

Amendment	Page	Line
RS 21	203	30
RS 22	214	32
RS 23	216	26

Mr Chancellor of the Exchequer

Amendment 21

Page **203**, line **30** [Schedule 8], leave out from ‘the’ to ‘purpose’ in line 31 and insert ‘main’.

Amendment 22

Page **214**, line **32** [Schedule 8], leave out from ‘is’ to ‘that’ in line 33.

Amendment 23

Page **216**, line **26** [Schedule 8], leave out from ‘if’ to third ‘the’ in line 27.

SUMMARY

1. These amendments simplify three similar anti-avoidance rules, bringing them into line with similar rules elsewhere in the Taxes Acts.

DETAILS

2. Amendment 21 deletes the words “circumstances are such that it would not be unreasonable to conclude from them that the” from new section 70C(7) Capital Allowances Act (CAA) and replaces them with the word “main”.
3. Amendment 22 deletes the words “that the circumstances of the case are such that it would not be unreasonable to conclude from them” from new section 70S(3) CAA.
4. Amendment 23 deletes the words “it would not be unreasonable to conclude, from all the circumstances of the case, that” from new section 70V(2) CAA.

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BACKGROUND NOTE

5. Schedule 8 introduces the new regime for taxing long funding leases of plant or machinery.
6. Three new anti-avoidance rules were introduced by new sections 70C, 70S and 70V of the Capital Allowances Act 2001. Each new rule introduced the concept that it would apply where it would “not be unreasonable to conclude” that the main purpose, or one of the main purposes, was to avoid tax.
7. The Government has accepted that the benefits of the original wording in the Bill are outweighed by the additional uncertainties that were introduced.