

**Changes in company ownership and recovery of corporation tax**

***Summary***

1. This paper presents draft clauses which rewrite sections 767A to 769 of, and Schedule 28A to, ICTA and Schedule 28 to FA 2000 (changes in company ownership and recovery of corporation tax).

2. The paper contains:

- the draft clauses, with origins;
- draft explanatory notes; and
- draft notes outlining three proposed changes in the law.

3. Sections 767A to 769 of, and Schedule 28A to, ICTA have been enacted and amended piecemeal over many years. As a result the structure of the legislation is intricate and convoluted. The opportunity has been taken to restructure it and make it easier for users to navigate. The draft explanatory notes highlight points at which the draft clauses:

- make explicit matters which the source legislation leaves to be inferred;
- deliberately retain the wording of the source legislation; or
- omit the wording of the source legislation as inappropriate or redundant.

4. The draft clauses are arranged as follows:

- restriction of corporation tax relief following changes in company ownership (see Chapters 2 to 5 of Part 1);
- recovery of unpaid corporation tax following changes in company ownership (see Chapter 6 of Part 1); and
- recovery of unpaid corporation tax due from non-UK resident companies (see Chapter 1 of Part 2).

5. Although the draft clauses will not sit together in Bill 6, they are being published for consultation together, because the topics they address are linked.

***Questions for the committee***

6. We would be grateful for any comments you may have on these draft clauses. In particular, we would welcome comments on the restructuring of the provisions.

7. We would also welcome comments on the proposed rewrite changes which are intended for inclusion in Annex 1 to the explanatory notes on the Bill. One of these (change 601) replicates a change made for income tax purposes and so has already been consulted on and scrutinised by the Joint Committee as the Income Tax Bill was being considered by Parliament. If there are nonetheless any comments on this proposed change we should be grateful to have them. The other two proposed changes are new and bring the law into line with existing practice. We would particularly welcome any comments you may have on these.

***Closing date for comments***

8. We would welcome any comments by 19 September 2008. If possible, they should be sent by e-mail to:

[jackie.bartlett@hmrc.gsi.gov.uk](mailto:jackie.bartlett@hmrc.gsi.gov.uk)

Written comments should be sent to:

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9. Please note that the names of respondents may be published unless they ask for their comments to be treated in confidence.

19 June 2008