

Sale and lease-back etc

Summary

1. This paper presents draft clauses which rewrite sections 779 to 785 of ICTA (sale and lease-back etc). These clauses rewrite a group of complex anti-avoidance provisions dealing with sales and lease-backs, and split them between the codes of income tax and corporation tax.

2. The paper contains:

- draft clauses of Bill 6 (corporation tax) and a draft Schedule to Bill 7 inserting new sections of ITA (income tax), with origins;
- draft explanatory notes on the clauses;
- draft notes outlining four proposed changes in the law of corporation tax;
- draft explanatory notes on the new sections; and
- draft notes outlining four proposed changes in the law of income tax.

Questions for the committee

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

4. We would also welcome comments on the proposed rewrite changes which are intended for inclusion in Annex 1 to the explanatory notes on the Bills. Duplicate changes are proposed in the two Bills.

- Change 603 in Bill 6 and change 703 in Bill 7 deal with the relationship between tax and accounting, and bring the law into line with practice. This change is new.
- Change 602 in Bill 6 and change 702 in Bill 7 bring section 779 of ICTA into line with Self Assessment. This change is new.
- Change 604 in Bill 6 and change 704 in Bill 7 require apportionments and reductions to be both just and reasonable. This change has been made in previous rewrite Bills.
- Change 634 in Bill 6 and change 734 in Bill 7 omit references to a profession and to a vocation where the source legislation refers to the carrying on by a company of a trade, profession or vocation. This change reproduces Change 2[jc310] in Bill 5, and carries it over into Bill 6 and ITA.

Closing date for comments

5. We would welcome any comments by 16 January 2009. If possible, they should be sent by e-mail to:

jackie.bartlett@hmrc.gsi.gov.uk

Written comments should be sent to:

Jackie Bartlett

8th Floor, North Spur

SW Wing, Bush House

London

WC2B 4RD

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

16 October 2008