

Bill 6: Manufactured payments and repos

Summary

1. This paper presents draft clauses which are concerned with stock lending and other transactions in the financial markets giving rise to manufactured payments.
2. The draft clauses rewrite sections 231AA, 231AB and 736B to 736D of, and Schedule 23A to, ICTA, sections 263B and 263C of TCGA and section 139 of, and paragraph 30 of Schedule 17 to, FA 2006.
3. The draft clauses replicate Part 11 of ITA (manufactured payments and repos) as far as possible. They differ from ITA in two respects. First, where the draft clauses rewrite provisions of ICTA which are corporation tax specific there are no corresponding provisions in ITA. In addition there are some provisions in ITA which are not reflected in the draft clauses. Second, where necessary the draft clauses use terminology specific to corporation tax where Part 11 of ITA uses terminology specific to income tax.
4. In 2007, the Chancellor of the Exchequer launched a simplification review of anti-avoidance. It remains to be seen what implications this review will have for the provisions rewritten in these draft clauses.
5. The paper contains:
 - the draft clauses, with origins;
 - draft explanatory notes; and
 - a draft note outlining a proposed change in the law.

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 proposed change in the law.

Closing date for comments

7. We would welcome any comments by 29 August 2008. If possible, they should be sent by email to:

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Written comments should be sent to:

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

22 May 2008