

Bill 7: Alternative Finance Arrangements

Introduction

1. This paper presents draft clauses which rewrite sections 47 to 56 of and schedule 2 to FA 2005, as amended and expanded by sections 95 to 98 of FA 2006 and sections 53 and 54 of FA 2007. The draft also takes account of the prospective amendment to section 48B of FA 2005 in paragraph 27 of Schedule 61 to the 2009 Finance Bill.

2. These provisions provide the rules covering alternative finance arrangements for the purposes of income tax and capital gains tax. The rules for corporation tax were rewritten in Chapter 6 of Part 6 of CTA 2009.

3. The provisions for income tax are inserted as a new Part of ITA and the provisions for capital gains tax are inserted as a new Chapter of Part 4 of TCGA.

4. The regulatory power in section 98 of FA 2006, rewritten for corporation tax in section 521 of CTA 2009, has proved difficult to rewrite separately for the different taxes in a way that ensures that it continues to operate in an unchanged manner and at the same time is presented in a way that is as clear as possible to users. The draft therefore reunites the power in a stand alone clause in Bill 7 and repeals section 521 of CTA 2009.

5. The paper contains:

- the draft clauses, with origins; and
- draft explanatory notes.

Questions for the committee

6. We would be grateful for any comments you may have on these draft clauses.

7. There are no proposed changes in the law.

Closing date for comments

8. We would welcome any comments by 14 August 2009. If possible, they should be sent by e-mail to:

jackie.bartlett@hmrc.gsi.gov.uk

Written comments should be sent to:

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

21 May 2009