



# Small Business, Enterprise and Employment Act 2015

## 2015 CHAPTER 26

### PART 2

#### REGULATORY REFORM

##### *Streamlined company registration*

#### **15 Target for streamlined company registration**

- (1) The Secretary of State must secure that, by no later than 31 May 2017, a system for streamlined company registration is in place.
- (2) For the purposes of this section and section 16, a system for streamlined company registration is a system which enables all of the registration information to be delivered by or on behalf of a person who wishes to form a company after 31 May 2017—
  - (a) on a single occasion to a single recipient, and
  - (b) by electronic means.
- (3) “Registration information” means—
  - (a) the documents which must be delivered to the registrar under section 9 of the Companies Act 2006 (registration documents) in respect of the formation of a company;
  - (b) the documents or other information which must or may be delivered to Her Majesty’s Revenue and Customs in respect of registration of a company for purposes connected with VAT, corporation tax and PAYE.
- (4) In this section—

“company”, “electronic means” and “the registrar” have the same meanings as in the Companies Acts (see sections 1(1), 1168(4) and 1060 of the Companies Act 2006 respectively);

“VAT” means value added tax charged in accordance with the Value Added Tax Act 1994.

## **16 Streamlined company registration: duty to report on progress**

- (1) The Secretary of State must prepare a report before the end of each reporting period about the progress that has been made during that period towards putting in place a system for streamlined company registration.
- (2) The following are reporting periods—
  - (a) the period beginning with the day on which this section comes into force and ending on 31 March 2016;
  - (b) the subsequent period of 12 months ending on 31 March 2017.
- (3) The first report must set out the steps which the Secretary of State expects will be taken during the next reporting period towards putting the system in place.
- (4) Both reports must include the Secretary of State’s assessment as to when the system for streamlined company registration will be in place.
- (5) The second report must include an assessment of what steps, if any, the Secretary of State expects to take to put in place a system for the streamlining of other information delivery processes relating to businesses.
- (6) The Secretary of State must—
  - (a) publish each report, and
  - (b) lay each report before Parliament.

### *Review of business appeals procedures*

## **17 Review of regulators’ complaints and appeals procedures**

- (1) A Minister of the Crown must appoint a person for the purposes of this section in respect of each regulatory function to which this section applies (see section 18).
- (2) A person so appointed (a “reviewer”) must, in relation to each regulatory function in respect of which the appointment is made—
  - (a) review the effectiveness during each reporting period of the procedures (both formal and informal) of the relevant regulator for handling and resolving complaints and appeals made by businesses to the regulator in connection with the exercise by the regulator of the function, and
  - (b) prepare a report about the findings of the review.
- (3) In this section “relevant regulator”, in relation to a regulatory function, means the person who exercises the function.
- (4) The report may include in particular—
  - (a) an assessment of the extent to which the relevant regulator’s procedures of the kind mentioned in subsection (2)(a) are accessible and fair to businesses;
  - (b) recommendations to the relevant regulator about how the procedures, or the way in which they are operated, could be improved;

- (c) recommendations to the Minister of the Crown who appointed the reviewer for any change in the law which the reviewer considers would lead to improvements in the procedures or their operation.
- (5) The report must not address, and the reviewer must not make any recommendation in relation to, the outcome of any particular case.
- (6) For the purposes of this section, each of the following is a reporting period—
  - (a) the period of 12 months beginning with the day on which the reviewer is appointed;
  - (b) each subsequent period of 12 months.
- (7) The reviewer must send the report to the relevant regulator and (if different) the Minister of the Crown who appointed the reviewer as soon as reasonably practicable after the end of the reporting period.
- (8) Before the end of the period of 3 months beginning with the day on which the relevant regulator receives the report, the regulator must—
  - (a) prepare a response and send it to the reviewer, and
  - (b) if the relevant regulator is not the Minister of the Crown who appointed the reviewer, send it to the Minister.
- (9) The Minister of the Crown must—
  - (a) publish the report and the response, and
  - (b) lay them before Parliament.
- (10) The reviewer may by notice require the relevant regulator to provide such documents or other information, in such form or manner as the reviewer may direct, as the reviewer may require for the purpose of exercising functions under this section.
- (11) Subsection (10) is subject to any express restriction on disclosure imposed by another enactment (ignoring any restriction which allows disclosure if authorised by an enactment).
- (12) In this section “Minister of the Crown” has the same meaning as in the Ministers of the Crown Act 1975.

## **18 Power to specify regulatory functions**

- (1) The Secretary of State may by regulations specify regulatory functions as functions to which section 17 applies.
- (2) “Regulatory function” has the same meaning in this section and section 17 as in the Legislative and Regulatory Reform Act 2006 (see section 32(2) to (4) of that Act).
- (3) Regulations under this section may, in particular, specify a regulatory function by reference to—
  - (a) the person who exercises the function;
  - (b) the enactment under or by virtue of which it was conferred.
- (4) Regulations under this section must not specify a regulatory function of the Commission for Equality and Human Rights.
- (5) Regulations under this section must not specify a regulatory function which is—

- (a) a Scottish devolved function, that is to say a function the exercise of which would be within devolved competence (within the meaning of section 54 of the Scotland Act 1998),
  - (b) a Northern Ireland devolved function, that is to say a function which could be conferred by provision included in an Act of the Northern Ireland Assembly made without the consent of the Secretary of State (see sections 6 to 8 of the Northern Ireland Act 1998), or
  - (c) a Welsh devolved function, that is to say a function which could be conferred by provision falling within the legislative competence of the National Assembly for Wales (see section 108 of the Government of Wales Act 2006).
- (6) Regulations under this section are subject to affirmative resolution procedure.

## **19 Guidance by the Secretary of State**

- (1) The Secretary of State may issue guidance to reviewers as to the exercise of functions under section 17.
- (2) A reviewer must, in exercising any of those functions, have regard to any guidance for the time being in force under this section.
- (3) The Secretary of State must—
  - (a) publish any guidance or revised guidance issued under this section, and
  - (b) lay any such guidance or revised guidance before Parliament.
- (4) In this section “reviewer” has the same meaning as in section 17.

### *Report on investigations under financial regulators’ complaints scheme*

## **20 Independent Complaints Commissioner: reporting duty**

In section 87 of the Financial Services Act 2012 (investigation of complaints against regulators), after subsection (9) insert—

- “(9A) The complaints scheme must provide—
- (a) for the investigator to prepare an annual report on its investigations under the scheme, to publish it and send a copy of it to each regulator and to the Treasury;
  - (b) for each regulator to respond to any recommendations or criticisms relating to it in the report, to publish the response and send a copy of it to the investigator and the Treasury;
  - (c) for the Treasury to lay the annual report and any response before Parliament.
- (9B) The complaints scheme may make provision about the period to which each annual report must relate (“the reporting period”) and the contents of the report and must in particular provide for it to include—
- (a) information concerning any general trends emerging from the investigations undertaken during the reporting period;
  - (b) any recommendations which the investigator considers appropriate as to the steps a regulator should take in response to such trends;

- (c) a review of the effectiveness during the reporting period of the procedures (both formal and informal) of each regulator for handling and resolving complaints which have been investigated by the investigator during the reporting period;
- (d) an assessment of the extent to which those procedures were accessible and fair, including where appropriate an assessment in relation to different categories of complainant;
- (e) any recommendations about how those procedures, or the way in which they are operated, could be improved.”

*Business impact target*

**21 Duty on Secretary of State to publish business impact target etc**

- (1) Before the end of the period of 12 months beginning with the commencement of a Parliament, the Secretary of State must publish—
  - (a) a target for the Government in respect of the economic impact on business activities of qualifying regulatory provisions which come into force or cease to be in force during the relevant period, and
  - (b) an interim target applying at the end of the period of three years beginning with the commencement of the Parliament.
- (2) In this section and sections 24 to 26 the target mentioned in subsection (1)(a) is referred to as the “business impact target”.
- (3) At the same time as publishing a business impact target and an interim target, the Secretary of State must publish—
  - (a) a determination under section 22(2), and
  - (b) a methodology to be used for assessing the economic impact mentioned in subsection (1)(a).
- (4) The Secretary of State must lay each thing published under subsection (1) or (3) before Parliament.
- (5) Subsection (6) applies when the Secretary of State is—
  - (a) determining a business impact target for publication under subsection (1)(a),  
or
  - (b) making a determination under section 22(2).
- (6) The Secretary of State must, in particular, have regard to—
  - (a) the effect of regulation on economic growth and competitiveness,
  - (b) the need to minimise any disproportionate impact of regulation on activities carried on by smaller scale businesses or voluntary or community bodies,
  - (c) the aim of delivering efficiency in regulating business activities while keeping the costs to businesses or voluntary or community bodies to a minimum.
- (7) In this section and sections 23 to 26—
  - the “relevant day” means the day after a polling day for a parliamentary general election; and
  - the “relevant period” is the period beginning with the relevant day and ending with the polling day for the next parliamentary general election.

- (8) Subsection (7) is to be read in accordance with the Fixed-term Parliaments Act 2011.
- (9) This section and sections 22 to 27 (the “target provisions”) apply only where the commencement of a Parliament mentioned in subsection (1) above occurs—
  - (a) not more than 12 months before the target provisions come into force, or
  - (b) after the target provisions have come into force.
- (10) Subsection (11) applies if an early parliamentary election is to take place in accordance with section 2 of the Fixed-term Parliaments Act 2011 before the end of the period of 12 months beginning with the commencement of a Parliament.
- (11) Any duty imposed by the target provisions which would apply at any time before the commencement of the next Parliament is to be disregarded.

## **22 Sections 21 and 23 to 25: “qualifying regulatory provisions” etc**

- (1) This section applies for the purposes of sections 21 and 23 to 25.
- (2) “Qualifying regulatory provisions” means regulatory provisions which the Secretary of State determines are to be qualifying regulatory provisions for the purposes of section 21(1)(a).
- (3) A “regulatory provision”, in relation to a business activity, means a statutory provision which—
  - (a) imposes or amends requirements, restrictions or conditions, or sets or amends standards or gives or amends guidance, in relation to the activity, or
  - (b) relates to the securing of compliance with, or the enforcement of, requirements, restrictions, conditions, standards or guidance which relate to the activity.
- (4) But a “regulatory provision” does not include a statutory provision if or to the extent that—
  - (a) it makes or amends—
    - (i) provision imposing, abolishing or varying any tax, duty, levy or other charge, or
    - (ii) provision in connection with provision falling within subparagraph (i);
  - (b) it makes or amends provision in connection with procurement;
  - (c) it makes or amends provision in connection with the giving of grants or other financial assistance by or on behalf of a public authority;
  - (d) it makes or amends provision which is to have effect for a period of less than 12 months.
- (5) Where a statutory provision comes into force or ceases to be in force for some but not all purposes, references to regulatory provisions or qualifying regulatory provisions coming into force or ceasing to be in force are to be read as referring to those provisions in so far as they have come into force or ceased to be in force for those purposes.
- (6) Subject to subsection (7) a “statutory provision” is—
  - (a) a provision of an Act,
  - (b) a provision of subordinate legislation made by a Minister of the Crown, or

- (c) any other provision which has effect by virtue of the exercise of a function conferred on a Minister of the Crown by an Act.
- (7) A “statutory provision” does not include—
- (a) a provision which would be within the legislative competence of the Scottish Parliament if it were contained in an Act of that Parliament (see section 29 of the Scotland Act 1998),
  - (b) a provision which could be included in an Act of the Northern Ireland Assembly made without the consent of the Secretary of State (see sections 6 to 8 of the Northern Ireland Act 1998), or
  - (c) a provision falling within the legislative competence of the National Assembly for Wales (see section 108 of the Government of Wales Act 2006).
- (8) In this section—
- “Minister of the Crown” has the same meaning as in the Ministers of the Crown Act 1975;
  - “public authority” has the same meaning as in the Freedom of Information Act 2000 (see section 3 of that Act); and
  - “subordinate legislation” has the same meaning as in the Interpretation Act 1978.

## **23 Duty on Secretary of State to publish reports**

- (1) The Secretary of State must publish a report in respect of each reporting period during the relevant period.
- (2) The report must assess the economic impact on business activities of the qualifying regulatory provisions which have come into force or ceased to be in force during the reporting period.
- (3) The report must include—
  - (a) a list of all the qualifying regulatory provisions which have come into force or ceased to be in force during the reporting period,
  - (b) an assessment of the economic impact on business activities of each of the qualifying regulatory provisions falling within paragraph (a) made by reference to the methodology published under section 21(3)(b) (but see section 24(2)),
  - (c) an assessment of the aggregate economic impact on business activities of all of the qualifying regulatory provisions falling within paragraph (a),
  - (d) if there have been preceding reporting periods during the relevant period, an assessment of the aggregate economic impact on business activities of all of the qualifying regulatory provisions which have come into force or ceased to be in force during the reporting period in question and all of the preceding reporting periods,
  - (e) an assessment of the contribution of the actions taken by each Government department to the aggregate economic impact mentioned in paragraphs (c) and (d), and
  - (f) a list of all the regulatory provisions (as defined in section 22(3)) which have come into force or ceased to be in force during the reporting period which do not fall within paragraph (a).

- (4) The report must describe the actions taken by Government departments to mitigate any disproportionate economic impact on activities carried on by smaller scale businesses or voluntary or community bodies of regulatory provisions (as defined in section 22(3)) which have come into force during the reporting period.
- (5) Subsection (6) applies in respect of regulatory provisions (as defined in section 22(3)) which—
- (a) have come into force during the reporting period, and
  - (b) implement an EU obligation or any other international obligation of the United Kingdom.
- (6) The report must include—
- (a) a description of any provision made in the provisions in question which goes beyond the minimum provision necessary for implementing the obligation, and
  - (b) the reasons for that provision.
- (7) Each of the following is a reporting period—
- (a) the period beginning with the relevant day and ending at the end of the period of 12 months beginning with the commencement of the Parliament,
  - (b) the next successive period of 12 months,
  - (c) the next successive period of 12 months,
  - (d) the next successive period of 12 months, and
  - (e) the period which begins at the end of the period mentioned in paragraph (d) and ends at the end of the relevant period.
- (8) But subsection (9) applies if an early parliamentary general election is to take place in accordance with section 2 of the Fixed-term Parliaments Act 2011 during a reporting period mentioned in any of subsection (7)(b) to (d) (the “election reporting period”).
- (9) Subsection (7) has effect as if—
- (a) any provision relating to the election reporting period and any subsequent reporting periods mentioned in paragraph (c) or (d) were omitted, and
  - (b) paragraph (e) referred to the period which begins at the beginning of the election reporting period and ends at the end of the relevant period.
- (10) A report must be published—
- (a) no later than one month after the end of the reporting period, if the report is in respect of a reporting period mentioned in any of subsection (7)(a) to (d);
  - (b) before the dissolution of Parliament, if the report is in respect of a reporting period mentioned in subsection (7)(e).
- (11) Where a report is in respect of a reporting period mentioned in subsection (7)(e), the references to qualifying regulatory provisions or regulatory provisions which have come into force or ceased to be in force during the reporting period include qualifying regulatory provisions or regulatory provisions which are expected to come into force or to cease to be in force during that reporting period.
- (12) The Secretary of State must lay any report before Parliament.

## **24 Additional matters to be included in reports**

- (1) This section makes provision supplementary to section 23.
- (2) An assessment in respect of a qualifying regulatory provision may be included in a report by virtue of section 23(3)(b) only if the assessment is verified by the body appointed under section 25.
- (3) Subsection (4) applies if an assessment in respect of a qualifying regulatory provision is not included in a report in respect of a reporting period mentioned in any of section 23(7)(a) to (d) because of subsection (2) above.
- (4) The report in respect of the immediately following reporting period must include an assessment of the economic impact on business activities of that qualifying regulatory provision.
- (5) Subsection (6) applies to any report in respect of the reporting period mentioned in section 23(7)(c).
- (6) The report must include an assessment of the extent to which the interim target has been met.
- (7) Subsection (8) applies to any report in respect of the reporting period mentioned in section 23(7)(e).
- (8) The report must include an assessment of the extent to which the business impact target has been met.

## **25 Appointment of body to verify assessments and lists in reports**

- (1) The Secretary of State must appoint an independent body to verify—
  - (a) the assessment to be included in a report by virtue of section 23(3)(b), and
  - (b) that all of the regulatory provisions in a list included in a report by virtue of section 23(3)(f) are regulatory provisions (as defined in section 22(3)) which
    - (i) have come into force or ceased to be in force during the reporting period in respect of which the report is made, and
    - (ii) do not fall within section 23(3)(a).
- (2) The body appointed under this section must publish a statement recording any verification made by virtue of subsection (1)(b).
- (3) The appointment of the body must be made before the date on which a business impact target is published in relation to the relevant period.
- (4) The appointment of the body must be for the duration of the relevant period.
- (5) “Independent body” means a body which, in the opinion of the Secretary of State, is independent of the Secretary of State.
- (6) The body appointed under this section must have expertise in assessing the likely economic impact of regulation on business activities (including activities carried on by smaller scale businesses or voluntary or community bodies).
- (7) Subsection (1)(b) is to be read in accordance with section 23(11).

**26 Amending the business impact target etc**

- (1) Before the end of the relevant period the Secretary of State may amend one or more of—
  - (a) the business impact target;
  - (b) the interim target;
  - (c) the determination under section 22(2);
  - (d) the methodology to be used for assessing the economic impact mentioned in section 21(1)(a).
- (2) Section 21(6) applies when amending the thing mentioned in subsection (1)(a) or (c).
- (3) If the Secretary of State amends any of the things mentioned in subsection (1) the Secretary of State must—
  - (a) publish the thing as amended,
  - (b) amend any report already published so that it takes account of any amendments, and
  - (c) lay the thing as amended and any amended report before Parliament.
- (4) The requirements in sections 23(2) and (3), 24 and 25(2) apply in relation to an amended report.

**27 Sections 21 to 25 etc: interpretation**

- (1) This section applies for the purposes of sections 21 to 25 and this section.
- (2) “Business activities” means any activities carried on—
  - (a) by a business for the purposes of the business, or
  - (b) by a voluntary or community body for the purposes of the body.
- (3) References to a business or a voluntary or community body do not include a business or a voluntary or community body which—
  - (a) is controlled by a public authority, or
  - (b) is acting on behalf of a public authority in carrying out the activities.
- (4) The Secretary of State must publish a statement as to how it is to be determined whether a business or a voluntary or community body is controlled by a public authority.
- (5) Each of the following is a “voluntary or community body”—
  - (a) a trade union;
  - (b) an unincorporated body which does not distribute any surplus it makes to its members;
  - (c) a charity;
  - (d) a company limited by guarantee which does not distribute any surplus it makes to its members;
  - (e) a registered society within the meaning given by section 1 of the Co-operative and Community Benefit Societies Act 2014;
  - (f) a society registered or deemed to be registered under the [Industrial and Provident Societies Act \(Northern Ireland\) 1969 \(c. 24 \(N.I.\)\)](#);
  - (g) a community interest company;

- (h) a charitable incorporated organisation within the meaning of Part 11 of the Charities Act 2011 or within the meaning of the [Charities Act \(Northern Ireland\) 2008 \(c. 12 \(N.I.\)\)](#);
- (i) a Scottish charitable incorporated organisation within the meaning of Chapter 7 of Part 1 of the Charities and Trustee Investment (Scotland) Act 2005 ([asp 10](#)).

(6) In this section—

“public authority” has the same meaning as in the Freedom of Information Act 2000 (see section 3 of that Act); and

“trade union” has the meaning given by section 1 of the Trade Union and Labour Relations (Consolidation) Act 1992 or Article 3 of the Industrial Relations (Northern Ireland) Order 1992 ([S.I. 1992/807 \(N.I. 5\)](#)).

*Secondary legislation: duty to review*

## **28 Duty to review regulatory provisions in secondary legislation**

(1) This section applies where—

- (a) an Act confers a power or duty on a Minister of the Crown to make secondary legislation, and
- (b) the Minister exercises the power or duty so as to—
  - (i) make regulatory provision in relation to any qualifying activity (see sections 29 and 32), or
  - (ii) amend regulatory provision made in relation to any qualifying activity.

(2) The Minister must—

- (a) make provision for review in the secondary legislation in which the regulatory provision is made (see section 30), or
- (b) publish a statement that it is not appropriate in the circumstances to make provision for review in that legislation (see section 31).

(3) This section does not apply if or to the extent that the power or duty is to be exercised so as to—

- (a) make or amend—
  - (i) provision imposing, abolishing or varying any tax, duty, levy or other charge, or
  - (ii) provision in connection with provision falling within subparagraph (i);
- (b) make or amend provision in connection with procurement;
- (c) make or amend provision in connection with the giving of grants or other financial assistance by or on behalf of a public authority;
- (d) make or amend provision which is to cease to have effect before the end of the period of 5 years beginning with the commencement date; or
- (e) make or amend provision which is subject to review by virtue of existing provision in the secondary legislation.

(4) In this section and section 29 “public authority” has the same meaning as in the Freedom of Information Act 2000 (see section 3 of that Act).

**29 Section 28(1)(b): interpretation**

- (1) This section applies for the purposes of section 28(1)(b).
- (2) “Qualifying activity” means any activity carried on—
  - (a) by a business for the purposes of the business, or
  - (b) by a voluntary or community body for the purposes of the body.
- (3) For the purposes of subsection (2) the references to a business or a voluntary or community body do not include a business or a voluntary or community body which—
  - (a) is controlled by a public authority, or
  - (b) is acting on behalf of a public authority in carrying out the activity.
- (4) The Secretary of State must publish a statement as to how it is to be determined whether a business or a voluntary or community body is controlled by a public authority.
- (5) “Voluntary or community body” has the meaning given in section 27.

**30 Section 28(2)(a): “provision for review”**

- (1) This section applies for the purposes of section 28(2)(a).
- (2) “Provision for review”, in relation to any regulatory provision, is provision requiring the Minister to—
  - (a) carry out a review of the regulatory provision, and
  - (b) publish a report setting out the conclusions of the review.
- (3) A review of any regulatory provision which implements an EU obligation or any other international obligation of the United Kingdom must have regard to how the obligation is implemented in the other Member States or countries which are subject to the obligation.
- (4) A report must, in particular—
  - (a) set out the objectives intended to be achieved by the regulatory provision,
  - (b) assess the extent to which those objectives are achieved,
  - (c) assess whether those objectives remain appropriate, and
  - (d) if those objectives remain appropriate, assess the extent to which they could be achieved in another way which involves less onerous regulatory provision.
- (5) The first report must be published before the end of the period of 5 years beginning with the commencement date.
- (6) Subsequent reports must be published at intervals not exceeding 5 years.

**31 Section 28(2)(b): appropriateness of making provision for review**

- (1) This section applies for the purposes of section 28(2)(b).
- (2) The circumstances in which the Minister may determine that it is not appropriate to make provision for review include those in which—
  - (a) a review would be disproportionate taking into account the economic impact of the regulatory provision on the qualifying activity, and

- (b) a review would be undesirable for particular policy reasons (such as there being an exceptionally high need for certainty in the longer term).
- (3) The Secretary of State may publish guidance about the factors to be taken into account in determining whether it is appropriate to make provision for review.
- (4) The Minister must have regard to any guidance.

### **32 Sections 28 to 31 etc: supplementary**

- (1) This section applies for the purposes of sections 28 to 31 and this section.
- (2) “Commencement date” means the date on which the secondary legislation making or amending the regulatory provision comes into force for any purpose.
- (3) “Minister of the Crown” has the same meaning as in the Ministers of the Crown Act 1975.
- (4) “Regulatory provision”, in relation to any qualifying activity, means—
  - (a) provision imposing requirements, restrictions or conditions, or setting standards, in relation to the activity, or
  - (b) provision which relates to the securing of compliance with, or the enforcement of, requirements, restrictions, conditions or standards which relate to the activity.
- (5) But where any of section 30(2), (3), (4)(a) or 31(2) applies by virtue of section 28(1)(b) (ii), the references to regulatory provision are to the regulatory provision as amended by the secondary legislation made by the Minister.
- (6) “Secondary legislation” means orders, regulations or rules made under any Act.
- (7) The validity of any secondary legislation is not to be affected by any question as to whether a Minister of the Crown complied with section 28(2).

#### *Definitions of small and micro business*

### **33 Definitions of small and micro business**

- (1) This section applies where any subordinate legislation made by a Minister of the Crown (the “underlying provision”)—
  - (a) uses the term “small business” or “micro business”, and
  - (b) defines that term by reference to this section.
- (2) In the underlying provision “small business” means an undertaking other than a micro business (see subsection (3)) which meets the following conditions (“the small business size conditions”)—
  - (a) it has a headcount of staff of less than 50, and
  - (b) it has—
    - (i) a turnover, or
    - (ii) a balance sheet total,of an amount less than or equal to the small business threshold.
- (3) In the underlying provision “micro business” means an undertaking which meets the following conditions (“the micro business size conditions”)—

- (a) it has a headcount of staff of less than 10, and
- (b) it has—
  - (i) a turnover, or
  - (ii) a balance sheet total,
 of an amount less than or equal to the micro business threshold.
- (4) The Secretary of State may by regulations (referred to as “the small and micro business regulations”) make further provision about the meanings of “small business” and “micro business”.
- (5) This section and the small and micro business regulations are to be read subject to any modifications made by the underlying provision in any particular case.
- (6) In this section—
  - “balance sheet total”, “headcount of staff”, “micro business threshold”, “small business threshold” and “turnover” have such meanings as may be prescribed by the small and micro business regulations;
  - “Minister of the Crown” has the same meaning as in the Ministers of the Crown Act 1975;
  - “subordinate legislation” has the same meaning as in the Interpretation Act 1978 (see section 21 of that Act);
  - “undertaking” means—
    - (a) a person carrying on one or more businesses;
    - (b) a voluntary or community body within the meaning given by section 27;
    - (c) a body which is formed or recognised under the law of a country or territory outside the United Kingdom and which is equivalent in nature to a body falling within the definition of voluntary or community body.
- (7) The small and micro business regulations are subject to negative resolution procedure.

### **34 Small and micro business regulations: further provision**

- (1) The small and micro business regulations may make provision—
  - (a) about the calculation of the headcount of staff, turnover and balance sheet total of an undertaking, including provision about the period (“assessment period”) in respect of which they are to be calculated;
  - (b) for the headcount of staff, turnover and balance sheet total, or a proportion of such, of any undertaking which satisfies such conditions as may be prescribed in relation to another undertaking (the “principal undertaking”) to be treated as part of the principal undertaking’s headcount of staff, turnover and balance sheet total.
- (2) Conditions which may be prescribed under subsection (1)(b) include, in particular, conditions relating to—
  - (a) the extent of ownership (whether direct or indirect) of one undertaking by one or more other undertakings;
  - (b) the degree of control exercised (whether directly or indirectly) by one or more undertakings over another.
- (3) The small and micro business regulations may make provision about—

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*Status: This is the original version (as it was originally enacted).*

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- (a) the assessment period or periods in respect of which an undertaking must meet the small business size conditions or the micro business size conditions in order to be a small business or (as the case may be) micro business;
  - (b) the circumstances in which an undertaking which has been established for less than a complete assessment period is to be regarded as meeting the small business size conditions or the micro business size conditions.
- (4) Provision made by virtue of subsection (3) may, in particular, provide that—
- (a) an undertaking is a small business or a micro business if it meets the relevant size conditions in respect of each of its two most recent assessment periods;
  - (b) where there has been only one complete assessment period since an undertaking was established, the undertaking is a small business or a micro business if it meets the relevant size conditions in respect of that period;
  - (c) an undertaking which is a small business or a micro business does not cease to be such unless it fails to meet the relevant size conditions in respect of two consecutive assessment periods.
- (5) The small and micro business regulations may make provision for one undertaking (“undertaking A”) which satisfies such conditions as may be prescribed in relation to another undertaking (“undertaking B”), to be treated as being undertaking B (whether or not undertaking B is still in existence) for such purposes as may be prescribed.
- (6) Conditions which may be prescribed under subsection (5) include, in particular, conditions relating to—
- (a) the transfer of a business from undertaking B to undertaking A;
  - (b) the carrying on by undertaking A of a business on undertaking B ceasing to carry on the activities, or most of the activities, of which the business consists in consequence of arrangements involving both undertakings;
  - (c) the existence of some other connection between undertaking A and undertaking B.
- (7) The purposes which may be prescribed under subsection (5) include, in particular—
- (a) determining the date on which undertaking A was established (and so the number of assessment periods there have been since it was established);
  - (b) determining which periods are assessment periods in respect of undertaking A;
  - (c) calculating the headcount of staff, turnover and balance sheet total of undertaking A.
- (8) The small and micro business regulations may provide that an undertaking of such description as may be prescribed is not a small business or a micro business even if it falls within the relevant definition.
- (9) In this section—
- “micro business size conditions”, “small business size conditions” and “undertaking” have the same meanings as in section 33;
  - “prescribed” means prescribed in the small and micro business regulations.

*Home businesses***35 Exclusion of home businesses from Part 2 of the Landlord and Tenant Act 1954**

- (1) Part 2 of the Landlord and Tenant Act 1954 (security of tenure for business, professional and other tenants) is amended as follows.
- (2) In section 23(4) (tenancies to which Part 2 applies) at the beginning insert “Subject to subsection (5).”.
- (3) After section 23(4) insert—
  - “(5) Where the tenant’s breach of a prohibition (however expressed) of use for business purposes which subsists under the terms of the tenancy and extends to the whole of that property consists solely of carrying on a home business, this Part of this Act does not apply to the tenancy, even if the immediate landlord or the immediate landlord’s predecessor in title has consented to the breach or the immediate landlord has acquiesced in the breach.
  - (6) In subsection (5) “home business” has the same meaning as in section 43ZA.”
- (4) After section 43 (tenancies excluded from Part 2), insert—

**“43ZA Further exclusion of home business tenancies from Part 2**

- (1) This Part of this Act does not apply to a home business tenancy.
- (2) A home business tenancy is a tenancy under which—
  - (a) a dwelling-house is let as a separate dwelling,
  - (b) the tenant or, where there are joint tenants, each of them, is an individual, and
  - (c) the terms of the tenancy—
    - (i) require the tenant or, where there are joint tenants, at least one of them, to occupy the dwelling-house as a home (whether or not as that individual’s only or principal home),
    - (ii) permit a home business to be carried on in the dwelling-house, or permit the immediate landlord to give consent for a home business to be carried on in the dwelling-house, and
    - (iii) do not permit a business other than a home business to be carried on in the dwelling-house.
- (3) The terms of a tenancy permit the carrying on of a home business if they permit the carrying on of a particular home business, a particular description of home business or any home business.
- (4) A “home business” is a business of a kind which might reasonably be carried on at home.
- (5) A business is not to be treated as a home business if it involves the supply of alcohol for consumption on licensed premises which form all or part of the dwelling-house.
- (6) The appropriate national authority may by regulations prescribe cases in which businesses are, or are not, to be treated as home businesses.

- (7) Regulations under this section—
- (a) may include transitional or saving provision,
  - (b) may make different provision for different purposes,
  - (c) are to be made by statutory instrument,
  - (d) may not be made unless—
    - (i) in the case of regulations made by the Secretary of State, a draft of the statutory instrument containing the regulations has been laid before Parliament and approved by a resolution of each House of Parliament,
    - (ii) in the case of regulations made by the Welsh Ministers, a draft of the statutory instrument containing the regulations has been laid before, and approved by a resolution of, the National Assembly for Wales.
- (8) For the purposes of this section, a dwelling-house which is let for mixed residential and business use is capable of being let as a dwelling.
- (9) If, under a tenancy, a dwelling-house is let together with other land, then, for the purposes of this section—
- (a) if the main purpose of the letting is the provision of a home for the tenant, the other land is to be treated as part of the dwelling-house, and
  - (b) if the main purpose of the letting is not as mentioned in paragraph (a), the tenancy is to be treated as not being one under which a dwelling-house is let as a separate dwelling.
- (10) In this section—
- “the appropriate national authority” means—
    - (a) in relation to England, the Secretary of State, and
    - (b) in relation to Wales, the Welsh Ministers;
  - “dwelling-house” may be a house or part of a house;
  - “let” includes sub-let;
  - “licensed premises” has the same meaning as in the Licensing Act 2003 (see section 193 of that Act);
  - “supply of alcohol” has the same meaning as in the Licensing Act 2003 (see section 14 of that Act).”
- (5) Subsections (1) to (4) do not apply to—
- (a) a tenancy which is entered into before the day on which this section comes into force;
  - (b) a tenancy which is entered into on or after the day on which this section comes into force, pursuant to a contract made before that day;
  - (c) a tenancy which arises by operation of any enactment or other law when a tenancy mentioned in paragraph (a) or (b) comes to an end.

### **36 Section 35: supplementary and consequential provision**

- (1) In section 41 of the Landlord and Tenant Act 1954 (trusts), after subsection (2) insert—
- “(3) Where a tenancy is held on trust, section 43ZA(2) has effect as if—
    - (a) paragraph (b) were omitted, and

- (b) the condition in paragraph (c)(i) were a condition that the terms of the tenancy require at least one individual who is a trustee or a beneficiary under the trust to occupy the dwelling-house as a home (whether or not as that individual’s only or principal home).”
- (2) A dwelling-house which is let under a home business tenancy is to be regarded as being “let as a separate dwelling” for the purposes of—
- (a) section 1 of the Rent Act 1977 (protected tenancies),
  - (b) section 79 of the Housing Act 1985 (secure tenancies),
  - (c) section 1 of the Housing Act 1988 (assured tenancies), and
  - (d) any other England and Wales enactment relating to protected, secure or assured tenancies.
- (3) Subsections (1) and (2) do not apply to the tenancies mentioned in section 35(3)(5).
- (4) Subsections (2) and (3) do not limit the circumstances in which a dwelling-house which is let under a home business tenancy is to be regarded as “let as a separate dwelling”.
- (5) In this section—
- “enactment” includes provision made—
    - (a) under an Act, or
    - (b) by or under a Measure or Act of the National Assembly for Wales,
 “England and Wales enactment” means any enactment so far as it forms part of the law of England and Wales,
   
 “home business tenancy” has the same meaning as in section 43ZA of the Landlord and Tenant Act 1954.

*CMA recommendations*

**37 CMA to publish recommendations on proposals for Westminster legislation**

- (1) Section 7 of the Enterprise Act 2002 (provision by CMA of information and advice to Ministers etc) is amended as follows.
- (2) After subsection (1) insert—
- “(1A) The CMA may, in particular, carry out the function under subsection (1)(a) by making a proposal in the form of a recommendation to a Minister of the Crown about the potential effect of a proposal for Westminster legislation on competition within any market or markets in the United Kingdom for goods or services.
  - (1B) The CMA must publish such a recommendation in such manner as the CMA considers appropriate for bringing the subject matter of the recommendation to the attention of those likely to be affected by it.”
- (3) After subsection (2) insert—
- “(3) In this section—
    - “market in the United Kingdom” includes—
      - (a) so far as it operates in the United Kingdom or a part of the United Kingdom, any market which operates there and in another

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*Status: This is the original version (as it was originally enacted).*

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- country or territory or in a part of another country or territory;  
and
  - (b) any market which operates only in a part of the United Kingdom;  
and the reference to a market for goods or services includes a  
reference to a market for goods and services; and
- “Westminster legislation” means—
- (a) an Act of Parliament, or
  - (b) subordinate legislation (within the meaning given by section 21  
of the Interpretation Act 1978).”

*Liability of bodies concerned with accounting standards*

**38 Exemption from liability for bodies concerned with accounting standards etc**

- (1) After section 18 of the Companies (Audit, Investigations and Community Enterprise) Act 2004 insert—

**“18A Power to confer exemption from liability**

- (1) The Secretary of State may by order or regulations provide for the exemption from liability in subsections (3) and (4) to apply to specified bodies or persons (referred to in this section as “exempt persons”).
- (2) The order or regulations may provide for the exemption to apply subject to specified conditions or for a specified period.
- (3) Neither the exempt person, nor any person who is (or is acting as) a member, officer or member of staff of the exempt person, is to be liable in damages for anything done, or omitted to be done, for the purposes of or in connection with—
  - (a) the carrying on of those section 16(2) activities of the exempt person that are specified in relation to that person, or
  - (b) the purported carrying on of any such activities.
- (4) Subsection (3) does not apply—
  - (a) if the act or omission is shown to have been in bad faith, or
  - (b) so as to prevent an award of damages in respect of the act or omission on the grounds that it was unlawful as a result of section 6(1) of the Human Rights Act 1998 (acts of public authorities incompatible with Convention rights).
- (5) In this section—
  - “section 16(2) activities” means activities concerned with any of the matters within section 16(2);
  - “specified” means specified in an order or regulations under this section.
- (6) Orders and regulations under this section—
  - (a) are to be made by statutory instrument;
  - (b) may make different provision for different cases;
  - (c) may make transitional provision and savings.

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*Status: This is the original version (as it was originally enacted).*

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- (7) A statutory instrument containing an order or regulations under this section is subject to annulment in pursuance of a resolution of either House of Parliament, subject to subsection (8).
- (8) An order or regulations under this section may be included in a statutory instrument which may not be made unless a draft of the instrument is laid before, and approved by a resolution of, each House of Parliament.”
- (2) Omit section 18 of that Act (exemption from liability for bodies to whom grants are paid).
- (3) In section 66(2) of that Act (provisions extending to Northern Ireland) for “18” substitute “18A”.