 76: Rates of Alcoholic Liquor Duties

Summary

Details of the Section

Background Note

Section 77: Rates of Tobacco Products Duty

Summary

Details of the Section

Background Note

Section 78: Air Passenger Duty: Rates of Duty from 1 April 2014

Summary

Details of the Section

Background Note

Section 79: Air Passenger Duty: Rates of Duty from 1 April 2015

Summary

Details of the Section

Background Note

Section 80: Air Passenger Duty: Adjustments to Part 3 of Schedule 5A to FA 1994

Summary

Details of the Section

Background Note

Section 81: VED Rates for Light Passenger Vehicles, Light Goods Vehicles, Motorcycles Etc.

Summary

Details of the Section

Background

Section 82: VED Rates: Rigid Goods Vehicle With Trailers

Summary

Details of the Section

Background Note

Section 83: VED Rates: Vehicles With Exceptional Loads, Rigid Goods Vehicles and Tractive Units

Summary

Details of the Section

Background Note

Section 84: VED: Extension of Old Vehicles Exemption from 1 April 2014

Section 85: VED: Extension of Old Vehicles Exemption from 1 April 2015

Summary

Details of Section 84

Details of Section 85

Background Note

Section 86 Schedule 18: Abolition of Reduced VED Rates for Vehicles Satisfying Reduced Pollution Requirements

Summary

Details of the Schedule

Background Note

Section 87: Six Month Licence: Tractive Units

Summary

Details of the Section

Background Note

Section 88: Vehicles Subject to HGV Road User Levy: Amount of 6 Month Licence

Summary

Details of the Section

Background Note

Section 89: Payment of Vehicle Excise Duty by Direct Debit

Summary

Details of the Section

Background Note

Section 90: Definition of "Revenue Weight"

Summary

Details of the Section

Background Note

Section 91 Schedule 19: Vehicle Excise and Registration: Other Provisions

Summary

Details of the Schedule

Background Note

Section 92: HGV Road User Levy: Rates Tables

Summary

Details of the Section

Background Note

Section 93: HGV Road User Levy: Disclosure of Information by HMRC

Summary

Details of the Section

Background Note

Section 94: Aggregates Levy: Removal of Certain Exemptions

Summary

Details of the Section

Background Note

Section 95: Aggregates Levy: Power to Restore Exemptions

Summary

Details of the Section

Background Note

Section 96: Climate Change Levy: Main Rates for 2015-16

Summary

Details of the Section

Background Note

Section 97: Climate Change Levy: Carbon Price Support Rates for 2014-15 and 2015-16

Summary

Details of the Section

Background Note

Section 98: Climate Change Levy: Carbon Price Support Rates from 1 April 2016

Summary

Details of the Section

Background Note

Section 99 and Schedule 20: Climate Change Levy: Exemptions for Metallurgical and Mineralogical Processes

Summary

Details of the Schedule

PART 1

PART 2

Background Note

Section 100: Rates of Landfill Tax

Summary

Details of the Section

Background Note

Section 101 and Schedule 21: Goods Carried as Stores

Summary

Details of the Section

Details of the Schedule

Background Note

Section 102: Penalties under Section 26 of FA 2003: Extension to Excise Duty

Summary

Details of the Section

Background Note

Section 103: Value Added Tax: Special Schemes

Summary

Details of the Schedule

PART 1

PART 2

PART 3

PART 4

Background Note

Transposition note

Section 104: VAT: Place of Belonging

Summary

Background Note

Section 105: VAT: Place of Supply Orders: Disapplication of Transitional Provisions

Summary

Background Note

Section 106: Value Added Tax: Supply of Services through Agents

Summary

Background Note

Section 107: VAT: Refunds to Health Service Bodies

Summary

Details of the Section

Background Note

Section 108: VAT: Prompt Payment Discounts

Summary

Details of the Section

Background Note

Sections 109 - 110: Annual Tax on Enveloped Dwellings

Summary

Details of the Sections

Section 109: ATED Reduction in Threshold from 1 April 2015

Section 110: ATED Further Reduction in Threshold from 1 April 2016

Background Note

Section 111: Stamp Duty Land Tax: Threshold for Higher Rate Applying to Certain Transactions

Summary

Details of the Section

Background Note

Section 112: SDLT: Exercise of Collective Rights by Tenants of Flats

Summary

Details of the Section

Background Note

Section 113: Stamp Duty Land Tax: Charities Relief

Summary

Details of the Schedule

Background Note

Section 114: Abolition of Stamp Duty Reserve Tax on Certain Dealings in Collective Investment Schemes

Summary

Details of the Section

Background Note

Section 115 and Schedule 24: Abolition of Stamp Duty and Stamp Duty Reserve Tax (SDRT): Securities on Recognised Growth Markets

Summary

Details of the Schedule

PART 1 STAMP DUTY RESERVE TAX (SDRT)

PART 2 STAMP DUTY

Background Note

Section 116: Temporary Statutory Effect of House of Commons Resolution

Summary

Details of the Section

Background Note

Section 117 and Schedule 25: Inheritance Tax

Summary

Details of the Schedule

Rate bands for tax years 2015-16, 2016-17 and 2017-18

Treatment of certain liabilities

Ten year anniversary charge

Delivery of account and payment of tax

Background Note

Rate bands for tax years 2015-16, 2016-17 and 2017-18

Treatment of certain liabilities

Ten year anniversary charge

Delivery of account and payment of tax

Section 118: Gifts to the Nation: Estate Duty

Summary

Details of the Section

Background Note

Section 119: Bank Levy: Rates from 1 January 2014

Summary

Details of the Section

Background Note

Section 120 and Schedule 26: the Bank Levy: Miscellaneous Changes

Summary

Details of the Schedule

Background Note

Section 121: Rates of Gaming Duty

Summary

Details of the Section

Background Note

Section 122: Rate of Bingo Duty

Summary

Details of the Section

Background Note

Section 123: Exemption from Bingo Duty: Small-Scale Amusements Provided Commercially

Summary

Details of the Section

Background Note

Section 124: Rates of Machine Games Duty

Summary

Details of the Section

Background Note

Sections 125–198 and Schedules 27–29: Betting and Gaming Duties

Summary

Details of the Sections and Schedules

PART 3 – GENERAL BETTING DUTY, POOL BETTING DUTY AND REMOTE GAMING DUTY

Chapter 1 General betting duty

Chapter 2 Pool betting duty

Chapter 3 Remote gaming duty

Chapter 4 General

Background Note

Sections 199 to 233 and Schedules 30-33: Follower Notices and Accelerated Payments

Summary

Details of the Sections

Chapter 1 Introduction

Overview

Main definitions

Chapter 2 Follower Notices

Giving of follower notices

Representations

Penalties

Partners and partnerships

Appeals out of time

Transitional provision

Defined terms

Chapter 3 Accelerated Payments

Accelerated payment notices

Forms of accelerated payment

Penalties

Withdrawal etc of accelerated payment notice

Partners and partnerships

Defined terms

Chapter 4 Miscellaneous and general provision

Stamp duty land tax and annual tax on enveloped dwellings

Extension of Part by order

Consequential amendments

Details of the Schedules

Schedule 30: Section 208 Penalty: Value of the denied advantage

Schedule 31: Follower notices and partnerships

Schedule 32: Accelerated payments and partnerships

Schedule 33 Consequential amendments

Background Note

Sections 234-283 Promoters of Tax Avoidance Schemes

Summary

Details of the Sections

Introduction

Conduct notices

Monitoring notices: procedure and publication

Allocation and distribution of promoter reference number

Obtaining information and documents

Obtaining information and documents: appeals

Obtaining information and documents: supplementary

Penalties

Offences

Supplemental

Details of the Schedules

Schedule 34, Part 1

Schedule 34, Part 2

Schedule 34, Part 3

Schedule 35

Schedule 36 – Partnerships Part 1

Schedule 36 - Partnerships Part 2

Schedule 36 - Partnerships Part 3

Schedule 36 - Partnerships Part 4

Background Note

Section 284: Disclosure of Tax Avoidance Schemes: Information Powers

Summary

Details of the Section

Background Note

Sections 285 - 288: the Code of Practice on Taxation for Banks

Summary

Details of the Sections

Section 285: HMRC to Publish Reports

Section 286: “participating” groups or entities

Section 287: Operation & Breaches of the Code

Section 288: Documents Relating to the Code

Background Note

Section 289: Undertakings for Collective Investment in Transferable Securities and Alternative Investment Funds

Summary

Details of the Section

Background Note

Section 290 & Schedule 37: Companies Owned by Employee-Ownership Trusts

Summary

Details of the Schedule

PART 1: CAPITAL GAINS TAX RELIEF

PART 2: EMPLOYMENT INCOME EXEMPTION

New Section 312A

New Section 312B

New Section 312C

New Section 312D

New Section 312E

New Section 312F

New Section 312G

New Section 312H

New Section 312I

PART 3: MINOR AMENDMENTS

Inheritance Tax Act 1984

PART 4. MISCELLANEOUS AMENDMENTS

These notes refer to the Finance Act 2014 (c.26)

Finance Act 1986

Taxation of Chargeable Gains Act 1992

Income Tax (Earnings and Pensions) Act 2003

Corporation Tax Act 2009 (“CTA2009”)

Background Note

Section 291: Trusts With Vulnerable Beneficiary: Meaning of “Disabled Person”

Summary

Details of the Section

Background Note

Section 292: Amounts Allowed by Way of Double Taxation Relief

Summary

Details of the Section

Background Note

Sections 293 & 294: Controlled Foreign Companies: Qualifying Loan Relationships

Summary

Details of the Sections

Section 293

Section 294

Background Note

Section 295: Tax Consequences of Financial Sector Regulation

Summary

Details of the Section

Background Note

Section 296 and Schedule 38: Scottish Basic, Higher and Additional Rates of Income Tax

Summary

Details of the Schedule

PART 1

PART 2

Background Note

Section 297: Report on Administration of the Scottish Rate of Income Tax

Summary

Details of the Section

Background Note

Section 298: Co-Operative Societies Etc and Schedule 39: Taxation of Cooperative Societies Etc.

Summary

Details of the Schedule

Background Note

Section 299: Removal of Extended Time Limit Restriction for EU Cases

Summary

Details of the Section

Background Note

Section 300: Increase in Limit for Local Loans

Summary

Details of the Section

Background Note

Section 301, 302 & 303: Final Provisions

Section 301

Section 302

Section 303

HANSARD REFERENCES