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Amendment 219

Clause 150, page 124, line 37 [Vol I], after ‘(9)’, insert—

- (a) omit “subsection (7) or”, and
- (b) ’.

Amendment 220

Clause 151, page 126, line 32 [Vol I], leave out subsection (8) and insert—

- ‘(8) In paragraph 6—
 - (a) in sub-paragraph (1) omit “Subject to sub-paragraph (3) below,” and
 - (b) omit sub-paragraphs (2) and (3).’.

Amendment 221

Clause 152, page 127, line 25 [Vol I], after ‘field),’, insert—

- ‘(a) ’.

Amendment 221

Clause 152, page 127, line 28 [Vol I], at end insert—

- ‘, and
- (b) for the purposes of corporation tax, that amount shall be available to the person as a deduction in computing the profits of any trade to which section 492(1) does not apply.’.

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SUMMARY

1. Amendment 221 and 222 provide that where companies incur a nomination excess, which under the clause will be subject to Ring Fence Corporation Tax and Supplementary Charge, such an excess will be allowable as a deduction in arriving at non-Ring Fence Corporation Tax profits. This meets a concern raised by companies during the course of discussions on oil tax pricing.
2. Amendments 219 and 220 are minor consequential changes.

DETAILS

3. Amendment 219 to Clause 150 requires the omission of a reference to Section 61(7) Finance Act 1987 in Section 61(9). The main clause requires that subsection (7) shall cease to have effect.
4. Amendment 220 to Clause 151 requires the omission in paragraph 6(1) of Schedule 10 of Finance Act 1987 of the reference to subparagraph (3).
5. Amendments 221 and 222 to Clause 152 require that for the purposes of corporation tax, the 'amount of the excess', as defined in the clause, shall be available for deduction in computing non-ring fence profits.

BACKGROUND NOTE

6. The Finance (No.2) Bill introduces rules that will provide for changes to the anti-avoidance Nomination Scheme. The changes will ensure the scheme is effective in stopping tax driven behaviour with regard to sales of oil by producers. One element of this is to bring nomination excesses within the charge to ring fence corporation tax and supplementary charge.

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7. Without this change companies might incur nomination excesses (and seek to defeat the object of the Nomination Scheme) in circumstances where the increased Petroleum Revenue Tax payable was outweighed by the ring-fence Corporation Tax and Supplementary Charge saved.
8. When a company incurs a nomination excess, the equivalent profit will have been taken into account in arriving at the company's non-Ring Fence profits. To prevent double counting, the amendment allows nomination excesses to be deductible against non-Ring Fence profits. This meets a specific concern raised by the oil industry in the course of discussions on the oil pricing measures.