



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

Pauline Latham and Christina Rees
Chairs of the Finance Bill Public Bill Committee
House of Commons
London
SW1A 0AA

16 May 2024

Dear Pauline and Christina,

POWERS CONTAINED IN FINANCE BILL 2023-24

This letter provides information on secondary legislation under this year's Bill and sets out detail on each power being taken.

A summary is provided on the powers contained in clauses 7, 12, 15, 19, 20, 23.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Nigel Hanrahan'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Spring Finance Bill 2024: Clauses with powers to make secondary legislation

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Glossary of statutory references and other terms:

Statutory references

VATA Value Added Tax Act 1994

Other terms

AVEC Audio-Visual Expenditure Credit
DCMS Department for Culture, Media and Sport
EPL Energy Profits Levy
ESIM Energy Security Investment Mechanism
FA Finance Act
HMRC His Majesty's Revenue and Customs
MDR Multiple Dwellings Relief
R&D Research and Development
RIF Reserved Investor Fund (Contractual Scheme)
SDLT Stamp Duty Land Tax

MEASURES RELATING TO PROPERTY

Clause 7: Abolition of multiple dwellings relief for SDLT

Clause 7 abolishes multiple dwellings relief (MDR) for land transactions which complete on or after 1 June 2024. MDR is a relief from Stamp Duty Land Tax available on the purchase of two or more residential properties in a single transaction or in linked transactions. Subsections (9) and (10) of the clause allow HM Treasury to make regulations, no later than 1 February 2025, to specify that certain land transactions which occur on or after 1 June 2024 are not subject to the abolition of MDR. Any regulations made under this power would be subject to the negative parliamentary procedure.

CREATIVE RELIEFS

Clause 14: Additional relief for low-budget films with specified UK connection

Clause 14 introduces a higher rate of credit under the Audio-Visual Expenditure Credit (AVEC) for films below a specified maximum budget that have a specified UK connection. Relief is only available on films that receive a low-budget certificate authorised by the Department for Culture, Media and Sport (DCMS). Paragraph 2 inserts section 1179DJA into Corporation Tax Act 2009, and allows the Secretary of State for DCMS to specify in regulations the particulars of the maximum budget condition and the UK connection condition that must be met to receive a certificate, and to set out the evidence applicants must provide to show that the conditions have been met. Any regulations made under this power would be subject to negative procedure.

Clause 15: Section 14: Commencement and transition

Clause 15 contains commencement and transition provisions for the measures introduced by Clause 14. Paragraph 5 allows the Secretary of State for DCMS to specify in regulations an appointed day; applications for low-budget certificates may only be made from that day, and applications to convert an existing standard film certificate into a low-budget certificate may only be made up to six months after that day. Any regulations made under this power would be subject to negative procedure.

ENERGY (OIL AND GAS) PROFITS LEVY

Clause 19: Energy security investment mechanism

Clause 19 introduces new sections 17A and 17B into the Energy (Oil and Gas) Profits Levy Act 2022 which provides for the Energy Profits Levy (EPL). The new sections provide for the Energy Security Investment Mechanism (ESIM), which ensures that the EPL permanently ceases to apply if oil and gas prices return to historically normal levels for a sustained period of time.

New section 17A(2) creates an obligation on HM Treasury to make regulations to permanently end the EPL if the ESIM is triggered by replacing the end date of the EPL with the date the ESIM is triggered. Any regulations made under this power will be subject to the negative procedure. Due to the nature of the ESIM and depending on the timing of the regulations, those regulations may need to have retrospective effect (which is permitted under the power in the primary legislation).

New section 17B(3) provides HM Treasury with a power to make regulations to provide for the calculation of the average price of oil and of gas for the purposes of the ESIM. Any regulations made under this power will be subject to the negative procedure.

MEASURES RELATING TO FINANCIAL SERVICES

Clause 20: Collective investment schemes: co-ownership schemes

Clause 20(1) confers a power on HM Treasury to make regulations to introduce tax rules for a Reserved Investor Fund (Contractual Scheme) (RIF). Clause 20(1) also sets out certain conditions that a co-ownership scheme must satisfy to be a RIF and provides for HM Treasury by regulations to set out other conditions.

Clauses 20(2)(a)-(b) and (3) provide that regulations may set conditions about a scheme's connection with the UK, its diversity of ownership, the kinds of property it holds and the tax status of its participants. Regulations may also set other conditions that HM Treasury consider appropriate for a co-ownership scheme to become or remain a RIF. Regulations may include provisions which allow a RIF to remedy a breach of a condition, treat a condition as met, introduce procedural and administrative requirements, and impose penalties for a failure to comply with requirements. Clause 20(2)(c) provides that regulations may make provision about the tax consequences that follow from a co-ownership scheme meeting or ceasing to meet the conditions to be a RIF.

Clause 20(4) provides that regulations may confer on the Commissioners of His Majesty's Revenue and Customs a discretion to do anything under, or the purpose of, those regulations. It also provides that the regulations may include consequential and supplementary provisions and amend or modify any enactment.

Any regulations made under this power would be subject to the negative procedure.

OTHER MEASURES

Clause 23: Minor VAT amendments

Subsection (3) of this clause amends the existing powers in section 50 of the Value Added Tax Act 1994 (VATA) which makes provision for modifying the application of VATA for Terminal Markets. This will clarify the powers of HM Treasury under that section to enable the modernisation of the Value Added Tax (Terminal Markets) Order 1973 (SI 1973/173). This will amend the existing power in sub sections 50(1)

and 50(2)(b) of VATA by substituting “ordinarily engaged” with “involved”. It will also amend sub section 50(3) of VATA to make it clear that different provisions can be made in relation to different categories of persons and different categories of commodities, covering both goods and services. Any regulations made under this power will be subject to negative procedure.