

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 – 68) 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. **Amendment 55** is required because of the exceptions in the general amendment of the law Resolution; **amendment 67** is needed to authorise payments into the Consolidated Fund.

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. The only procedure resolution this year is the future year resolution.

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 and main rates for 2009-10)

Provides for income tax to be charged for 2009-10 and sets the main rates of tax at 20 and 40 per cent.

3. Income tax (basic rate limit for 2009-10)

Provides for the basic rate limit for income tax for 2009-10 to be increased to £37,400 and the disapplication of the indexation provisions. For the purposes of PAYE, no changes are required before 18 May 2009.

4. Income tax (personal allowance for 2009-10 for those aged under 65)

Provides for the income tax personal allowance for 2009-10 for individuals aged under 65 to be increased to £6,475 and the disapplication of indexation provisions. For the purposes of PAYE, no changes are required before 18 May 2009.

5. Corporation tax (charge and main rates for financial year 2010)

Authorises the Finance Bill to provide for corporation tax to be charged for the financial year 2010 (the year beginning 1 April 2010) at a rate of 30 per cent for 'ring fence' profits and 28 per cent for all other profits.

6. Corporation tax (small companies' rates and fractions for financial year 2009)

Authorises the Finance Bill to provide for the small companies' rate of corporation tax for the financial year 2009 (the year beginning 1 April 2009) to be 19 per cent on 'ring fence' profits and 21 per cent on all other profits of companies; and for the fraction used in calculating marginal relief for ring fence profits to be eleven four-hundredths and the fraction for calculating marginal relief for other profits to be seven four-hundredths.

7. Value added tax (supplementary charge)

Authorises the Finance Bill to provide for the imposition (including with retrospective effect) of a supplementary charge to VAT on supplies that span the date on which the standard rate of VAT will revert to 17.5 per cent.

8. Stamp duty land tax (thresholds for residential property)

Provides for the threshold above which stamp duty land tax applies to residential property to be raised from £125,000 to £175,000 between 22 April 2009 and 31 December 2009.

9. Rates of duty on alcoholic liquor

Provides for changes in the rates of excise duty charged on spirits, beer, wine made-wine, and cider to take effect from 23 April 2009 and for surcharges imposed by Treasury Orders at PBR to cease to apply from the same date.

10. Rates of tobacco products duty

Provides for those specific rates of duty set out in the Table in Schedule 1 to the Tobacco Products Duty Act 1979 to be increased from 6 pm on 22 April 2009 and for those parts of the Treasury Order implementing temporary increases from 24 November 2008 to be revoked at the same time.

11. Vehicle excise duty (rates from May 2009)

Provides for changes to rates of vehicle excise duty for 2009-10 for light passenger vehicles (cars) and light goods vehicles (vans).

12. Vehicle excise duty (rates from April 2010)

Authorises the Finance Bill to provide for amendments to rates of vehicle excise duty from 1 April 2010.

13. Fuel duties (rates and rebates from Spring 2009)

Provides for changes in rates of duty and rates of rebate on hydrocarbon oils and biodiesel, and rates of duty on road fuel gases, bioethanol and fuel substitutes from 1 April 2009, except in the case of aviation gasoline and light oil other than unleaded petrol or aviation gasoline which change from 1 May 2009.

14. Fuel duties (rates and rebates from September 2009)

Authorises the Finance Bill to provide for changes in the rates of duty and rates of rebate on hydrocarbon oils and biodiesel, and rates of duty on road fuel gases, bioethanol, and fuel substitutes, with effect from 1 September 2009.

15. Rates of air passenger duty

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

16. Landfill tax

Authorises the Finance Bill to make provision about landfill tax.

17. Bingo duty

Provides for changes in the rate of bingo duty in the Betting and Gaming Duties Act 1981 to have effect in relation to accounting periods beginning on or after 27 April 2009; and also an increase in the maximum money prize limit for small-scale amusements provided commercially to have effect on or after 1 June 2009.

18. Amusement machine licenses (amounts of duty)

Provides for the amusement machine licence duty provisions in relation to the amounts of duty in the Betting and Gaming Duties Act 1981 to be amended with effect from 4pm on 22 April 2009.

19. Amusement machine licences (provisions affecting amount of duty)

Provides for the gaming machine licence duty provisions in the Betting and Gaming Duties Act 1981 to be amended with effect from 1 June 2009.

20. Extension of loss carry back provisions (income tax)

Provides for an extension of income tax loss carry back in relation to trade losses made in tax years 2008-09 and 2009-10.

21. Extension of loss carry back provisions (corporation tax)

Provides for an extension of corporation tax loss carry back in relation to a maximum of £50,000 trading losses incurred in relevant accounting periods ending in the period from 24 November 2009 to 23 November 2010.

22. Agreements to forgo tax reliefs

Authorises the Finance Bill to provide for modifications of tax legislation in pursuance of agreements to forgo tax reliefs.

23. Land remediation

Authorises the Finance Bill to provide for amendments to the land remediation relief legislation in Part 14 of the Corporation Tax Act 2009.

24. Chargeable gains

Authorises the Finance Bill to provide for amendments, including amendments having retrospective effect, to be made to, or in connection with, the Taxation of Chargeable Gains Act 1992.

25. Group relief

Authorises the Finance Bill to provide for changes to provisions about group relief, including changes having retrospective effect.

26. Expenditure on cars and motor cycles

Authorises the Finance Bill to provide that provision (including provision having retrospective effect) may be made for and in connection with reliefs and allowances in respect of expenditure on cars and motor cycles.

27. Payments under FSCS

Provides for payments made by the Financial Services Compensation Scheme (FSCS) on or after 6 October 2008 that represent interest to be treated for income tax purposes in the year 2008-09 as interest in the hands of the recipients.

28. Company distributions

Authorises the Finance Bill to provide for a charge to corporation tax for distributions from UK or foreign companies which, together with rules giving exemption from tax subject to certain conditions, is part of the package of measures being introduced through the Government's review of the taxation of foreign profits.

29. Financing costs of group companies

Authorises the Finance Bill to provide for provision to be made about the treatment for the purposes of corporation tax of financing costs of companies that are members of groups, as part of the package of measures being introduced through the Government's review of the taxation of foreign profits.

30. Controlled foreign companies

Authorises the Finance Bill to provide for provision to be made about controlled foreign companies as part of the package of measures being introduced through the Government's review of the taxation of foreign profits.

31. Foreign currency accounting

Authorises the Finance Bill to provide for changes (including changes having retrospective effect) to be made about foreign currency accounting (including in particular changes to the rules about how foreign currency losses are converted into sterling).

32. Offshore funds

Authorises the Finance Bill to include provisions, including provisions having retrospective effect, relating to offshore funds and the taxation of participants in offshore funds together with provisions defining what constitutes an offshore fund.

33. Income tax credits for foreign distributions

Authorises the Finance Bill to provide for changes to the income tax credits for foreign distributions legislation.

34. Loan relationships and derivatives

Authorises the Finance Bill to provide for amendments to the corporation tax rules which apply to loan relationships and derivative contracts, including consequential changes.

35. Dividends of investment trusts

Authorises the Finance Bill to allow investment trusts to opt to make interest distributions and sets out provisions for the taxation of recipients receiving those distributions.

36. Insurance companies

Authorises the Finance Bill to provide for changes to the taxation of insurance companies, including a tax provision having retrospective effect.

37. Disguised interest

Authorises the Finance Bill to provide for changes to the taxation of returns which are economically equivalent to interest.

38. Transfers of income streams

Authorises the Finance Bill to provide for changes to the taxation of transfers of the right to receive income.

39. SAYE schemes

Provides for amendments to be made to the provisions of the Income Tax (Trading and Other Income) Act 2005 relating to Save As You Earn (SAYE) savings arrangements.

40. Remittance basis

Authorises the Finance Bill to provide for changes to be made to the remittance basis of taxation.

41. Double taxation relief

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

42. Avoidance involving financial arrangements

Authorises the Finance Bill to provide for amendments to legislation that allows relief for interest on loans and for changes to the taxation of manufactured interest. The resolutions allows changes to have retrospective effect.

43. Sale of lessor companies etc

Authorises the Finance Bill to provide for amendments to Schedule 10 to the Finance Act 2006, including amendments having retrospective effect.

44. Leases of plant or machinery

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

45. Real Estate Investment Trusts

Authorises the Finance Bill to provide for changes to the conditions that a company or group has to meet in order to be within the Real Estate Investment Trust tax exempt regime. The amendments have retrospective effect.

46. Deductions for employee liabilities

Provides for changes to deductions available for employee liabilities incurred in employments and former employments, with effect from 12 January 2009.

47. Employment loss relief

Provides for changes to employment loss relief with effect from 12 January 2009, and relief for penalties and surcharges resulting from the change.

48. Losses from contracts for life insurance etc

Authorises the Finance Bill to provide for changes to be made in relation to loss relief that an individual might seek to claim in respect of life insurance policies, contracts for life annuities or contracts representing capital redemption policies, and for the provision to have retrospective effect.

49. Intangible fixed assets

Authorises the Finance Bill to amend Part 8 of the Corporation Tax Act 2009.

50. Taxable benefits in respect of accommodation

Authorises the Finance Bill to provide for amendments to be made to the benefit in kind tax charge where living accommodation is provided to employees by their employers and a lease premium is paid.

51. Special annual allowance charge in respect of pensions

Authorises the Finance Bill to provide for an income tax charge, to be known as the special annual allowance charge (relating to certain pension contributions and benefits accrued) at a rate of 20 per cent and applying only to individuals whose relevant income is £150,000 or more.

52. Financial assistance scheme

Authorises the Finance Bill to make provision about the Financial Assistance Scheme.

53. FSCS intervention in insurance in connection with pensions

Authorises the Finance Bill to make provision in connection with interventions by the Financial Services Compensation Scheme in relation to registered pension schemes.

54. Value added tax (place of supply of services)

Authorises the Finance Bill to provide for rules in relation to determining the place of supply of services for the purposes of Value Added Tax and related matters.

55. Value added tax (repayment to those in business in other States)

Authorises the Finance Bill to provide for amendment of the power under which the Commissioners for HM Revenue and Customs may make regulations to allow overseas businesses to obtain repayment of VAT charged in the UK on goods and services used for the purposes of their business.

56. Stamp duty land tax (exercise of collective rights by tenants of flats)

Provides for amendment of the stamp duty land tax relief for acquisitions under statutory rights of leasehold enfranchisement. It applies to transactions on or after 22 April 2009.

57. Stamp duty land tax (rent to shared ownership)

Provides for stamp duty land tax treatment of rent to shared ownership (“Rent to Homebuy”) schemes, with effect for transactions on and after 22 April 2009.

58. Ring fence trades

Authorises the Finance Bill to provide for changes to the ring fence corporation tax regime.

59. Petroleum revenue tax

Authorises the Finance Bill to provide for changes to the petroleum revenue tax regime.

60. Recovery of overpaid tax

Authorises the Finance Bill to provide for recovery of overpayments of income tax, capital gains tax and corporation tax.

61. Gaming participation fees

Provides for amendment to Group 4 of Schedule 9 to the VAT Act 1994 (exemptions: betting, gaming and lotteries) to exempt from VAT all participation fees for playing bingo and other games of chance for a prize. This measure will have effect from 27 April 2009.

62. Gaming duty

Provides for the Gaming Duty provisions in Finance Act 1997 to be amended with effect from 27 April 2009.

63. Remote bingo

Provides for remote gaming duty to be charged on the provision of facilities for remote bingo for games commencing on or after 1 July 2009.

64. Climate change levy (reduced-rate supplies)

Authorises the Finance Bill to make provision limiting or removing entitlement to the reduced-rate of climate change levy.

65. Alternative finance investment bonds

Authorises the Finance Bill to provide for changes in respect of land transactions that are made in connection with alternative finance investment bonds.

66. Transfers of business etc by mutual societies

Authorises the Finance Bill to make consequential changes to the tax system as it applies to building societies, friendly societies and industrial and provident societies transferring business, merging or demutualising.

67. National Savings (surplus funds)

Authorises the Finance Bill to provide for the payment into the Consolidated Fund of the surplus funds held by the National Debt Commissioners by virtue of their investments under section 17 of the National Savings Bank Act 1971.

68. 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 about income tax personal allowances and rates from 2010-11;
- (b) contain provision for corporation tax to be charged for the financial year 2010 (the year beginning 1 April 2010), and to make provision for setting the rates of tax for that year;
- (c) contain provision for changes to rates of vehicle excise duty for 2010-11 for light passenger vehicles (cars) and light goods vehicles (vans);
- (d) contain provision for the standard rate of landfill tax;
- (e) contain provision for company car tax measures from 2011-12.; and
- (f) contain provisions concerning recovery of overpayments of tax.