

Draft legislation to enact the Written Ministerial Statement made on 13 January 2009.

Deductions for employee liabilities

(1) ITEPA 2003 is amended as follows. (2) In section 346 (deduction for employee liabilities), after subsection (2) insert—

“(2A) Nor is a deduction allowed for a payment which falls within paragraph A, B or C if the payment is made in pursuance of arrangements the main purpose, or one of the main purposes, of which is the avoidance of tax.”

(3) After section 556 insert—

“556A Deductible payments made pursuant to tax avoidance arrangements

No deduction may be made under section 555 if the deductible payment is made in pursuance of arrangements the main purpose, or one of the main purposes, of which is the avoidance of tax.”

(4) The amendments made by this section have effect in relation to payments made on or after 12 January 2009 (irrespective of when the arrangements are made).

Draft legislation to enact the Written Ministerial Statement made on 1 April 2009.

Employment loss relief

(1) In section 128 of ITA 2007 (employment loss relief against general income), after subsection (5) insert—

“(5A) No claim may be made in respect of the loss if and to the extent that it is made as a result of anything done in pursuance of arrangements the main purpose, or one of the main purposes, of which is the avoidance of tax.”

(2) The amendment made by subsection (1)—

(a) has effect in relation to a loss made in the tax year 2009-10 or a subsequent tax year, and

(b) has effect in relation to a loss made in the tax year 2008-09 if or to the extent that it is occasioned by an act or omission occurring on or after 12 January 2009.

(3) Where a person has made a claim under section 128 of ITA 2007 during the relevant period, no penalty is payable by the person on the ground that any return, statement or declaration made in connection with the claim contained an inaccuracy if it would not have done so but for the amendment made by subsection (1).

For this purpose “the relevant period” is the period—

(a) beginning with 12 January 2009, and

(b) ending with 1 April 2009.

(4) Subsection (2) of section 59C of TMA 1970 (surcharge on unpaid tax) has effect in relation to tax which would not be payable but for the amendment made by subsection (1) as if the reference in that subsection to the due date were to the later of 1 April 2009 and the due date.