

**BOARD OF INLAND REVENUE
RESOLUTION 30**

**FINANCE BILL 2003
COMMITTEE
SCHEDULE 22**

Amendment	Page	Line
*SC 179	277	33

Mr Paul Boateng

(Lab - Brent South)

Amendment 179

Schedule 22, page 277, line 33, leave out '2002' and insert '2003'.

EXPLANATORY NOTE

SUMMARY

1. The purpose of this amendment is to correct an error in Paragraph 5 of Schedule 22 which has resulted in a date in this Paragraph being incorrectly printed as 16 April 2002 instead of 16 April 2003.

DETAILS

2. Paragraph 5 of Schedule 22 inserts a new Chapter 3A in Part 7 of the Income Tax (Earnings & Pension) Act 2003 to deal with situations where non-commercial transactions reduce the value of securities acquired by employees. It is being introduced to stop avoidance of tax and National Insurance contributions.
3. Chapter 3A provides for a charge to tax where anything done for a non-commercial purpose within the seven years prior to the date of a chargeable event, as defined in the Chapter, reduces the market value of the employment-related securities by at least 10%.
4. Subsection 446F(2) looks back over a period of 7 years from the date of the chargeable event for any transaction that may have artificially reduced the value of securities by least 10%. But it was not intended that Chapter 3A should enable a look back beyond 16 April 2003, the date of publication of the Finance Bill 2003.
5. This printing error was not identified and corrected before the publication of the Finance Bill. If left uncorrected it would allow the Inland Revenue to look back beyond 16 April 2003 for any non-commercial transactions that reduce the value of the securities acquired by the employees. This might be considered retrospective application of the legislation.