



James Murray MP
House of Commons
London
SW1A 0AA

29 January 2024

Dear James,

SPRING FINANCE BILL 2023: GOVERNMENT AMENDMENTS

I am writing to inform you of proposed Government amendments and new clauses to the current Finance Bill.

Amendments 1 & 2: R&D relief intensity ratio fix

Amendment 1 deals with two cases in which double-counting might otherwise arise in calculating a company's, or an aggregate of connected companies', total expenditure for the purpose of determining whether the R&D intensity threshold is met.

Amendment 2 is consequential on amendment 1.

Amendment 3: R&D relief transitional fix

This amendment ensures that one, but only one, company can claim relief in certain transitional situations where more than one company is involved in the same activity but not all of them have become subject to the changes made by Part 1 of Schedule 1.

Amendments 4, 5, and 6: Creatives relief fixes

The amendments to Paragraph 3 of Schedule 6 to the Finance Bill 2024 are designed to remove a blanket rule which invalidates a claim to Creative Industry Tax Reliefs where the claimant company does not provide all the additional information mandated in regulations. The required information includes disclosures of transactions with connected parties, which HMRC cannot validate at the point the information is submitted. Under the current draft legislation, in some cases this could lead to a claim being invalidated after the time limit to re-submit has passed, and relief would no longer be available. Amendments 4-6 will prevent this, as they enable HMRC to instead specify the consequences of



failure to provide the required information in the regulations. They will be partial or complete invalidation of a claim, depending on the item(s) of information omitted.

New Clause 5: EGL

The government has proposed new clause 5 to make changes announced at Autumn Statement 2023 to the Electricity Generator Levy (EGL). The EGL is a temporary tax on the exceptional receipts of some UK electricity generators. It was introduced in January 2023 and is legislated to end in 2028, but some investors have voiced concerns that it might be extended beyond that date. The new clause aims to encourage investment in renewable energy going forward, and emphasise the temporary nature of the EGL itself, by exempting new electricity generating projects from its scope. New projects are defined as those where the substantive decision to proceed has been made on or after 22 November 2023. The exemption will apply to new stations, capacity expansions, and repowering of existing stations.

I am depositing a copy of this letter in the Library of the House. The Explanatory Notes for all of the amendments are available on the Finance Bill 2023-24 GOV.UK webpage.

Yours sincerely,

A handwritten signature in blue ink, reading "Nigel Huddleston".

Nigel Huddleston MP
FINANCIAL SECRETARY TO THE TREASURY