

Bill 7: Leasing arrangements; finance leases and loans

Introduction

1. This paper presents draft provisions which rewrite Schedule 12 to FA 1997 for the purposes of income tax and chargeable gains.
2. The provisions for income tax are inserted as a new Part 11A of ITA and the provisions for chargeable gains are inserted as a new section 37A of TCGA.
3. Schedule 12 to FA 1997 has effect for both corporation tax purposes and income tax purposes. Clauses rewriting Schedule 12 for corporation tax purposes only were first issued for consultation in Part 10 of draft Bill 6.
4. The structure and drafting of the new Part 11A of ITA is generally in line with that of Part 10 of draft Bill 6.
5. We have recently received detailed and helpful comments on Part 10 from a respondent, for which we are grateful. Some of those comments highlight straightforward drafting errors, which we have been able to correct in the provisions now presented.
6. Other comments raise more substantive drafting queries. In one case, we have been able immediately to adopt the respondent's suggestion. In order to give due consideration to the remaining comments, we have not reflected them in the Bill 7 provisions as now presented but will reply to them in the Response Document to draft Bill 6.
7. The paper contains:
 - the draft clauses, with origins; and
 - draft explanatory notes.
8. There are no proposed changes in the law.

Question for the committee

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

Closing date for comments

10. We would welcome any comments by 27 August 2009 at the latest. As we are intending to publish an updated draft of Bill 7 in late August, and as the structure and drafting of the clauses published with this paper is generally in line with that of Part 10 of draft Bill 6, it would be particularly helpful if any comments could be sent

to us by the end of July if possible. This should enable us take account of most if not all of any new points in the updated draft of the Bill.

11. Comments should preferably 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

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

11 June 2009