FINANCE BILL: GOVERNMENT AMENDMENTS

I am writing to you with regards to government amendments to clause 28 of the current Finance Bill (amendments 1-2).

Clause 28 extends the scope of the substantial shareholding exemption (SSE), so that it applies when the company making a disposal is directly or indirectly owned by a Qualifying Institutional Investor (QII).

One of these changes is that an exemption will apply to share disposals where there has been an investment of at least £20m in a company owned by a QII, even if that investment was less than 10% of the ordinary share capital of the investee company.

Amendments 1-2 are small technical adjustments to ensure that the new rules work as intended. In particular, the amendments correct an inaccurate cross-reference which means that the provision as it stands will only apply to investments in non-trading companies, and not to an investment in a trading company. The amendments will ensure that tax exemptions are provided to QIIs making significant investments in, for example, large infrastructure projects.
I am copying this letter to other members of the Public Bill Committee, and will arrange for a copy to be placed in the Library of the House. The corresponding Explanatory Note is also available on the Finance Bill: September 2017 gov.uk webpage.

Yours

Mel

RT HON MEL STRIDE MP