



# Finance Act 2018

## 2018 CHAPTER 3

### PART 1

#### DIRECT TAXES

##### *Miscellaneous*

#### **33 Bank levy**

Schedule 9 contains provision amending Schedule 19 to FA 2011 (the bank levy).

#### **34 Debt traded on a multilateral trading facility**

(1) In section 987 of ITA 2007 (meaning of “quoted Eurobond”)—

- (a) the current text becomes subsection (1);
- (b) in paragraph (b) of that subsection, after “exchange” insert “ or admitted to trading on a multilateral trading facility operated by an EEA-regulated recognised stock exchange ”;
- (c) after that subsection insert—

“(2) For the purposes of this section—

- (a) a recognised stock exchange is an “EEA-regulated recognised stock exchange” if it is regulated in the European Economic Area, and
- (b) “multilateral trading facility” has the same meaning as in Article 4.1.22 of [Directive 2014/65/EU](#) of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.”

(2) In each of section 151N of TCGA 1992, section 564G of ITA 2007 and section 507 of CTA 2009 (investment bond arrangements)—

---

**Changes to legislation:** There are currently no known outstanding effects for the Finance Act 2018, Cross Heading: Miscellaneous. (See end of Document for details)

---

- (a) in subsection (1)(h), after “exchange” insert “ or admitted to trading on a multilateral trading facility operated by an EEA-regulated recognised stock exchange ”;
- (b) in subsection (2)—
  - (i) omit the “and” at the end of paragraph (h);
  - (ii) after paragraph (i) insert—
    - “(j) a recognised stock exchange is an “EEA-regulated recognised stock exchange” if it is regulated in the European Economic Area, and
    - (k) “multilateral trading facility” has the same meaning as in Article 4.1.22 of [Directive 2014/65/EU](#) of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.”
- (3) The amendments made by subsection (1) have effect in relation to payments made on or after 1 April 2018.
- (4) The amendments made by subsection (2) have effect—
  - (a) for corporation tax purposes, in relation to accounting periods beginning on or after 1 April 2018;
  - (b) for income tax and capital gains tax purposes, for the tax year 2018-19 and subsequent tax years.

### **35 Settlements: anti-avoidance etc**

Schedule 10 contains provision about capital gains tax and income tax in connection with settlements.

### **36 Fixed rate deduction for expenditure on vehicles etc**

- (1) Section 94E of ITTOIA 2005 (excluded vehicles) is amended in accordance with subsections (2) and (3).
- (2) In subsection (3)(b)—
  - (a) for “the trade” substitute “ any relevant trade or business ”;
  - (b) for “section 25A” substitute “ sections 25A and 271D ”.
- (3) After subsection (3) insert—
  - “(4) In this section “any relevant trade or business” means any trade or property business carried on by the person carrying on the trade mentioned in subsection (1).”
- (4) In section 272 of that Act (application of trading income rules: GAAP), in subsection (2), in the table, at the appropriate place insert—

---

#### **“In Chapter 5A (deductions allowable at a fixed rate)**

section 94C	exclusion of provisions of Chapter 5A for firms with partner who is not an individual
sections 94D to 94G	expenditure on vehicles”

---

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2018, Cross Heading: Miscellaneous. (See end of Document for details)*

- (5) In section 272ZA of that Act (application of trading income rules: cash basis), in subsection (1), in the table, at the appropriate place insert—

---

***“In Chapter 5A (deductions allowable at a fixed rate)***

section 94C	exclusion of provisions of Chapter 5A for firms with partner who is not an individual
sections 94D to 94G	expenditure on vehicles”

---

- (6) In section 59 of CAA 2001 (unrelieved qualifying expenditure)—

- (a) in subsection (8)—

- (i) at the end of paragraph (b), insert “ and ”;  
 (ii) omit paragraph (d) (and the “and” before it);

- (b) after subsection (9) insert—

“(9A) Subsection (9B) applies if—

- (a) a person carrying on a property business incurs expenditure in relation to a vehicle,  
 (b) at the end of a tax year, the person has unrelieved qualifying expenditure incurred in relation to the vehicle to carry forward from the chargeable period ending with that tax year (“the relevant chargeable period”), and  
 (c) in calculating the profits of a property business of a person for the following tax year, a deduction is made under section 94D of ITTOIA 2005 (as applied by section 271E of that Act) in respect of expenditure incurred in relation to the vehicle.

(9B) None of the unrelieved qualifying expenditure incurred in relation to the vehicle may be carried forward as unrelieved qualifying expenditure from the relevant chargeable period.”

- (7) The amendments made by subsections (2), (3) and (6)(a) have effect for the tax year 2018-19 and subsequent tax years.

- (8) The amendments made by subsections (4), (5) and (6)(b) have effect for the tax year 2017-18 and subsequent tax years.

- (9) Section 94E of ITTOIA 2005 (meaning of “excluded vehicles”) has effect, in its application as a result of section 271E of that Act (profits of a property business: application of trading income rules), as if after subsection (2) there were inserted—

“(2A) But in determining whether condition A is met no account is to be taken of any claim for capital allowances made for the tax year 2013-14, the tax year 2016-17 or either of the intervening tax years.”

## 37 Carried interest

- (1) In the following provisions of F(No.2)A 2015 (which relate to carried interest) omit the words from “unless” to “that date”—

- (a) section 43(2);  
 (b) section 43(4);  
 (c) section 45(3)(b).

---

**Changes to legislation:** There are currently no known outstanding effects for the Finance Act 2018, Cross Heading: Miscellaneous. (See end of Document for details)

---

- (2) The amendments made by subsection (1) have effect in relation to carried interest arising on or after 22 November 2017.
- (3) For the purposes of subsection (2) “carried interest” and “arising” have the same meaning as in the provisions amended.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2018, Cross Heading:  
Miscellaneous.