Finance Act 2016

CHAPTER 24

FINANCE ACT 2016

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4 In section 382(2) (other contents of Chapter 3 of Part...
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6 Omit section 393(5) (determining entitlement to tax credit).
7 In section 394 (which deems a distribution to be made)...
8 In section 395(3) (interpretation of section 395(2)) omit the words...
9 For section 396A(2)(b) (alternative receipt treated as qualifying distribution for...)
10 In the italic heading before section 397, omit “Tax credits...
11 (1) Section 399 (qualifying distribution received by person not entitled...)
12 (1) Section 401 (relief: qualifying distribution after linked non-qualifying distribution)... 
13 Omit section 401A (recovery of overpaid tax credit etc).
14 In section 401B (power to obtain information for the purposes...)
15 Omit sections 406(4A) and 407(4A) (determining entitlement to tax credit)... 
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17 In section 411(2) (stock dividends: amount on which tax charged)... 
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19 In section 418(3) (release of loan: tax only on grossed-up...)
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22 In section 663 (applicable rate for purposes of grossing-up under...)
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25 In section 680A (estate income treated as dividend income), in...
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27 Omit section 858(3) (partnerships with foreign element: entitlement to tax...)
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29 (1) Section 279F (ring fence profits: related 51% group company)... 
30 (1) Section 279G (ring fence profits: meaning of “augmented profits”)... 
31 For section 463(7) (loan to trustees of settlement which has... 
32 (1) Section 549 (distributions: supplementary) is amended as follows.
33 (1) Section 751 (interpretation of Part 15 (transactions in securities))...
34 Omit section 814D(8) (which excludes entitlement to tax credits).
35 Omit section 997(5) (which introduces sections 1109 to 1111).
36 In sections 1026(1)(b) and 1027(2)(b) (cases where amount paid up... 
37 (1) Section 1070 (distributions by company carrying on mutual business)... 
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39 (1) Section 1100 (qualifying distribution: right to request a statement)... 
40 (1) Section 1101 (non-qualifying distributions etc: returns and information) is...
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42 (1) Section 1106 (interpretation of sections 1104 and 1105) is...
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45 In section 1119 (definitions for the purposes of the Corporation... 
46 Omit section 1126 (meaning of “franked investment income”). 
47 Omit section 1136 (meaning of “qualifying distribution”). 
48 Omit section 1139(4) (“relief” includes tax credit). 
49 In Schedule 2 (transitionals and savings etc) omit paragraph 106(1)... 
50 In Schedule 4 (index of defined expressions) omit the entries... 
51 Other amendments
52 (1) ICTA is amended as follows. (2) Omit section 231B...
In FA 1988, in Schedule 13 omit paragraph 7(c) (post-consolidation... 
In FA 1989— (a) omit section 115 (double taxation: tax... 
In FA 1993 omit section 171(2B) (which excludes entitlement to... 
In FA 1994 omit section 219(4B) (which excludes entitlement to... 
(1) F(No.2)A 1997 is amended as follows. 
(1) FA 1998 is amended as follows. 
In the Commonwealth Development Corporation Act 1999, in 
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24 (1) In the table in regulation 3(1) (provision of event...
25 (1) Regulation 11 (information provided to scheme administrator by member...
26 After regulation 14B insert— Individual protection 2016: provision of information...
27 In consequence of paragraph 24(4), in each of—
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28 (1) In Part 1 of Schedule 29 to FA 2004...
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5 (1) Section 850 (overview of Chapter) is amended as follows....
6 Omit section 852 (power to disapply section 851).
7 In section 853(1) (meaning of “deposit-taker”), after “In this Chapter”...
8 In section 854(3) (meaning of “relevant investment” in section 851(1) (b)),...
9 For section 855(1) (meaning of “investment”) substitute—
10 (1) Section 856 (meaning of “relevant investment”) is amended as...
11 In section 857 (treating investments as being or not being...
12 Omit— (a) sections 858 to 861 (investments which are not...
13 In the italic heading preceding section 863, for “Other investments”...
14 In sections 863, 864, 865 and 868(4) (investments with deposit-takers...
15 Omit sections 868(3), 869 and 870(2) (investments with building societies),...
16 Omit section 871 (power to make regulations to give effect...
17 In section 872 (power to amend Chapter)—
18 Omit section 873(3) to (6) (interpretation of section 861).
19 Amendments relating to Chapter 2 of Part 15 of ITA 2007
20 (1) In section 564Q(1) of ITA 2007 (alternative finance return:...
21 In section 847 of ITA 2007 (overview of Part 15)—...
22 In section 946 of ITA 2007 (collection of tax deducted...
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3 Transfer pricing
4 In section 693 (derivative contracts: bringing transfer-pricing adjustments into account),...
5 Exchange gains and losses
6 In section 448 (exchange gains and losses on debtor relationships:....
7 In section 449 (exchange gains and losses on creditor relationships:....
8 In section 451 (exception to section 449 where loan exceeds...
9 (1) Section 452 (exchange gains and losses where loan not...
10 After section 475A insert— Meaning of “matched” Meaning of “matched”...
(1) Section 694 (derivative contracts: exchange gains and losses) is...

Commencement

SCHEDULE 8 — Tax relief for production of orchestral concerts

PART 1 — AMENDMENT OF CTA 2009
1 After Part 15C of CTA 2009 insert— PART 15D Orchestra...

PART 2 — CONSEQUENTIAL AMENDMENTS
2 ICTA
3 FA 1998
4 In paragraph 10 (other claims and elections to be included... 
5 (1) Paragraph 52 (recovery of excessive repayments etc) is amended...
6 In Part 9D (certain claims for tax relief)—
7 CAA 2001
8 FA 2007
9 CTA 2009
10 In section 1310 of CTA 2009 (orders and regulations), in...
11 In Schedule 4 to CTA 2009 (index of defined expressions),...
12 FA 2009
13 CTA 2010
14 In Part 8B of CTA 2010, after section 357UI insert—...
15 (1) Schedule 4 to CTA 2010 (index of defined expressions)... 

PART 3 — COMMENCEMENT
16 Any power to make regulations conferred on the Treasury by...
17 (1) The amendments made by the following provisions of this...
18 (1) The amendments made by paragraphs 13 to 15 of...

SCHEDULE 9 — Profits from the exploitation of patents etc: consequential

1 CTA 2010 is amended in accordance with this Schedule.
2 In section 357B (meaning of “qualifying company”), in subsection (3) (b)(ii),...
3 In the heading of Chapter 3 of Part 8A, after...
4 (1) Section 357C (relevant IP profits) is amended as follows.... 
5 In section 357CA (total gross income of a trade), in...
6 Omit sections 357CB to 357CF.
7 (1) Section 357CG (adjustments in calculating profits of trade) is...
8 In section 357CI (routine return figure), in Step 1 in...
9 Omit sections 357CJ and 357CK.
10 (1) Section 357CL (companies eligible to elect for small claims...
11 In section 357CM (small claims amount), in subsection (1), for...
12 (1) Section 357D (alternative method of calculating relevant IP
profits;...
13 (1) Section 357DA (relevant IP profits) is amended as follows....
14 (1) Section 357DC (the mandatory streaming conditions) is amended
as...
15 In section 357EB (allocation of set-off amount within a group)... 
16 In section 357ED (company ceasing to carry on trade etc)... 
17 In section 357FA (incorporation of qualifying items), in
subsection (2).... 
18 In section 357FB (tax advantage schemes) in subsection (4)(b) for...
19 (1) Section 357G (making an election under section 357A) is...
20 (1) Section 357GA (revocation of election made under section 357A)... 
21 (1) Section 357GB (application of Part 8A in relation to...
22 In section 357GC (application of Part 8A in relation to...
(1) Section 357GE (other interpretation) is amended as follows.

SCHEDULE 10 — Hybrid and other mismatches

PART 1 — MAIN PROVISIONS

1 In TIOPA 2010, after Part 6 insert— PART 6A Hybrid...

PART 2 — CONSEQUENTIAL AMENDMENTS

2 FA 1998

3 In paragraph 25(3)— (a) insert “or” at the end of...

4 In paragraph 42(4)— (a) insert “or” at the end of...

5 CTA 2009

6 CTA 2010

7 In section 938N (group mismatch schemes: priority)—

8 In section 938V (tax mismatch schemes: priority)—

9 TIOPA 2010

10 In section 1 (overview of Act), in subsection (1)—

11 In section 157 (direct participation), in subsection (1)—

12 In section 158 (indirect participation: defined by sections 159 to...

13 In section 159 (indirect participation: potential direct participant), in...

14 In section 160 (indirect participation: one of several major participants)...

15 Omit Part 6 (tax arbitrage).

16 Omit Part 4 of Schedule 11 (tax arbitrage: index of...

17 After that Part of that Schedule insert— PART 4A Hybrid...

PART 3 — COMMENCEMENT

18 Chapters 3 to 5 and 7 and 8 of Part...

19 Chapter 6 of Part 6A of TIOPA 2010 (counteraction of...

20 Chapters 9 and 10 of Part 6A of TIOPA 2010...

21 Chapter 11 of Part 6A of TIOPA 2010 (imported mismatch...

22 The following provisions of this Schedule have effect in relation...

23 For the purposes of paragraph 18 and 21, where a...

24 For the purposes of paragraphs 19, 20 and 22(b), where...

25 In this Part of this Schedule “the commencement date” means...

SCHEDULE 11 — Disposals of non-UK residential property interests

1 TCGA 1992 is amended in accordance with this Schedule.

2 In section 14B(1) (meaning of “non-resident CGT disposal”), in...

3 Omit section 14C (which introduces Schedule B1 and is superseded...

4 In Schedule B1 (disposals of UK residential property interests), in...

5 After Schedule B1 insert— SCHEDULE BAI Disposals of non-UK...

SCHEDULE 12 — Disposals of residential property interests: gains and losses

1 TCGA 1992 is amended in accordance with this Schedule.

2 In section 57A(3) (gains and losses on relevant high value...

3 After section 57B insert— CHAPTER 7 Computation of gains and...

4 In Schedule B1 (disposals of UK residential property interests), in...

5 After Schedule 4ZZB insert— SCHEDULE 4ZZC Disposals of residential property...

SCHEDULE 13 — Entrepreneurs’ relief: “trading company” and “trading group”
1 TCGA 1992 is amended as follows.
2 In section 169H(7) (introduction), for “Section 169S contains” substitute “Sections...”
3 In section 169S (interpretation of Chapter), subsection (4A) is treated...
4 After section 169S insert— Meaning of “trading company” and “trading...”
5 After Schedule 7 insert— SCHEDULE 7ZA Entrepreneurs’ relief “trading company”...
6 (1) The amendments made by this Schedule (except paragraph 3)...

SCHEDULE 14 — Investors’ relief
1 (1) In the heading to Part 5 of TCGA 1992,...
2 In Part 5 of TCGA 1992, after section 169V insert—...
3 After Schedule 7ZA of TCGA 1992 (inserted by Schedule 13)...

SCHEDULE 15 — Inheritance tax: increased nil-rate band
1 IHTA 1984 is amended as follows.
2 (1) Section 8D (extra nil-rate band on death if interest...
3 (1) Section 8E (residence nil-rate amount: interest in home goes...
4 In section 8F(4) (list of other relevant sections)—
5 After section 8F insert— Downsizing addition: entitlement: low-value death interest...
6 In section 8G (meaning of “brought-forward allowance”), in subsection (3)(a),...
7 (1) Section 8H (meaning of “qualifying residential interest”) is amended...
8 After section 8H insert— Qualifying former residential interest”: interests in...
9 In section 8J (meaning of “inherited”), in subsection (1), for...
10 In section 8K (meaning of “closely inherited”), in subsection (1),...
11 In section 8L (claims for brought-forward allowance)—
12 (1) Section 8M (residence nil-rate amount: cases involving conditional exemption)...

SCHEDULE 16 — Property authorised investment funds and co-ownership authorised contractual schemes

PART 1 — CO-OWNERSHIP AUTHORISED CONTRACTUAL SCHEMES
1 In FA 2003, after section 102 insert— Co-ownership authorised contractual...

PART 2 — SEEDING RELIEF FOR PROPERTY AUTHORISED INVESTMENT FUNDS AND CO-OWNERSHIP AUTHORISED CONTRACTUAL SCHEMES
2 FA 2003 is amended in accordance with this Part.
3 After section 65 insert— PAIF seeding relief and COACS seeding...
4 After Schedule 7 insert— SCHEDULE 7A Paif seeding relief and...

PART 3 — CONSEQUENTIAL AMENDMENTS
5 FA 2003 is amended in accordance with this Part.
6 In section 75C (anti-avoidance: supplemental), in subsection (4), after “Schedule...
7 (1) Section 81 (further return where relief withdrawn) is amended...
8 In section 86 (payment of tax), in subsection (2)—
9 (1) Section 87 (interest on unpaid tax) is amended as...
10 In section 118 (market value)— (a) the existing text becomes...
11 In section 122 (index of defined expressions), at the appropriate...
12 In Schedule 4A (SDLT: higher rate for certain transactions), in...
13 In Schedule 6B (transfers involving multiple dwellings), in paragraph 2(4)(b)...
14 (1) In Schedule 17A (further provisions relating to leases), paragraph...

PART 4 — COMMENCEMENT
15 (1) The amendments made by Parts 2 and 3 of...

SCHEDULE 17 — Aqua methanol etc
PART 1 — AQUA METHANOL
1 Introductory
2 Definition
3 In section 2A (power to amend definitions), in subsection (1),...
4 Charging of excise duty
5 In section 6A (fuel substitutes), in subsection (1)—
6 Mixing of aqua methanol
7 Enforcement
8 Consequential amendments
9 In section 27(1) (interpretation), before the definition of “aviation gasoline”...
10 In section 16 of FA 1994 (appeals to a tribunal),...
11 In paragraph 3 of Schedule 41 to FA 2008 (penalties...
21 The restricted period
22 Reasonable excuse
23 Mitigation of restriction of relief
24 Appeal
25 Meaning of “avoidance-related rule”
26 Meaning of “relief”
27 “Claim” for relief
28 VAT
29 Power to amend
   PART 5 — PENALTY
30 Penalty
31 Simultaneous defeats etc
32 Value of the counteracted advantage: basic rule for taxes other than VAT
33 Value of counteracted advantage: losses for purposes of direct tax
34 Value of counteracted advantage: deferred tax
35 Meaning of “the counteracted advantage” in paragraphs 33 and 34
36 Value of the counteracted advantage: Conditions D and E
37 Value of counteracted advantage: delayed VAT
38 Assessment of penalty
39 Alteration of assessment of penalty
40 Aggregate penalties
41 Appeal against penalty
42 Penalties: reasonable excuse
43 Paragraph 42: meaning of “the relevant failure”
44 Mitigation of penalties
   PART 6 — CORPORATE GROUPS, ASSOCIATED PERSONS AND PARTNERSHIPS
45 Representative member of a VAT group
46 Corporate groups
47 Associated persons treated as incurring relevant defeats
48 Meaning of “associated”
49 Partners treated as incurring relevant defeats
50 Partnership returns to which this paragraph applies
51 Partnerships: information
52 Partnerships: special provision about taxpayer emendations
53 Supplementary provision relating to partnerships
   PART 7 — SUPPLEMENTAL
54 Meaning of “adjustments”
55 Time of “use” of defeated arrangements
56 Inheritance tax
57 National insurance contributions
58 General interpretation
59 Consequential amendments
60 In section 212 of FA 2014 (follower notices: aggregate penalties),...
61 (1) The Social Security Contributions and Benefits Act 1992 is...
62 In the Social Security Contributions and Benefits (Northern Ireland) Act...
63 Commencement
64 (1) A relevant defeat is to be disregarded for the...
65 (1) A warning notice given to a person is to...

SCHEDULE 19 — Large businesses: tax strategies and sanctions
   PART 1 — INTERPRETATION
1 Purpose of Part 1
2 “Relevant body”
3 “UK company”
4 “UK permanent establishment”
5 “Qualifying company”
6 “Group” and related expressions
7 (1) “MNE Group” has the same meaning (subject to sub-paragraph...
8 (1) A “group other than an MNE group” means a...
9 A group is headed by whichever relevant body within the...
10 “Qualifying group”
11 “UK sub-group” and “head” (in relation to a UK sub-group)
12 “UK partnership”, “qualifying partnership” and “representative partner”
13 “Financial year”
14 “Turnover” and “balance sheet total”
15 “UK taxation”

PART 2 — PUBLICATION OF TAX STRATEGIES

16 Qualifying UK groups: duty to publish a group tax strategy
17 Content of group tax strategy
18 Penalty for non-compliance with paragraph 16
19 UK sub-groups: duty to publish a sub-group tax strategy
20 Content of a sub-group tax strategy
21 Penalty for non-compliance with requirements of paragraph 19
22 Qualifying companies: duty to publish a company tax strategy
23 Content of a company tax strategy
24 Penalty for non-compliance with paragraph 22
25 Qualifying partnerships: duty to publish a partnership tax strategy
26 Penalties under this Part: general provisions
27 Failure to comply with a time limit
28 Reasonable excuse
29 Assessment of penalties
30 Appeal
31 Enforcement
32 Power to change amount of penalties
33 Application of provisions of TMA 1970
34 Meaning of “tax strategy”

PART 3 — SANCTIONS FOR PERSISTENTLY UNCO-OPERATIVE LARGE BUSINESSES

35 Large groups falling within Part 3
36 (1) A UK group has “engaged in unco-operative behaviour” if—...
37 (1) A member of a UK group has, or two...
38 (1) A member of a UK group has “satisfied the...
39 (1) There is a significant tax issue in respect of...
40 The references in paragraphs 36 to 39 to things done...
41 Warning notices
42 Special measures notices
43 (1) A special measures notice— (a) may be withdrawn by...
44 (1) This paragraph applies to a UK group if—
45 (1) This paragraph applies in relation to a UK group...
46 Circumstances in which warning and special measures notices are treated as having been given
47 Sanctions: liability for penalties for errors in documents given to HMRC
48 In Schedule 24 to FA 2007 (penalties for errors), at...
49 Sanctions: Commissioners publishing information
50 Application of Part 3 to large UK sub-groups
51 Application of Part 3 to large companies
52 Application of Part 3 to large partnerships
53 Meaning of “designated HMRC officer”

PART 4 — SUPPLEMENTARY
54 Amendment of power under section 122 of FA 2015
55 Regulations

SCHEDULE 20 — Penalties for enablers of offshore tax evasion or non-compliance
PART 1 — LIABILITY FOR PENALTY
1 Liability for penalty
2 Meaning of “involving offshore activity” and related expressions
3 Amount of penalty
4 Potential lost revenue: enabling Q to commit relevant offence
5 Potential lost revenue: enabling Q to engage in conduct incurring relevant civil penalty
6 Treatment of potential lost revenue attributable to both offshore tax evasion or non-compliance and other tax evasion or non-compliance
7 Reduction of penalty for disclosure etc by P
8 (1) This paragraph applies for the purposes of paragraph 7....
9 (1) If they think it right because of special circumstances,...
10 Procedure for assessing penalty, etc
11 An assessment of a person as liable to a penalty...
12 Appeals
13 (1) An appeal under paragraph 12 is to be treated...
14 (1) On an appeal under paragraph 12(a) that is notified...
15 Double jeopardy
16 Application of provisions of TMA 1970
17 Interpretation of Part 1

PART 2 — APPLICATION OF SCHEDULE 36 TO FA 2008: INFORMATION POWERS
18 General application of information and inspection powers to suspected enablers
19 General modifications
20 Specific modifications
21 In the application of Schedule 36 to FA 2008 for...

PART 3 — PUBLISHING DETAILS OF PERSONS FOUND LIABLE TO PENALTIES
22 Naming etc of persons assessed to penalty or penalties under paragraph 1
23 (1) The Treasury may by regulations amend paragraph 22(1) to...

SCHEDULE 21 — Penalties relating to offshore matters and offshore transfers
1 Amendments to Schedule 24 to the Finance Act 2007 (c. 11)
2 (1) Paragraph 9 (reductions for disclosure) is amended as follows....
3 In paragraph 10 (amount of reduction for disclosure), for the...
4 After paragraph 10 insert— (1) If a person who would otherwise be liable to...
5 Amendments to Schedule 41 to the Finance Act 2008 (c. 9)
6 (1) Paragraph 12 (reductions for disclosure) is amended as follows....
7 In paragraph 13 (amount of reduction for disclosure), for the...
8 After paragraph 13 insert— (1) If a person who would otherwise be liable to...
9 Amendments to Schedule 55 to the Finance Act 2009 (c.10)
10 (1) Paragraph 14 (reductions for disclosure) is amended as follows....
11 In paragraph 15 (amount of reduction for disclosure), for the...
12 After paragraph 15 insert— (1) If a person who would otherwise be
liable to...

SCHEDULE 22 — Asset-based penalty for offshore inaccuracies and failures
   PART 1 — LIABILITY FOR PENALTY
   1 Circumstances in which asset-based penalty is payable
   2 Meaning of standard offshore tax penalty
   3 Tax year to which standard offshore tax penalty relates
   4 Potential lost revenue threshold
   5 Offshore PLR
   6 Restriction on imposition of multiple asset-based penalties in relation to
   the same asset
       PART 2 — AMOUNT OF PENALTY
   7 Standard amount of asset-based penalty
   8 Reductions for disclosure and co-operation
   9 Special reduction
       PART 3 — IDENTIFICATION AND VALUATION OF ASSETS
   10 Introduction
   11 Capital gains tax
   12 Inheritance tax
   13 Asset-based income tax
   14 Jointly held assets
       PART 4 — PROCEDURE
   15 Assessment
   16 Appeal
   17 (1) An appeal is to be treated in the same...
   18 (1) On an appeal under paragraph 16(1), the tribunal may...
       PART 5 — GENERAL
   19 Interpretation
   20 Consequential amendments etc
   21 Section 97A of TMA 1970 (two or more tax-geared penalties...
Enhanced capital allowances

Creative tax reliefs

Research and development reliefs

PART 2 — TAX ADVANTAGES TO WHICH SECTION 180(5) APPLIES

SCHEDULE 25 — Office of Tax Simplification
1 Membership
2 Term of office
3 Appointment of initial members
4 Termination of appointments
5 (1) The Chancellor of the Exchequer may terminate the appointment...
6 Remuneration
7 Provision of staff and facilities etc.
8 Validity of proceedings
9 The validity of anything done by the OTS is not...
10 Supplementary powers
11 Finance
12 Disqualification
13 In Part 2 of Schedule 1 to the Northern Ireland...
14 Freedom of information
15 Public sector equality duty