



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

James Murray MP
House of Commons
London
SW1A 0AA

30 November 2021

Dear James

FINANCE BILL 2021-22: GOVERNMENT AMENDMENTS

I am writing to inform you of proposed Government amendments to the current Finance Bill, which have been tabled ahead of the Committee of the Whole House.

Clause 28: Diverted Profits Tax (amendments 2 and 3)

The intention of clause 28 in Finance Bill 2021-22 is to make it clear that HMRC cannot close corporation tax enquiries into profits subject to a diverted profits tax charge until after the diverted profits tax review period. This is to protect against pre-emptive repayment of diverted profits tax before resolution of the profit diversion.

As originally drafted, new section 101C does not prevent the closure of a related corporation tax enquiry into profits subject to a diverted profits tax charge in certain cases, specifically those where a foreign company has structured its UK activities to avoid those meeting the definition of a permanent establishment. The Government's amendments will ensure that section 101C functions as intended, and in line with the Budget announcement.

I am depositing a copy of this letter in the Library of the House. The Explanatory Note and relevant Note on Resolution for this amendment are available on the Finance Bill 2021-22 GOV.UK webpage.

Yours sincerely,

A handwritten signature in black ink that reads 'Lucy Frazer'.

RT HON LUCY FRAZER QC MP