

Written Ministerial Statement

Publication of draft legislation for Finance Bill 2013

The Exchequer Secretary to the Treasury (David Gauke): The Government is today publishing draft legislation for inclusion in Finance Bill 2013, in addition to that published on 11 December. The draft legislation will be open for technical consultation as detailed below.

Details of the clauses and Explanatory Notes published today are available on both the HM Treasury and HM Revenue & Customs website.

Annual Residential Property Tax

At Budget 2012, the Government announced changes to Stamp Duty Land Tax and the introduction of an Annual Residential Property Tax (ARPT) to ensure the fair taxation of residential property transactions. Changes to the scope of the ARPT and higher rate of SDLT were announced at Autumn Statement 2012.

The draft legislation published today provides further detail about the ARPT. This legislation includes some additional clauses promised in December and clarification of the reliefs intended to exempt genuine commercial activities from the charge. Revised draft legislation to provide equivalent reliefs from the higher rate of SDLT is also published today. The Government continues to consider the responses to the current consultation on the draft legislation already published.

The technical consultation on this draft legislation will be open for comments until Friday 22 February.

Capital Gains Tax

Related to the measures above, Budget 2012 introduced a Capital Gains Tax charge on non-resident non-natural persons which dispose of UK residential property that is worth more than £2 million. The charge will apply to gains on disposals on or after 6 April 2013. Increases in the value of property before 6 April 2013 will not be subject to Capital Gains Tax under this measure. Liability to Capital Gains Tax will be closely aligned with liability to the ARPT on the property disposed of.

Following consultation, the Government has decided that, for consistency, Capital Gains Tax will also apply to non-natural persons that are resident in the UK in respect of gains built up on or after 6 April 2013.

The draft legislation published today therefore contains provisions that include UK resident companies within the scope of the charge. The draft legislation provides that corporation tax will apply to the part of any gain built up before 6 April 2013, with the

new Capital Gains Tax charge applying only to the gain built up on or after 6 April 2013.

The technical consultation on this draft legislation will be open for comments until Friday 22 February.

Oil and gas

Draft legislation is published today on the restriction of allowances for certain decommissioning expenditure in the oil and gas industry.

- The drafting of one clause published on 11 December has been found to be defective and a revised draft clause addresses this; and
- Most of the relevant legislation was published on 11 December but a small amount was omitted and is now published.

The technical consultation for these clauses will be open for comment until Monday 18 February.

HM Treasury

31 January 2013