

Amendment	Clause	Page	Line
157	277	231	14

Paul Boateng (Brent South – Lab)

Amendment 157

Clause 277, page 231, line 14, leave out “2012” and insert “2011”.

CLAUSE 277: Transitional tax credit in Northern Ireland: new scheme

SUMMARY

2. Clause 277 enables the Commissioners of Customs and Excise to make provision in regulations for a new transitional aggregates levy tax credit scheme for Northern Ireland. The changes will take effect from a date to be appointed by Order but the regulations will cover a period from such date as they prescribe (which may be earlier than the appointed date) until 31 March 2012 (*before the amendment outlined in this note*).

DETAILS OF THE AMENDMENT

2. Subsection (2) substitutes an extensively revised section 30A of the Finance Act 2001. The new section 30A(2) defines the cases to which the regulations provided for by new section 30A(5) may apply as being those where aggregates levy has been charged on aggregate commercially exploited in Northern Ireland; during a period beginning on a date to be prescribed in the regulations and ending on 31 March 2012. The effect of this amendment is to change the end date to 31 March 2011.

BACKGROUND

3. This change is necessary to reflect the terms of the European Commission’s approval for the extended aggregates levy relief scheme in Northern Ireland. That decision was made on 7 May, after the publication of the Finance Bill.

4. The European Commission added only one condition in accepting the UK’s state aid application. The Government was seeking approval of the new scheme until 31 March 2012, which would have meant that businesses would have received tax relief until 10 years after the introduction of the original scheme, introduced in 2002.

Amendment	Clause	Page	Line
157	277	231	14

However, the environmental guidelines on state aid, which provided for the UK's application, stipulate that companies subject to such reliefs should be expected to pay a substantial amount of the tax over a ten-year period. Because companies subject to the old relief paid no tax at all in the first year of the original 5-year degressive scheme, the Commission decided that tax relief should apply for only nine years overall, and that the new scheme should therefore end on 31 March 2011.

5. In practice, the Commission decision is unlikely to have a significant impact, since the UK is free to seek a renewal of the relief at the end of the scheme if the Government decides at that time that it wishes to continue with it and that there is a case for doing so.