



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Wes Streeting MP  
House of Commons  
London  
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11 June 2020

Dear Wes

### **FINANCE BILL: CLAUSE 30**

Thank you for your question at the Finance Bill Public Bill Committee on 9 June, regarding the impact of Clause 30 on the ability of companies to set capital losses against gains made on pre-Finance Act 2002 (pre-FA 2002) intangible assets.

Clause 30 makes the UK a more attractive place for businesses to develop, manage, and exploit intellectual property in the UK through bringing corporate intangibles under a single tax regime. It does this through removing the pre-FA 2002 restriction which excludes assets created before 2002 from the Intangible Fixed Assets (IFA) regime, keeping them within the Chargeable Gains regime, until they are acquired by an unrelated party.

In removing the pre-FA 2002 restriction, the Government recognised the importance of protecting the rights of companies who currently hold pre-FA 2002 assets. It therefore decided to bring pre-FA 2002 assets into the IFA regime gradually as they are acquired after 1 July when the legislation commences.

As I set out to you in the Committee, this means Clause 30 does not affect intangible assets which are already held by a company. When a company disposes of a pre-FA 2002 asset it will still be taxed under the Chargeable Gains regime. This means that it will still be able to access Chargeable Gains reliefs and set capital losses against any gain which it makes on that disposal. In the hands of the acquiring company the asset will be brought within the IFA regime and subject to the provisions of that regime.

I am copying this letter to the Chairs and other members of the Public Bill Committee, and am depositing a copy of this letter in the Library of the House.

RT HON JESSE NORMAN MP