



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

James Murray MP  
House of Commons  
London  
SW1A 0AA

17<sup>th</sup> April 2023

Dear James,

## **SPRING FINANCE BILL 2023: GOVERNMENT AMENDMENTS**

I am writing to inform you of proposed government amendments to the current Finance Bill.

### **Clause 10: Relief for Research and Development (amendment 14)**

Amendment 14 is required to ensure consistency amongst the R&D regimes.

The wider measure applies a change to allow R&D claims from companies who are no longer a going concern due to transfers of its trade within a group setting. As currently drafted, this change only applies to the Research & Development Expenditure Credit (RDEC) and SME R&D tax deduction claimants, erroneously leaving out payable SME credit claimants.

Amendment 14 ensures companies claiming payable SME credits will be able to benefit from this change and claim if they are no longer a going concern, due to the fact they have transferred their trade within a group setting.

### **Clause 121-264: Multinational Top-Up Tax (amendments 12-13, and 15-20)**

The amendments to the Multinational Top-Up Tax legislation are technical adjustments.

Amendment 12 removes conditions that were duplicated in the legislation and that are not required. Amendment 13 ensures that covered taxes are appropriately allocated between group members.

Amendments 15 to 20 ensure that the transitional rules work effectively. Amendments 15 to 19 clarify that the transitional anti-avoidance rule applies on a territory-by-territory

basis rather than to the group as a whole. This means that transfers within a group are still subject to the anti-avoidance rule when they are made from a territory that is not subject to Pillar 2. Amendment 20 clarifies the operation of the transitional safe harbour by specifying that the figures used in the simplified calculations must be taken from the Country-by-Country report. These transitional rules are important to businesses as they are intended to reduce compliance costs.

I am depositing a copy of this letter in the Library of the House. The relevant Explanatory Notes are available on the Finance Bill 2023 gov.uk webpage.

Yours sincerely,

A handwritten signature in blue ink that reads "Victoria Atkins". The signature is written in a cursive style with a large initial 'V' and a long, sweeping tail on the 'y'.

VICTORIA ATKINS MP