

Part 1: Factoring of income etc

Overview

1. This Part rewrites sections 730, 774A to 774G, 775A and 786 of ICTA for the purposes of corporation tax.
2. Chapter 1 of this Part (finance arrangements) is based on sections 774A to 774G of ICTA. Chapter 2 of this Part (other provisions) is based on sections 730, 775A and 786 of ICTA.
3. Sections 730, 774A to 774G, 775A and 786 of ICTA are rewritten for income tax purposes in new Part 12B of ITA, which will be inserted by Schedule [3][j3ASch] to Bill 7. See the draft commentary on that Schedule.
4. Consequentials, savings and repeals will be drafted in due course.
5. In December 2007, HM Treasury and HMRC published a consultation document, *Principles-based approach to anti-avoidance*, proposing (among other things) the repeal of sections 730 and 775A of ICTA and the amendment of section 786 of that Act. The HMRC 2008 Budget document *Simplifying anti-avoidance: a progress report on the anti-avoidance simplification review* announced that the Government had deferred introduction of the principles-based legislation to the 2009 Finance Bill in order to allow for further consultation. It remains to be seen what implications the anti-avoidance simplification review will have for the provisions rewritten in these draft clauses. The project has been liaising with colleagues working on the anti-avoidance simplification review and will continue to do so. If the provisions rewritten in these draft clauses are amended or repealed by FA 2009, the draft clauses will be adjusted accordingly and, if appropriate, the structure of the draft legislation will be revisited. Meanwhile, in view of the complexity of this legislation, the draft clauses and draft commentary are being published for consultation to give interested parties as much time as possible to consider them.

Chapter 1: Finance arrangements

Overview

6. This Chapter is based on sections 774A to 774G to ICTA, the rules on structured finance arrangements introduced by FA 2006. It stops a number of schemes which are intended to enable taxpayers to borrow money and obtain effective tax relief for both interest and repayment of principal.
7. A “finance arrangement”, within this Chapter, is an arrangement where in accordance with generally accepted accounting practice (GAAP) a person (“the borrower”) records in its accounts a financial liability in respect of a sum (“advance”) paid by “the lender”, and that sum is paid to acquire assets (for example an income stream), which will be used to repay the advance.
8. Where there is a finance arrangement which would have had the effect that either:

- income or receipts that would have been brought into account by the borrower for tax purposes, but for this arrangement, are not brought into account; or
- the borrower would have become entitled to a deduction in computing its income or profits for tax purposes,

then

- the finance arrangement does not have that effect, with the result that the income from the transferred asset continues to be taxed on the borrower; and
- any disposal or reacquisition of the asset is disregarded for the purposes of TCGA.

9. Corporation tax relief is allowed for the amount of any interest or “finance charge” in respect of the finance agreement shown in the borrower’s accounts. This amount is treated as interest payable on a debtor loan relationship to which it is party.

10. This Chapter has the following structure.

- Clauses 1 to 4 deal with “type 1 finance arrangements”: the simple case, not necessarily involving a partnership.
- Clauses 5 to 8 deal with “type 2 finance arrangements”: the first of two complex partnership cases.
- Clauses 9 to 11 deal with “type 3 finance arrangements”: the second of two complex partnership cases.
- Clauses 12 to 15 make exceptions to these rules.
- Clauses 16 to 18 are interpretative.

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| Q1. We welcome comments on the structure of this Chapter. |
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Clause 1: Type 1 finance arrangement defined

11. This clause defines a form of arrangement, labelled a “type 1 finance arrangement”, which falls within this legislation. It is based on section 774A of ICTA.

12. *Subsection (1)* provides that two conditions must be met if an arrangement is to be a type 1 finance arrangement.

13. The word “arrangement” appears in subsection (1) for the first time in this Chapter. See clause 17.

14. *Subsection (2)* specifies condition A, which concerns the terms of the arrangement. There are three tests in condition A, all of which must be passed if the condition is to be met. To summarise:

- (a) A borrower must “receive” an advance from a lender;
- (b) The borrower (or a person “connected” with the borrower) must “dispose” of an asset (the security) to, or for the benefit of, a lender (or a person “connected” with the lender); and
- (c) The lender (or a person “connected” with the lender) must be entitled to “payments in respect of” the security.

15. An ordinary secured loan would not be a type 1 finance arrangement, because it would not satisfy subsection (2)(b) or, if it did, it would not satisfy subsection (2)(c).

16. The first reference in this Chapter to a person receiving an asset is in subsection (2)(a). See clause 18(2).

17. Subsection (2)(b) is the first of a number of provisions in this Chapter which refer to persons being “connected”. In the source legislation, section 774G(4) of ICTA gives that expression the meaning given by section 839 of that Act. This Bill will include a provision on the lines of section 1021(1) of ITA, applying the section 839 definition of “connected” persons throughout the Bill unless otherwise indicated. This provision will be based on, among other things, section 774G(4) of ICTA. Section 774G(4) of ICTA will therefore not be rewritten as a separate proposition.

18. The first reference in this Chapter to a disposal of an asset is in subsection (2)(b). See clause 18(3).

19. The first reference in this Chapter to payments in respect of an asset is in subsection (2)(c). See clause 18(4).

20. *Subsection (3)* specifies condition B, which is about accounting. To summarise, the payments mentioned in subsection (2)(c) must be, for accounting purposes, payments of principal rather than interest.

21. The first reference in this Chapter to a person’s accounts is in subsection (3)(a). See clause 16(2) and (4).

22. The first reference in this Chapter to an amount being recorded in accounts as a financial liability is in subsection (3)(a). See clause 16(3).

23. *Subsection (4)* extends subsection (3) to cover borrowing by partnerships. In this Part, we are considering whether to use the expression “firm” to refer collectively to persons who are carrying on a business in partnership, perhaps by applying the

meaning given by Part [17] of Bill 5 (which contains special provisions about partnerships). (In this draft commentary, references to “Bill 5” are to the draft of Bill 5 published for consultation in February 2008.)

Clause 2: Certain tax consequences not to have effect

24. This clause disapplies certain tax consequences of a type 1 finance arrangement if certain conditions are met. It is based on sections 774A(4), 774B(1), (1A) and (2) to (4) and 774G(2) of ICTA.

25. Under *subsections (1) and (2)*, if – but for this clause – a type 1 finance arrangement would have the “relevant effect”, then it does not.

26. *Subsection (3)* defines the “relevant effect”, and *subsection (4)* defines the “relevant effect” if the borrower is a partnership. Each of those subsections specifies three alternative effects.

Clause 3: Payments treated as borrower’s income

27. This clause treats the payments mentioned in clause 1(2)(c) as income of the borrower. It is based on sections 774A(4), 774B(1) and (1B) to (3) and 774G(2) of ICTA.

28. Under *subsection (1)*, this clause only applies if:

- there is a type 1 finance arrangement; and
- clause 2(2) and the corresponding income tax provision do not stop this arrangement having the relevant effect because it would not have the relevant effect in the first place.

29. *Subsection (1)(b)* is in square brackets, because we are considering exactly how to split section 774B(1B) of ICTA between income tax and corporation tax. Detailed comments on this subsection are not sought at this stage.

Clause 4: Deemed loan relationship

30. This clause brings the loan relationship provisions into play if there is a type 1 finance arrangement. It is based on section 774B(5) to (8) of ICTA.

31. If there is a type 1 finance arrangement, then either clause 2 prevents it having the relevant effect in relation to a company, in which case *subsection (1)* applies this clause, or else clause 3 applies to a company, in which case *subsection (2)* applies this clause.

32. *Subsection (3)* applies the loan relationship provisions of Bill 5 to the company mentioned in *subsection (1)* (or, as the case may be, *subsection (2)*), deeming the advance to be a money debt owed by the company and the arrangement to be a debtor relationship of the company. “Money debt” and “debtor relationship” have the

meanings given by, respectively, clauses [312][j061081ab] and [311][j061081](6) of Bill 5.

33. Under *subsection (4)*, any finance charge recorded in the company's accounts is deemed to be interest payable under the deemed loan relationship.

34. *Subsection (5)* clarifies how subsection (4) works in cases in which the borrower is a partnership.

35. If subsection (4) deems there to be interest payable, *subsection (6)* determines when it is deemed to be paid.

Clause 5: Type 2 finance arrangement defined

36. This clause defines a form of arrangement, labelled a "type 2 finance arrangement", which falls within this legislation. It is based on section 774C(1) to (3) of ICTA.

37. A type 2 finance arrangement works like this.

- Under the arrangement, a transferor disposes of an asset to a partnership.
- This partnership is one of which the transferor is a member immediately after that disposal – it does not matter whether it was a partner before the disposal.
- The partnership receives an advance from a lender.
- The accounts of the partnership record in accordance with GAAP for that period a financial liability in respect of the advance.
- There is a "relevant change" in relation to the partnership. Broadly speaking, a "relevant change" affects the lender. Either the lender (or a person connected with the lender) becomes a member of the partnership, or else there is a change in the profit share of the lender (or of a person connected with the lender). See clause 6.
- The share of the lender (or other person involved in the relevant change) in the profits of the partnership is determined (wholly or partly) by reference to payments in respect of the asset disposed of.
- In accordance with GAAP the payments reduce the amount of the financial liability.

38. The lender's advance is thus made in the form of a contribution to the partnership and its profit share is such that payments are made to it which repay that contribution together with interest. Once the repayment with interest has been made it is likely that

there are arrangements under which the lender ceases to be a member of the partnership or to share in the profits of it.

39. If the relevant change would (but for clause 7) have the “relevant effect” (as defined in subsection (3) of that clause), then that clause negates the relevant effect.

40. *Subsection (1)* provides that two conditions must be met if an arrangement is to be a type 1 finance arrangement.

41. *Subsection (2)* specifies condition A, which concerns the terms of the arrangement. There are five tests in condition A, all of which must be passed if the condition is to be met.

42. *Subsection (3)* specifies condition B, which is about accounting. To summarise, the payments mentioned in subsection (2)(e) must be, for accounting purposes, payments of principal rather than interest.

Clause 6: Relevant change in relation to partnership

43. This clause defines “relevant change”. It is based on section 774C(6) and (7) of ICTA.

44. This clause applies for the purposes of this Chapter and, therefore, is used in defining both “type 2 finance arrangement” and “type 3 finance arrangement”. See clauses 5(2)(d) and 9(2)(c).

Clause 7: Certain tax consequences not to have effect

45. This clause disapplies certain tax consequences of a type 2 finance arrangement if certain conditions are met. It is based on sections 774D(1) to (4) and 774G(2) of ICTA.

46. Under *subsections (1) and (2)*, if – but for this clause – a relevant change in relation to the partnership would have the “relevant effect”, then it does not.

47. Bill 5 will rewrite section 114 of ICTA and consequentially amend section 774D(4) of that Act. The statutory reference in subsection (2)(a) will be updated in due course.

48. *Subsection (3)* defines the “relevant effect”. It specifies three alternative effects.

Clause 8: Deemed loan relationship

49. This clause brings the loan relationship provisions into play if there is a type 2 finance arrangement. It is based on section 774D(7), (8), (12) and (13) of ICTA.

50. *Subsection (2)* has the effect of deeming a loan relationship to exist for the purposes of [Part 6] of Bill 5. The wording of subsection (2) chimes with the definition of “loan relationship” in clause [311][j061081](1) of Bill 5 to define a loan

relationship. See also Chapter [9] of [Part 6] of that Bill (loan relationships: partnerships involving companies).

51. Under *subsection (3)*, any finance charge recorded in respect of the advance in the partnership's accounts is deemed to be interest payable under the deemed loan relationship.

52. If subsection (3) deems there to be interest payable, *subsection (5)* determines when it is deemed to be paid.

Clause 9: Type 3 finance arrangement defined

53. This clause defines a form of arrangement, labelled a "type 3 finance arrangement", which falls within this legislation. It is based on section 774C(1), (4) and (5) of ICTA.

54. A type 3 finance arrangement is similar to a type 2 finance arrangement. See the draft commentary on clause 5. However, a type 3 finance arrangement deals with a case where an existing partnership enters into an arrangement under which the lender becomes a partner and shares in the profits to an extent sufficient to repay its contribution with interest. It differs from a type 2 finance arrangement in that (a) the partnership cannot be one formed for the purposes of the arrangement and (b) there is no reference to a transfer of an asset or a transferor.

55. *Subsection (1)* provides that two conditions must be met if an arrangement is to be a type 3 finance arrangement.

56. *Subsection (2)* specifies condition A, which concerns the terms of the arrangement. There are four tests in condition A, all of which must be passed if the condition is to be met.

57. *Subsection (3)* specifies condition B, which is about accounting. To summarise, the payments mentioned in subsection (2)(d) must be, for accounting purposes, payments of principal rather than interest.

58. Conditions A and B in this clause are very similar to conditions A and B in clause 5 (type 2 finance arrangement defined). For the provisions which differ, see clauses 5(2)(a) and (b) and 9(2)(a).

Clause 10: Certain tax consequences not to have effect

59. This clause disapplies certain tax consequences of a type 3 finance arrangement if certain conditions are met. It is based on sections 774D(1) to (4) and 774G(2) of ICTA.

60. Under *subsections (1)* and (4), if – but for this clause – a relevant change in relation to the partnership would have the "relevant effect", then it does not.

61. *Subsection (2)* defines the “relevant effect”. It specifies three alternative effects. The “relevant effect” in *subsection (2)* is very similar to the “relevant effect” in *clause 7(3)*, which makes corresponding provision for type 2 finance arrangements. But the “relevant effect” in *subsection (2)* is an effect on a “relevant member” (as defined in *subsection (3)*), whereas the “relevant effect” in *clause 7(3)* is an effect in relation to the transferor.

Clause 11: Deemed loan relationship

62. This clause brings the loan relationship provisions into play if there is a type 3 finance arrangement. It is based on section 774D(3) and (10) to (13) of ICTA.

63. This clause is very similar to *clause 8*. However, this clause focuses on a “relevant member” (as defined in *subsection (6)*), whereas *clause 8* focuses on the transferor.

Clause 12: Exceptions: preliminary

64. This clause introduces a group of clauses which make exceptions to clauses 1 to 11. It is new.

Clause 13: Exceptions

65. This clause specifies exceptions to clauses 1 to 11. It is based on section 774E(1) to (6) of ICTA.

Clause 14: Exceptions: relevant person

66. This clause defines “relevant person” for the purposes of *clause 13*. It is based on section 774E(7) of ICTA.

Clause 15: Power to make further exceptions

67. This clause enables the Treasury to make further exceptions to clauses 1 to 11. It is based on section 774F of ICTA.

Clause 16: Accounts

68. This clause is an interpretative provision relating to accounts. It is based on section 774G(5) to (6) of ICTA.

Clause 17: Arrangements

69. This clause non-exhaustively defines “arrangements”. It is based on section 774G(1) of ICTA.

Clause 18: Assets

70. This clause non-exhaustively defines “receiving an asset”, “disposal of an asset” and “payments in respect of an asset”. It is based on section 774G(3) of ICTA.

Chapter 2: Other provisions

Overview

71. This Chapter is based on sections 730, 775A and 786 of ICTA. It has the following structure.

- Clauses 19 to 22 deal with transfers of rights to distributions on shares.
- Clause 23 deals with transfers of rights to receive annual payments.
- Clauses 24 to 26 deal with certain loan or credit transactions.

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| Q2. We welcome comments on the structure of this Chapter. |
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Clause 19: Transfer of right to distribution on shares

72. This clause imposes a charge to corporation tax if the right to receive a distribution on shares is sold or transferred for a tax-free sum. It is based on section 730(1), (2) and (6) of ICTA.

73. What is now section 730 of ICTA originally appeared as section 24 of FA 1938, which was enacted to reverse the decision in CIR v Paget (1938), 21 TC 677. ICTA retains some of the original 1938 drafting. The opportunity has been taken to modernise it.

74. *Subsection (1)* states when this clause applies.

75. *Subsection (2)* treats the distribution as income. It includes a timing rule.

76. *Subsection (3)* imposes corporation tax on the income.

77. *Subsection (4)(a)* subjects this clause to the provisions of the Tax Acts about distributions. See, for example, section 208 of ICTA. *Subsection (4)(b)* is an exception to prevent double taxation.

78. Section 730(6) of ICTA refers to section 18(3B) of that Act. Section 18(3B) will be rewritten in clause [298][j062950] of Bill 5, to which subsection (4)(b) of this clause accordingly refers.

Clause 20: Transfer where owner not beneficially entitled

79. This clause deals with the special case in which:

- the person selling or transferring the right to receive the distribution is not the beneficial owner of the shares; and
- some other person is beneficially entitled to the income arising from them.

80. It is based on section 730(1), (2) and (6) of ICTA.

81. This clause is very similar to clause 19. See the draft commentary on that clause.

Clause 21: Power to obtain information

82. This clause enables officers of Revenue and Customs to obtain information for the purposes of clauses 19 and 20. It is based on section 730(8) of ICTA.

83. *Subsections (1) and (2)* reflect administrative reality by giving this statutory power to officers of Revenue and Customs, rather than the Commissioners for Her Majesty's Revenue and Customs. This is a change in the law. See *Change 601* in Annex 1.

Q3. We welcome comments on the proposal to give the information power in clause 21 to officers of Revenue and Customs (Change 601).

84. Subsection (1) includes a second change in the law, in that it expressly restricts the particulars to be provided to those which an officer of Revenue and Customs may reasonably require. See *Change 608* in Annex 1. The same change is being proposed in this Bill in rewriting, for example, section 778 of ICTA (transactions in land: power to obtain information). See clause 19[j6178a] in CC/SC (07) 29.

Q4. We welcome comments on the proposal to impose the criterion of reasonableness in clause 21 (Change 608).

85. Subsection (2) requires the officer to allow at least 30 days for information to be provided, rather than at least 28 days as required by the source legislation. This is a further change in the law. See *Change 607* in Annex 1. The same change is being proposed in this Bill in rewriting section 708 of ICTA (transactions in securities: power to obtain information). See clause 22[j6708] in CC/SC (07) 28.

Q5. We welcome comments on the proposal to allow at least 30 days for information to be provided under clause 21 (Change 607).

Clause 22: Meaning of shares

86. This clause defines "shares" for the purposes of clauses 19 to 21. It is based on section 730(7) of ICTA.

Clause 23: Transfer of right to receive annual payment

87. This clause imposes a charge to corporation tax if the right to receive an annual payment is sold or transferred for a tax-free sum or for no consideration. It is based on section 775A of ICTA.

88. *Subsection (1)* states when this clause applies.

89. *Subsection (2)* imposes the charge to corporation tax, quantifies the amount taxable, defines the period for which the tax is charged and specifies the person liable.

90. *Subsection (3)* specifies the annual payments within the scope of this clause.

91. *Subsection (4)* is supplementary.

Clause 24: Loan or credit transaction defined

92. This clause defines “loan or credit transaction” for the purposes of clauses 25 and 26. It is based on section 786(1) and (2) of ICTA.

93. What is now section 786 of ICTA originally appeared as paragraph 12 of Schedule 13 to FA 1969. It is aimed at artificial arrangements for dressing up payments of interest in another form – for example, arrangements whereby X grants Y an interest-free loan and:

- Y grants X an annuity while the loan is outstanding; or
- Y transfers income-bearing assets to X on the understanding that X will return them when the loan is paid off.

94. *Subsection (1)* states the scope of the definition.

95. *Subsections (2)* and *(3)* focus on, respectively, the lending of money and the giving of credit.

96. *Subsections (4)* and *(5)* supplement subsections *(2)* and *(3)* respectively.

Clause 25: Certain payments treated as interest

97. This clause deems annual payments under loan or credit transactions to be interest. It is based on section 786(3) and (3A) of ICTA.

98. For corporation tax purposes, the word “annual” adds nothing to the sense of “annual interest” in section 786(3) of ICTA. It is therefore not rewritten in *subsection (2)*.

Clause 26: Tax charged on income transferred

99. This clause imposes a charge to corporation tax in certain cases in which, under a loan or credit transaction, a company transfers income arising from property without a sale or transfer of the property. It is based on section 786(5) to (7) of ICTA.

100. *Subsection (1)* states when this clause applies.

101. *Subsection (2)* imposes the charge to corporation tax, quantifies the amount taxable, and specifies the person liable.

102. *Subsections (3)* to *(7)* are supplementary.

Consequential

103. Section 774G(7) of ICTA provides, to summarise, that if section 774A or 774C of that Act applies then sections 277 to 281 of ITTOIA and section 34 of ICTA (lease premiums) do not. Section 34 of ICTA will be rewritten in Bill 5. In consequence of the rewrite of sections 774A to 774G of ICTA in Bills 6 and 7, we will rewrite section 774G(7) of ICTA by way of amendments to (a) sections 277 to 281 of ITTOIA and (b) the provisions of Bill 5 which are based on section 34 of ICTA.

Repeals

104. The definition of “distribution” in section 730(7) of ICTA adds nothing to the definition in section 209 of that Act. It will not be rewritten for corporation tax purposes.

105. Section 775A(4)(b) and (d) are income tax specific and will therefore not be rewritten for corporation tax purposes.

106. Section 775A(6) of ICTA is redundant, given section 6(c) of the Interpretation Act 1978. It will be repealed without replacement.

107. The first limb of the definition of “life annuity” in section 775A(7) of ICTA refers to section 657(1) of ICTA. Section 657(1) of ICTA was repealed by paragraph 8 of Schedule 14 to FA 2008, and so the first limb of the definition of “life annuity” in section 775A(7) of ICTA has been repealed by implication. It will be expressly repealed without replacement.

Annex 1

Change 601: References to “officer of Revenue and Customs”: clause 21

This change replaces references to the “Board of Inland Revenue” in the source legislation with references to “an officer of Revenue and Customs”.

[Text about the IT/CT split omitted here as not relevant to clause 21.]

References in the source legislation to the “Board of Inland Revenue” are treated by section 50(1) of the Commissioners for Revenue and Customs Act 2005 (CRCA) as references to “the Commissioners for Her Majesty’s Revenue and Customs”. The rest of this note accordingly refers to the Commissioners for Her Majesty’s Revenue and Customs (“the Commissioners”) rather than to the Board of Inland Revenue.

The provisions affected by this change will in future authorise or require things to be done by or in relation to an officer of Revenue and Customs rather than by or in relation to the Commissioners. This reflects the way in which Her Majesty’s Revenue and Customs is organised and operates in practice. Section 13 of CRCA allows nearly all functions conferred on the Commissioners to be exercised by any officer. All of the functions affected by this change, which are in the main concerned with

administrative processes, are in fact exercised by officers of the Commissioners, and the Commissioners themselves are not personally involved in their exercise.

[Text about making claims omitted here as not relevant to clause 21.]

This change has no implications for the amount of tax due, who pays it or when. It affects (in principle and in practice) only administrative matters.

Change 608: Transactions in land and transfer of right to distribution on shares: power to obtain information: “reasonably require”: clauses [j6178a], [j7121], 21 and [j52343]

This change expressly restricts the particulars that an officer of Revenue and Customs may require to be provided under section 730(8) or 778(1) of ICTA or [(in its application to close companies)] paragraph 2 of Schedule 12 to FA 1989 to the information which the officer may reasonably require.

Section 730(8) of ICTA enables the Board to require a person to give them such particulars “as [the Board] think necessary” for the purposes of section 730 of that Act (transfer of right to distribution on shares).

Section 778(1) of ICTA enables the Board or an inspector to require a person to give them such particulars “as the Board or the inspector think necessary” for the purposes of section 776 of that Act (transactions in land).

Paragraph 2 of Schedule 12 to FA 1989 similarly enables an inspector to require a company to furnish the inspector with such particulars “as he thinks necessary” for the purposes of, among other things, sections 419 to 422 of ICTA.

In clauses [j6178a] and 21 (which are powers to obtain information relevant to, respectively, the transactions in land legislation and the legislation on transfers of rights to distributions on shares), and in clauses [j7121] and [j52343], which are based on paragraph 2 of Schedule 12 to FA 1989, the opportunity has been taken to modernise this language and expressly impose the criterion of reasonableness. This is consistent with the way in which HMRC exercise the power in practice.

This change has no implications for the amount of tax paid, who pays it or when. It affects (in principle but not in practice) only administrative matters.

Change 607: Transactions in securities and transfer of right to distribution on shares: power to obtain information: minimum time to respond: clauses [j6708] and 21

This change provides that, if a person is required to provide information relevant to the legislation on transactions in securities or the legislation on transfers of rights to

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distributions on shares, the person must have at least 30 days to reply, rather than at least 28 days.

Sections 708 and 730(8) of ICTA enable HMRC to serve notices requiring the recipient to provide information relevant to the legislation on, respectively, transfers of rights to distributions on shares and transactions in securities.

Sections 708 and 730(8) of ICTA require that the recipient must be given at least 28 days in which to reply. In other similar provisions, such as section 778 of that Act, which is rewritten in [the clause of this Bill corresponding to section 771 of ITA 2007], the statutory minimum is 30 days.

Clauses [j6708] and 21 of this Bill rewrite sections 708 and 730(8) of ICTA respectively. They harmonise the time limits by setting the statutory minimum at 30 days.

This change has no effect for the amount of tax paid, who pays it or when. It affects (in principle but not in practice) only administrative matters.