



## NOTES ON BUDGET RESOLUTIONS

The following note describes the purpose of each of the Budget Resolutions. The number next to each resolution corresponds to its number on the Order Paper.

Specific Ways and Means Resolutions (resolutions 2 – 50) are needed for each provision imposing a new tax, renewing an annual tax, increasing or widening the burden of an existing tax or for other provisions that need to be in operation before the Finance Bill is enacted.

Procedure Resolutions (shown at the end of this note) are needed for provisions that would otherwise be beyond the scope of the Finance Bill, including provisions intended to have effect from a future year.

### **1. Amendment of the law**

Authorises the Finance Bill to contain those provisions which do not impose or increase a tax charge, in particular provisions that give relief from tax or which deal with tax administration. It also restricts the scope for amendments on VAT.

### **2. Income tax (charge, main rates, thresholds and allowances etc for 2010-11)**

Provides for income tax to be charged for 2010-11; provides the amount of the basic rate limit and the starting rate limit for savings; provides that the basic rate is 20 per cent, the higher rate is 40 per cent, the additional rate at 50 per cent; provides the amounts of personal allowances.

### **3. Corporation tax (charge and main rates for financial year 2011)**

Authorises the Finance Bill to provide for corporation tax to be charged for the financial year 2011 (the year beginning 1 April 2011) at a rate of 30 per cent for “ring fence” profits and 28 per cent for all other profits.

### **4. Corporation tax (small profits rate and fractions for financial year 2010)**

Authorises the Finance Bill to provide for the small profits rate of corporation tax for the financial year 2010 (the year beginning 1 April 2010) to be 19 per cent on ring fence profits and 21 per cent on all other profits of companies; and for the marginal relief ring fence fraction to be eleven four-hundredths and the fraction for calculating marginal relief for other profits to be seven four-hundredths.

## **5. Stamp duty land tax (relief for first-time buyers)**

Provides for a stamp duty land tax relief for first time purchasers of residential property to apply for purchases where the effective date is on or after 25 March 2010 and before 25 March 2012.

## **6. Stamp duty land tax (rate for residential property where consideration over £1m)**

Authorises the Finance Bill to contain provision for increasing the rate of stamp duty land tax in future years for transactions in residential property in cases where the relevant consideration is more than £1 million.

## **7. Inheritance tax (rate bands)**

Authorises the Finance Bill to provide for disapplying the Table substituted in Schedule 1 to the Inheritance Tax Act 1984 by section 4 of the Finance Act 2007 and providing for section 8 of that Act not to have effect by virtue of difference between the Retail Prices Index for the month of September in 2010, 2011, 2012 and 2013 and the previous September.

## **8. Alcoholic liquor duties (rates)**

Provides for increases in the rates of excise duty charged on spirits, beer, wine and made wine and sparkling and still cider and perry to take effect from 29 March 2010.

## **9. Tobacco products duty (rates)**

Provides for the rates of duty on tobacco products set out in the Table in Schedule 1 to the Tobacco Products Duty Act 1979 to be increased from 6 pm on 24 March 2010.

## **10. Vehicle excise duty (motorcycle rates)**

Provides for changes from 1 April 2010 in the rates of vehicle excise duty on motorcycles.

## **11. Fuel duties (rates and rebates from April 2010)**

Provides for changes from 1 April 2010 in the rates of duty on hydrocarbon oils, biofuels, road fuel gases and other fuel substitutes and for changes in the rates of rebate on hydrocarbon oils and biodiesel.

## **12. Fuel duties (further changes in rates and rebates)**

Authorises the Finance Bill to provide for changes in the rates of duty on hydrocarbon oils, biofuels, road fuel gases and other fuel substitutes and for changes in the rates of rebate on hydrocarbon oils and biodiesel.

### **13. Air passenger duty (rates)**

Authorises the Finance Bill to provide for the rates of air passenger duty.

### **14. Landfill tax (standard rate)**

Authorises the Finance Bill to provide for the standard rate of landfill tax.

### **15. Aggregates levy (rate)**

Authorises the Finance Bill to provide for the rate of aggregates levy.

### **16. Climate change levy (rates)**

Authorises the Finance Bill to provide for the rates of climate change levy.

### **17. Amusement machine licence duty (rates)**

Provides for the gaming machine licence duty provisions in the Betting and Gaming Duties Act 1981 to be amended with effect from 4pm on 26 March 2010.

### **18. Bank payroll tax**

Authorises the Finance Bill to provide for a bank payroll tax. Bank payroll tax will apply, broadly, to banks and building societies on relevant bonuses over £25,000 awarded to relevant employees in the period from 9 December 2009 to 5 April 2010. It will be charged at the rate of 50 per cent.

### **19. Landline duty**

Authorises the Finance Bill to provide for landline duty.

### **20. Sideways relief etc**

Authorises the Finance Bill to provide for amending Chapter 2 of Part 4 of the Income Tax Act 2007, including provision with retrospective effect.

### **21. Property loss relief**

Authorises the Finance Bill to provide for amendments to be made to Chapter 4 of Part 4 of the Income Tax Act 2007 in relation to the amount of the loss with a capital allowances connection that may be set off against general income.

### **22. Capital allowance buying**

Authorises the Finance Bill to provide for amendment of Part 2 of the Capital Allowances Act 2001 (including amendments having retrospective effect) restricting the way in which capital allowances can be utilised in relation to cases where there is a qualifying change in relation to a company.

### **23. Leased assets**

Authorises the Finance Bill to provide for changes to the way in which leases of plant or machinery are taxed, including expenditure on those assets, and authorises provisions having retrospective effect, enabling those changes to have effect from the date on which they were announced.

### **24. Cushion gas**

Authorises the Finance Bill to provide for amendments to the Taxes Acts in relation to expenditure on cushion gas.

### **25. Sales of lessors**

Authorises the Finance Bill to make provisions about sales of lessor companies, including provision having retrospective effect.

### **26. Charities and community amateur sports clubs**

Authorises the Finance Bill to provide for a new definition of a body eligible for UK charitable tax reliefs administered by HM Revenue & Customs, and amendments to various charitable tax reliefs. Also, authorises the Finance Bill to provide for amendments to be made (including with retrospective effect from 15 December 2009) to the reliefs on gifts of qualifying investments to charities.

### **27. Remittance basis: meaning of “relevant person”**

Authorises the Finance Bill to provide for changes to be made to section 809M of the Income Tax Act 2007.

### **28. Foreign currency bank accounts**

Authorises the Finance Bill to provide for changes relating to foreign currency bank accounts, including changes having retrospective effect.

### **29. Reliefs and reductions for foreign tax**

Authorises the Finance Bill to provide for amendments of the double taxation relief provisions (including amendments having retrospective effect).

### **30. Capital gains: transfer of assets to non-resident company**

Authorises the Finance Bill to provide for amendment to section 140 of the Taxation of Chargeable Gains Act 1992. This relates to postponed charges on gains where assets of an overseas branch are transferred to a non-resident company in exchange for securities.

### **31. Transactions in securities**

Authorises the Finance Bill to provide for changes to the way in which certain transactions in securities are taxed.

### **32. Approved CSOP schemes**

Authorises the Finance Bill to provide for amendments to Schedule 4 to Income Tax (Earnings and Pensions) Act 2003, effective from 24 March 2010, to restrict the types of share which can be used in Company Share Option Plans (CSOP) by prohibiting the use of share options over shares in a company which is under the control of a listed company. A transitional period of six months will be allowed from 24 March 2010 for companies to amend their CSOP scheme rules.

### **33. Unauthorised unit trusts**

Authorises the Finance Bill to provide for changes (including changes that may have retrospective effect) to be made about the taxation of unit holders of unauthorised unit trusts.

### **34. Index-linked gilt-edged securities**

Authorises the Finance Bill to provide for amendments (including those having retrospective effect) to be made in relation to index-linked gilt-edged securities, within the meaning of section 400 of the Corporation Tax Act 2009.

### **35. Approved share incentive plans**

Authorises the Finance Bill to make changes to the legislation in respect of Share Incentive Plans (SIPs). The changes will allow corporation tax relief to be denied where payments made by companies form part of avoidance arrangements, and strengthen provisions allowing HM Revenue & Customs to withdraw approval of SIPs in certain cases of abuse.

### **36. Release and writing off of debts**

Authorises the Finance Bill to provide for amendments to the corporation tax rules (including amendments having retrospective effect) which apply in respect of the release and writing off of debts.

### **37. Repos**

Authorises the Finance Bill to provide for changes (including changes having retrospective effect) to be made to the corporation tax legislation on sale and repurchase transactions in paragraph 4 of Schedule 13 to the Finance Act 2007 and section 550 of the Corporation Tax Act 2009.

### **38. Risk transfer schemes**

Authorises the Finance Bill to provide for changes to the legislation relating to risk transfer schemes.

### **39. Insurance companies (apportionment)**

Authorises the Finance Bill to provide for apportionment of asset value increases in a life insurance company, including with retrospective effect.

### **40. Pensions (special annual allowance charge)**

Authorises the Finance Bill to provide for changes to the income tax charge, known as the special annual allowance charge (relating to certain pension contributions and benefits accrued) so that it applies to individuals whose relevant income is £130,000 or more.

### **41. Value added tax (reverse charge)**

Authorises the Finance Bill to provide for and in connection with extending section 55A of the Value Added Tax Act 1994 to supplies of services.

### **42. Insurance premium tax (separate contracts)**

Provides for fees charged in connection with certain types of insurance contract to fall within the definition of 'premium' for insurance premium tax purposes and therefore be liable to tax from 24 March 2010.

### **43. Inheritance tax (interests in possession and reversionary interests)**

Authorises the Finance Bill to provide for amendments to the inheritance tax provisions for certain interests held in trusts (interests in possession and reversionary interests), and for the amendments to have retrospective effect.

### **44. Stamp duty reserve tax (depository receipt and clearance services systems)**

Authorises the Finance Bill to provide for the removal of certain stamp duty reserve tax exemptions in relation to the transfer of securities issued in connection with depository receipt systems and clearance services, including with retrospective effect.

### **45. Stamp duty land tax (partnerships)**

Provides for amendment of the stamp duty land tax anti-avoidance rules in Part 4 of the Finance Act 2003.

### **46. Accounting standards**

Authorises the Finance Bill to provide a power that will allow the corporation tax rules on loan relationships and derivative contracts to be amended by secondary legislation where there are changes in accounting standards. Such secondary legislation may have retrospective effect.

#### **47. Furnished holiday lettings**

Authorises the Finance Bill to provide for changes to the taxation of furnished holiday lettings.

#### **48. FSCS intervention in relation to insurance contracts**

Authorises the Finance Bill to provide for a power to make regulations in connection with interventions under the Financial Services Compensation Scheme in as far as those interventions relate to protected contracts of insurance.

#### **49. Alcoholic liquor duties (cider)**

Authorises the Finance Bill to provide for a power in the Alcoholic Liquor Duties Act 1979 to amend the definition of cider by means of Statutory Instrument.

#### **50. Relief from tax (incidental and consequential charges)**

Authorises any charge to duty or tax which may arise incidentally or consequentially from provisions of the Bill intended to give relief from taxation.

#### **Procedure (Future Taxation)**

Authorises the Finance Bill to:

- (a) contain provision for corporation tax to be charged for the financial year 2011;
- (b) contain provision for increasing the rate of stamp duty land tax in future years for transactions in residential property in cases where the relevant consideration is more than £1 million.
- (c) contain provision for the standard rate of landfill tax to be charged on or after 1 April 2011;
- (d) contain provision for the rate of aggregates levy for aggregate subject to commercial exploitation on or after 1 April 2011;
- (e) contain provide for the rates of climate change levy for supplies of taxable commodities made on or after 1 April 2011;
- (f) contain provision in respect of the high income excess relief charge to take effect in a future year;
- (g) contain provision for changes to the company car tax regime
- (h) Authorises the Finance Bill to contain provision to restrict the exemption from income tax in section 317 of the Income Tax Earnings and Pensions Act 2003 for free or subsidised meals provided by employers in circumstances where an employee has an entitlement to such a benefit in conjunction with salary sacrifice or flexible benefits arrangements. This measure has effect for the tax year 2011-12 and subsequent tax years.
- (i) Authorises the Finance Bill to contain provision to exempt certain persons from income tax in respect of certain income arising in connection with the 2011 Champions League Final.