

Global Tax Update

United Kingdom

Deloitte Tohmatsu Tax Co.

October 2016

1. Autumn Statement will be on 23 November

The Chancellor has announced that he will deliver his Autumn Statement on 23 November 2016.

2. Finance Bill: Lords stages; Royal Assent

The Finance Bill passed through all its stages in the Lords on 13 September 2016 and received Royal Assent on 15 September 2016.

The Finance Act 2016 (Chapter 24) is at <http://deloi.tt/2crKlio>.

During the Lords debate there was criticism of what is seen as an overall lack of coherence and direction in tax policy making, echoing the concerns of the Report from the Economic Affairs Committee on the draft Finance Bill. On the measures to put the Office for Tax Simplification (OTS) on a statutory footing, Lord Kerr of Kinlochard suggested the OTS should either be genuinely independent like the Office for Budget Responsibility or on a statutory footing, inside the Treasury, but allowed to see tax measures in advance.

3. Capital gains tax: negligible value claim fails in Upper Tribunal

The Upper Tribunal has dismissed the taxpayer's appeal in Dyer and another v HMRC which concerns a negligible value claim. The Upper Tribunal agreed with the First-tier Tribunal that the shares in question were of negligible value at 26 January 2009 (the date of the claim), but that they also were of negligible value at acquisition as at 31 October 2007. Therefore that they had not "become" of negligible value. It rejected the taxpayer's argument, that, in valuing the shares in the company as at 31 October 2007, it was necessary to take into account what the hypothetical willing vendor would have done in order to attract purchasers. The First-tier Tribunal's conclusion that the shares the taxpayers acquired on that date were worthless was 'unassailable.'

See <http://deloi.tt/2c7NFo3>

4. Draft guidance on Northern Ireland corporation tax: consultation

The Corporation Tax (Northern Ireland) Act 2015 allows for devolution of power to the Northern Ireland Assembly to set a Northern Ireland rate of corporation tax to apply to certain trading income. The Government will set a commencement date for the Act. Devolution of the necessary power can be completed once the Northern Ireland Executive demonstrates its finances are on a sustainable footing. The Northern Ireland Executive has committed to setting a rate of 12.5% in April 2018. Draft guidance on the Northern Ireland corporation tax regime has now been published. Comments should be sent to ct.devolution@hmrc.gsi.gov.uk by 1 January 2017.

See <http://deloi.tt/2cVrB0q>

5. Consultation on a new penalty for participating in VAT fraud

HMRC have published a Consultation Document seeking views on a range of options for a new penalty to be imposed on those who knew or should have known their transactions were connected with VAT fraud. The consultation explores the case for a new penalty, how it should be structured, whether it should apply to company officers, etc.

See <http://deloi.tt/2cNlAp6>.

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