



Stamp duty: House of Commons resolution provisions

Who is likely to be affected?

No customers will be affected as the measure purely concerns the parliamentary machinery for introducing new legislation.

General description of the measure

The measure will amend the provisions relating to House of Commons resolutions for stamp duty contained in Finance Act 1973. These resolutions, which can be used to vary or abolish stamp duty, have temporary statutory effect until replaced by an Act of Parliament.

Policy objective

The measure ensures that, following the change to spring to spring parliamentary sessions, any resolution for stamp duty would retain its practical effect and allow sufficient time for parliamentary scrutiny.

Background to the measure

In 2010, the Government announced a change to spring to spring parliamentary sessions as part of a wider reform to establish fixed-term five year Parliaments. The new timetable was implemented in 2012.

The change to spring to spring sessions means that Parliament may be prorogued each year between the Budget, when a resolution might be passed, and the enactment of the Finance Bill. Section 50 Finance Act 1973, which contains the provisions relating to resolutions for stamp duty, is now being amended to ensure that such a resolution would remain effective until replaced by an equivalent provision in the Finance Act.

Similar issues in relation to resolutions for other taxes and duties covered by the Provisional Collection of Taxes Act 1968 (PCTA) were resolved by legislation introduced by Finance Act 2011.

Detailed proposal

Operative date

The measure will have effect on the date that Finance Bill 2014 receives Royal Assent.

Current law

Section 50 Finance Act 1973 gives temporary statutory effect to House of Commons resolutions which vary or abolish stamp duty. A resolution commences on an agreed date and ceases to have effect on:

- the 30th sitting day of the House of Commons, after the resolution is passed, if a Bill containing the provisions of the resolution has not been read a second time, or if a Bill has not been amended so as to include the provisions;
- the rejection of the provisions in a Bill, which contain the substance of the resolution;
- the expiration of six months from commencement; or
- the dissolution or prorogation of Parliament.

Proposed revisions

Legislation will be introduced in Finance Bill 2014 to amend the statutory effect of resolutions for stamp duty; and is in line with the changes made to the PCTA by Finance Act 2011 as regards resolutions for other taxes and duties:

- a resolution will continue to have statutory effect for a maximum of seven months from commencement, providing more time for parliamentary scrutiny – this takes account of the small possibility that Royal Assent may not always be achievable by the summer recess; and
- a resolution will continue to have statutory effect following the end of a session, if a Bill containing the provisions of the resolution is read a second time, or if a Bill is amended to include such provisions, and the Bill is carried over into the next session and re-introduced in the first 30 sitting days.

Summary of impacts

Exchequer impact (£m)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	-	nil	nil	nil	nil	nil
	The measure is not expected to have an Exchequer impact.					
Economic impact	The measure is not expected to have any economic impacts.					
Impact on individuals and households	There will be no impact on individuals or households.					
Equalities impacts	It is not expected that this measure has any impacts on groups sharing protected characteristics					
Impact on business including civil society organisations	This measure is expected to have no impact on businesses or civil society organisations.					
Operational impact (£m) (HMRC or other)	This measure will not have any operational impacts.					
Other impacts	Other impacts have been considered and none have been identified.					

Monitoring and evaluation

As this measure simply ensures that any resolution for stamp duty would retain its practical effect, there is no need for monitoring or evaluation.

Further advice

If you have any questions about this change, please contact Anne Berriman on 03000 585901 (email: anne.berriman@hmrc.gsi.gov.uk).

1 Temporary statutory effect of House of Commons resolution

- (1) Section 50 of FA 1973 (temporary statutory effect of House of Commons resolution affecting stamp duties) is amended as follows.
- (2) In subsection (2), for paragraph (c) (and the “and” after it) substitute—
 - “(c) the dissolution of Parliament;
 - (ca) the prorogation of Parliament in a case where subsection (2B) does not apply; and”.
- (3) In that subsection, in paragraph (d), for “six” substitute “seven”.
- (4) After that subsection insert—
 - “(2A) Subsection (2B) applies where Parliament is prorogued at the end of a session if—
 - (a) during the session a Bill containing provisions to the same effect as the resolution is read a second time by the House or a Bill is amended (whether by the House or a Committee of the House or a Public Bill Committee) so as to include such provisions,
 - (b) the Standing Orders or Sessional Orders of the House provide, or during the session the House orders, that proceedings on the Bill not completed before the end of the session shall be resumed in the next session, and
 - (c) proceedings on the Bill are not completed during the session.
 - (2B) A resolution shall cease to have statutory effect under this section if, during the period of thirty sitting days beginning with the first sitting day of the next session, no Bill containing provisions to the same effect as the resolution is presented to the House.
 - (2C) In subsection (2B) “sitting day” means a day on which the House sits.
 - (2D) Where a Bill is amended as mentioned in subsection (2A)(a), it does not matter for the purposes of subsection (2A)(b) if the House orders as mentioned in subsection (2A)(b) before the amendment to the Bill is made.”

EXPLANATORY NOTE

TEMPORARY STATUTORY EFFECT OF HOUSE OF COMMONS RESOLUTION

SUMMARY

1. Clause [X] amends section 50 Finance Act 1973 (FA 1973) to ensure that, following the change to spring to spring parliamentary sessions, it will remain effective and continue to enable the Government to vary or abolish stamp duty on a provisional basis.

DETAILS OF THE CLAUSE

2. Subsection 3 substitutes a new section 50(2)(d) FA 1973, which provides that a resolution can have statutory effect for a maximum period of seven months.

3. Subsection 4 inserts new sub-sections (2A) to (2D) to section 50 FA 1973. The effect is that, if Parliament is prorogued at the end of a session, a resolution will cease to have statutory effect; unless proceedings on a Bill containing an equivalent provision, which have begun but have not been completed, are to be resumed in the next session, and re-introduced in the first thirty sitting days.

4. New sub-section (2A) provides that new sub-section (2B) will apply where Parliament is prorogued at the end of a session and lists at (a) to (c), the specific circumstances.

5. New sub-section (2B) allows a resolution to retain its statutory effect, provided a Bill containing equivalent provisions is presented to the House within the first thirty sitting days of the next session.

6. New sub-section (2C) defines 'sitting day'.

7. New sub-section (2D) makes it clear that if a Bill has been amended as envisaged in new sub-section (2A)(a), it does not matter if an order to resume the proceedings in the next session, is made before the amendment.

BACKGROUND NOTE

8. Section 50 FA 1973 provides temporary statutory effect to House of Commons resolutions for stamp duty. The principal practical application of this is to allow the Government to vary or abolish stamp duty on a provisional basis between the Budget and the enactment of the Finance Bill.

9. Under current legislation, such a resolution will fall if Parliament is prorogued. This became an issue when the Government moved to spring to spring parliamentary sessions, as

it is now more likely that Parliament will be prorogued in May, between Budget Day and Royal Assent to the Finance Bill.

10. These changes will ensure that a resolution for stamp duty will remain effective until replaced by an Act of Parliament. It will bring the provisions regarding resolutions for stamp duty into line with the changes made for other taxes in the Provisional Collection of Taxes Act 1968 by Finance Act 2011.

11. If you have any questions about this change, or comments on the legislation, please contact Anne Berriman on 03000 585901 (email: anne.berriman@hmrc.gsi.gov.uk).