PARLIAMENTARY DEBATES

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OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

FINANCE (NO. 2) BILL

Fourth Sitting

Thursday 11 January 2018

(Afternoon)

CONTENTS

PBC (Bill 134) 2017 - 2019

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not later than

Monday 15 January 2018

The Committee consisted of the following Members:

Chairs: SIR ROGER GALE, † ALBERT OWEN

† Blackman, Kirsty *(Aberdeen North)* (SNP)
† Burghart, Alex *(Brentwood and Ongar)* (Con)
† Carden, Dan *(Liverpool, Walton)* (Lab)
† Chalk, Alex *(Cheltenham)* (Con)
† Clarke, Mr Simon *(Middlesbrough South and East Cleveland)* (Con)
† Dodds, Anneliese *(Oxford East)* (Lab/Co-op)
† Dowd, Peter *(Bootle)* (Lab)
† George, Ruth *(High Peak)* (Lab)
† Graham, Luke *(Ochil and South Perthshire)* (Con)
† Kerr, Stephen *(Stirling)* (Con)
† Lee, Ms Karen *(Lincoln)* (Lab)
† Maclean, Rachel *(Redditch)* (Con)
† Philp, Chris *(Croydon South)* (Con)
† Pidcock, Laura *(North West Durham)* (Lab)
† Rutley, David *(Lord Commissioner of Her Majesty's Treasury)*
† Smith, Jeff *(Manchester, Withington)* (Lab)
† Stride, Mel *(Financial Secretary to the Treasury)*
† Thewliss, Alison *(Glasgow Central)* (SNP)
† Whately, Helen *(Faversham and Mid Kent)* (Con)

Colin Lee, Jyoti Chandola, Gail Bartlett, *Committee Clerks*

† attended the Committee

Public Bill Committee

Thursday 11 January 2018

(Afternoon)

[ALBERT OWEN *in the Chair*]

Finance (No. 2) Bill

(Except clause 8; clause 33 and schedule 9; clauses 40 and 41 and schedule 11; new clauses or new schedules relating to the income tax treatment of armed forces' accommodation allowances, the bank levy, stamp duty land tax, the effect of the Bill on equality, or the effect of the Bill on tax avoidance or evasion)

2 pm

Clause 24 ordered to stand part of the Bill.

Schedule 8

Corporate interest restriction

Amendments made: 46, in schedule 8, page 100, line 24, at end insert

"or held for distribution to owners".

Amendment 47, in schedule 8, page 100, leave out lines 27 to 29 and insert

"each of the following expressions has the meaning given by international accounting standards—

"held for distribution to owners"

"held for sale"

"subsidiary"."—*(Mel Stride.)*

Schedule 8, as amended, agreed to.

Clause 25 ordered to stand part of the Bill.

Clause 26

Freezing of indexation allowance for gains chargeable to corporation tax

Peter Dowd (Bootle) (Lab): I beg to move amendment 48, in clause 26, page 18, line 35, at end insert—

'(7A) Within 12 months of the passing of this Act, the Chancellor of the Exchequer must review the impact of the provisions of this section.

(7B) A review under subsection (7A) must consider the revenue effects of freezing indexation allowance for gains chargeable to corporation tax.

(7C) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under subsection (7A) as soon as practicable after its completion."

This amendment provides for a review to be undertaken on the revenue effects of freezing indexation allowance for gains chargeable to corporation tax in Clause 26 of the Bill.

The Chair: With this it will be convenient to discuss clause stand part.

Peter Dowd: The measures in clause 26 are aimed at aligning and consolidating tax and accounts. This clause will freeze the indexation allowance currently in place for companies' gains that are chargeable to corporation tax. As things stand, companies do not have to pay tax on the proportion of their capital gains attributable to inflation. Instead, as hon. Members know, what happens is that when calculating a gain on the disposal of an asset, companies apply an indexation factor on the acquisition, enhancement or disposal of the asset that reflects movements in the retail prices index over the period since the expenditure occurred.

This system is different from the treatment of individual taxpayers, for whom the allowance was first frozen in March 1998 and then abolished in April 2008. That prompts the question: why was the allowance for companies not reformed and abolished at the same time, to avoid the situation that we have had for the past nine years, whereby there has been one set of rules for individual taxpayers and another for companies? However, we are where we are. It is another example of a needless complication in the tax system that causes problems for lawmakers, tax accountants, financial advisers, Her Majesty's Revenue and Customs and taxpayers alike.

The indexation allowance is in effect a tax relief from capital gains tax on inflation. The allowance may have been minimal before the drop in the pound, but with inflation at 2.8%, 3% and so on, it is potentially becoming a substantial amount of money. According to the Treasury's estimates, the change could be a significant revenue raiser. It estimates that it will raise £30 million this year alone, and that that will go up to £525 million for 2022-23. Of course, that revenue would be a welcome addition to the public coffers, but we have a degree of scepticism about the figures, because in the past we have had from the Government figures and costings for measures that have been out of kilter quite heavily.

The most recent example was the revenue to be raised from the soft drinks industry levy, which was introduced in the first Finance Bill last year. Hon. Members may recall that that was dealt with in the wash-up. Opposition Members agreed to it going through its stages pretty smoothly. We always have concerns when there is a question about whether we can sufficiently challenge Government proposals, but as this was the sugar tax, and it was not just a tax-raising measure but had broader public health benefits, we were happy to allow it to go through. It was suggested in the draft proposals that the levy would raise an ambitious £520 million. However, the Chancellor announced in the 2017 spring Budget that its estimated revenue had been revised down to £380 million, and the Office for Budget Responsibility forecast in December, on the basis of the Government's Red Book for the autumn Budget, that it would raise only £300 million. That is a whopping £220 million less than the Government's original forecast, and a further £80 million less than the revised figure that the Chancellor provided in the spring Budget.

It is important for us to be clear. If the Government provide us with figures—I believe that they did so in good faith—we have a duty to challenge them. That miscalculation—I use that word rather than any other—only adds to the growing hole in the public finances. It is important for us to challenge the Government's figures and assumptions.

That is why the Opposition tabled amendment 48, which would require the Government to commission a review of the revenue effects of freezing the indexation allowance for gains chargeable to corporation tax. I am sure that the Minister is sympathetic to our concern that some companies may still seek a way round the change, rather than paying an increasing amount on the inflationary element of gains. The amendment is an attempt by the Opposition to say, "Fine, the Government's indexation proposal is okay—but let's test the figures a little more." Let us have a review. Let us ensure that we are not in the same situation as we were with the soft drinks levy, which does not raise as much revenue as we thought it might.

Alison Thewliss (Glasgow Central) (SNP): The Minister will be aware that the insurance industry has raised concerns about the impact of the clause on fairly small savers, such as people with endowments that were sold door to door. There is a report on the BBC website that quotes Steve Webb, a former Minister who now works with Royal London, on the impact that the clause will have on Royal London's savers. Standard Life is also reported to have concerns. We are therefore not entirely content with the clause. We will not oppose it at this stage, but we reserve the right to look at it again on Report.

We would like the Government to address the industry's concerns, and I have a few questions for the Minister. It is estimated that the clause will affect 11.6 million policyholders, most of whom are basic rate taxpayers, and the industry estimates that the impact will be in excess of £250 million per year—double the figure implied by the Chancellor at the Treasury Committee in December. Individual life insurance policyholders may pay an average of £21, and in some cases up to £150, per policy per annum. That is a considerable impact given that such people have relatively small savings.

The Chancellor said in December in response to my hon. Friend the Member for Dundee East (Stewart Hosie), who sits on the Treasury Committee, that the change will have a "modest impact", but that is not a modest impact for those savers—it is significant. The policies that the clause will affect include non-pension unit-linked, non-pension with-profits and whole-of-life policies, as well as endowments, which I mentioned. On what basis did the Government reach the conclusion that the change will have a modest impact and affect a relatively small number of policyholders? We are talking about 11.6 million people—not a small number by any manner or means. Those policies may represent a relatively small amount of money to the Government, but the change will have a significant impact for those people.

Have the Government made an assessment of the number of policies affected? Have they produced a detailed impact assessment that can be shared with members of the Committee? Will the Minister commit to providing further information on the impact of the policy on individual savers? The coverage in newspapers at the time of the Budget and since raises concerns that more policyholders will be affected than the Government at first assumed.

I would like as much clarification as the Minister can give us today. If he could write to me later with more detailed information, that would also be welcome. We want to put on record our concerns about the impact there might be; perhaps there will be unintended consequence, and maybe the impact has not been fully considered. Given the concerns that the industry is raising, it would be good get a commitment from the Government on how those will be addressed.

The Financial Secretary to the Treasury (Mel Stride): The clause freezes the indexation allowance—a relief for inflation—for a company's chargeable gains for disposals on or after 1 January 2018. It may be useful for the Committee if I set out the background to the clause, although other Members have touched on it, before I turn to amendment 48 and the questions posed by the hon. Member for Glasgow Central.

Removing this outdated allowance supports the UK's competitive rate of corporation tax by removing a relief that is not available consistently across corporation tax to individuals, as the hon. Member for Bootle pointed out, or in most major comparable economies. In doing so, the Government recognise the importance of being fair and proportionate. As companies may have factored in relief for inflation before the autumn Budget, relief will remain available for inflation before January 2018. However, it will no longer be available from 2018 onwards.

Companies pay tax on the capital gains they make on the disposal of certain assets, such as property. In most circumstances, the capital gain is based on the rise in value of the asset over the period of ownership. Indexation allowance relieves a proportion of that gain from the charge to tax, based on the rise in the retail prices index, during the same period. Companies therefore pay tax only on the gains they make over and above inflation.

The economy and tax system have changed substantially since the allowance was introduced in 1982, when the rate of corporation tax was 52%; inflation in the preceding decade had been in double digits. While I certainly take on board the hon. Gentleman's point about the current level of inflation owing to the depreciation of the pound and other factors, the Office for Budget Responsibility projects that inflation will peak at 3.1% and tail off towards 2% across the period. While there used to be a rationale for such an allowance, it has become something of an anachronism.

The amount of indexation allowance due is calculated by multiplying the purchase price of the assets by the indexation factor. As I set out, that is currently based on the increase in the retail prices index over the period an asset is owned, from the date it is acquired to the date it is disposed of. Going forward, the allowance will no longer be calculated by reference to the date an asset is sold; instead, it will be calculated by reference to the final month before the relief is removed—in other words, December 2017. That means that, where a company acquired an asset before 2018, relief from inflation will be available from the date the asset was acquired up to December 2017. The indexation allowance will not be available for assets acquired from January 2018 onwards.

I turn to the questions posed by the hon. Member for Glasgow Central. I recognise the points that she makes. While these changes affect corporation tax, they do, in the context of life assurance policies, have potential impacts on individuals and their income net of tax. I do not recognise the large number of 11 million policyholders that she mentioned. I am not sure what the source of that figure was. However, as she requested, I am happy to hear from her, speak to her or have a letter from her on any of the aspects she may have an interest in.

Kirsty Blackman (Aberdeen North) (SNP): It would be welcome if the Government could offer clarification on the numbers before Report, because that will affect what we do on the clause then.

Mel Stride: That is perfectly reasonable. I am sure my officials are listening carefully, and we will ensure that we give a prompt response to the letter, which we await.

[Mel Stride]

Opposition Members have requested a review of the revenue effects of this change. I am happy to say that the revenue forecast for the measure was confirmed by the OBR at the Budget as £30 million in 2017-18; it will raise £1.77 billion over the scorecard period. As per routine procedure, we will keep the measure under review through communication with affected taxpayer groups. I commend the clause to the Committee.

2.15 pm

Peter Dowd: I hear what the Minister says. I am sure that he will appreciate that the figures produced by the OBR are different from those produced by the Chancellor of the Exchequer. None the less, in the spirit of co-operation, I am happy to withdraw the amendment and keep tabs on this. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 26 ordered to stand part of the Bill.

Clause 27

ASSETS TRANSFER TO NON-RESIDENT COMPANY: REORGANISATIONS OF SHARE CAPITAL ETC

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to discuss new clause 11—*Review of financial impact of postponement of charge on share exchange in overseas transferee company*—

'(1) Within twelve months after the passing of this Act, the Chancellor of the Exchequer must review the financial impact of the changes made by section 27 of this Act to section 140 TCGA.

(2) The review under this section must consider—

(a) the revenue effects of the change made, and

(b) the extent to which the change has supported UK companies to conduct international business.

(3) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section as soon as practicable after its completion."

This new clause provides for a review of the revenue impact and the impact on business of the change to TCGA to prevent a postponed chargeable gain from becoming chargeable following further restructuring of a UK Company's overseas business.

Mel Stride: Clause 27 will ensure that where a series of changes have been made to the corporate structure of a group, the rules for taxing the capital gain at the final stage of the change work as the Government intend.

The situation that the clause addresses is where a group reconstruction involves a part of the business that has previously converted from a branch operation into one carried on by a separate overseas company. That is done through an exchange of the foreign branch business and assets for shares in the overseas company. If the assets have increased in value, the group may be liable for tax on the capital gain. The tax system allows it to defer paying that until either the assets of the business or the shares in the overseas company are sold or otherwise disposed of outside the group. That is a sensible approach. It means that groups pay tax on the full level of gains when they realise them through selling an asset and generate a profit to pay the tax with, but they are not charged on a purely internal restructuring.

The introduction of the substantial shareholding exemption in 2002 affected those rules in a way that was not intended, meaning that the tax on the earlier capital gain may become payable if there is a later restructuring, even if that does not involve a sale outside the group. The need to undertake such reconstructions has been rare since 2002, so the anomalous tax outcome was not identified as problematic until recently. However, it is now a cause for concern to some businesses, mainly due to changes in regulatory requirements of some overseas tax jurisdictions. The clause corrects that anomaly.

The change made by the clause will affect groups that commonly operate overseas through branches. It will be welcomed by them, as it will give them certainty in arriving at their commercial decisions when considering restructuring. It is a wholly relieving measure with negligible fiscal impact, as the groups that were affected by the problem would either have found other ways to deal with it or simply not have proceeded with the proposed transaction.

Opposition Members have requested a review of the revenue effects of this change and of the extent to which it has supported UK companies in conducting international business. I am happy to provide them with further information on those points. The OBR has agreed that there will be no revenue effects, because if the changes were not made, the companies concerned would either not undertake the reorganisation or would reconstruct in a way that did not create a tax charge. In either case, they would have to suffer a less than ideal commercial structure because of an anomaly in the tax rules.

This change will help a small number of businesses. On its own, it will not make a big difference, but it will contribute to our wider approach of encouraging UK businesses to conduct international business. The purpose of the change is to remove an anomaly at no cost to the Exchequer. On that basis, I hope that the hon. Member for Bootle will not press the new clause to a vote, and I commend clause 27 to the Committee.

Peter Dowd: Clause 27 amends the Taxation of Chargeable Gains Act 1992 to ensure that tax postponed does not become due on the occasion of a subsequent corporate restructuring involving the exchange of shares in an overseas transferee company where the substantial shareholding exemption applies to the share exchange. The Government's explanation for this change is that the measure removes an unintended tax barrier to commercial restructuring of groups. I will not go into the ins and outs of this, which the helpful explanatory notes set out.

The argument for this change is that currently, companies that use the substantial shareholding exemption can treat the gain or loss on a disposal of shares as exempt from corporation tax on chargeable gains. A by-product of that is that a chargeable gain could be chargeable on a further restructuring of the company, with the old shares of the securities treated as new ones, despite the same corporate group continuing to own them. The new clause seeks to track that unintended change.

Clearly, the Government's case is that the unintended tax change creates barriers, particularly for financial sector businesses that have traditionally operated through a network of foreign branches and need to restructure, for example to meet changing regulatory requirements in the territories where they conduct their business. That seems perfectly reasonable, but will the Minister give us a few examples, now or in due course?

While we accept the Government's argument about the unintended consequence of correcting the tax change, we do not necessarily accept the costings put out by the Treasury, which argues that the change would in effect have zero impact on its finances. In our view, there is a lack of information from the Treasury and the OBR about the revenue that the unintended tax change has raised. I press the Minister to, if possible, publish those figures.

That is why we have put forward new clause 11, which would require the Minister to report back to Parliament on the revenue implications, on the impact on the Exchequer and on the restructuring of UK companies' overseas business. If the Opposition are to accept the Government's case that the current measures are a barrier to restructuring, leading to lost revenue for UK companies and lost investment in the UK, it is only reasonable that the Minister should produce evidence to that effect.

We are also interested to know whether there are any losses of revenue to the Exchequer. The Minister says they are "negligible". It is not that I do not accept that; I am just trying to be clear about this. The Minister should explain, if there is a loss of revenue, how that loss will be filled, how much it is, whether he will be clear in keeping tabs on the process—for example, through the review we want—and how the measure will be implemented.

Mel Stride: The first point to make is that the measure will affect an extremely small number of businesses. We are talking a multiple of handfuls. That is one of the drivers for the negligibility of the costs. I am pleased that the hon. Gentleman appears broadly to welcome the thrust of what we are doing. On the issue of cost that he raises, the figures have been verified by the Office for Budget Responsibility, so an independent organisation has had a look at them, and we are not relying on the Treasury. By "negligible", I mean that we are looking at an impact of less than £5 million in any one year across the scorecard period.

The figures would be relatively negligible not just because of the small number of businesses involved, but because, in the absence of the changes, we would expect those companies either not to restructure in the way we are now facilitating, or to find different ways of approximating the same thing without incurring the tax disadvantages that we seek to remove through this clause.

Question put and agreed to.

Clause 27 accordingly ordered to stand part of the Bill.

Clause 28 ordered to stand part of the Bill.

Clause 29

First-year tax credits

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to discuss new clause 12—*First Year Tax Credits: Review of effectiveness*—

'(1) The Chancellor of the Exchequer must commission a review of the effectiveness of First Year Tax Credits.

(2) The review under this section must consider—

(a) the effectiveness of First Year Tax Credits on—

(i) encouraging investment in efficient plant and machinery,

(ii) reducing the consumption of energy by business,

(iii) aiding the UK's carbon reduction obligations, and

(b) the impact on revenue of the tax credits.

(3) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section within twelve months of the passing of this Act."

This new clause would require the Chancellor of the Exchequer to commission and lay before the House of Commons a report into the effectiveness of First Year Tax Credits.

Mel Stride: Clause 29 will extend the first-year tax credit scheme to 2023 and reduce the rate of eligible claims to two thirds of the corporation tax rate. That will ensure that loss-making companies are appropriately incentivised to invest in energy-saving equipment following reductions in the corporation tax rate.

As the Committee will be aware, first-year allowances allow companies immediately to deduct the cost of qualifying energy-efficient and water-efficient equipment from their tax liability. However, loss-making businesses are not able to benefit from tax deductions, so in 2008 the first-year tax credit was introduced, which provided loss-makers with a payable credit to ensure that they were still incentivised to invest in energy-efficient equipment. The original legislation was amended in 2013 to include a sunset clause that stipulated that the scheme would expire in March 2018 unless the Government legislated to extend it.

The first-year tax credit scheme helps as many as 100 loss-making companies annually to invest in energy-saving and water-saving equipment. It enables a business to bring forward its investment to get the machinery it needs when it is needed. The changes made by the clause will extend the life of the policy to 2023 to ensure that that support continues.

Since 2008, the tax credit rate has been fixed in law at 19%, but over the same timeframe the corporation tax rate has been reduced from 28% in 2008 to 19% today, and it is legislated to fall to 17% in 2020. Therefore, the incentives for profit-making and loss-making companies have become misaligned from their original policy intention.

The clause will therefore peg the tax credit rate to two thirds of the corporation tax rate, as opposed to a specific percentage. That will ensure that the policy is in line with its original intention by ensuring that the incentive to invest in energy-saving equipment is not disproportionately greater for loss-making companies than for profitable companies that can deduct their expenses from their tax bill. Pegging the tax credit rate to the corporation tax rate will also ensure that the scheme operates as intended when powers to set the corporation tax rate are devolved to Northern Ireland.

New clause 12 would require a review of the effectiveness of first-year tax credits in encouraging business energy efficiency and of their impact on tax revenues. As with all aspects of the tax system, the Government regularly review tax reliefs to ensure that they are effective in fulfilling their objectives. In line with that practice, and to allow an opportunity fully to evaluate the relief, the legislation includes a sunset clause that means that it will expire in 2023 unless renewed.

[Mel Stride]

In addition, first-year tax credits are available only for investments made on qualifying equipment published on the energy technology list or the water technology list, which are routinely updated to ensure that the technologies listed meet efficiency criteria. The reviews of qualifying products are administered by the Department for Business, Energy and Industrial Strategy and the Department for Environment, Food and Rural Affairs respectively. The performance criteria for each review and the products that meet those criteria are publicly available.

To conclude, extending the policy will ensure that loss-making companies remain incentivised to invest in equipment with the greatest environmental benefits. Following the reduction in the corporation tax rates, the changes in the clause will also ensure that the scheme remains in line with the original policy intention.

Anneliese Dodds (Oxford East) (Lab/Co-op): I am grateful to the Minister for his summary of the background to the measures and their purpose. I certainly agree that their initial purpose was to mitigate the barrier of high purchase costs where the efficiency of a product might provide savings to business and wider environmental benefits. The measures were introduced under a Labour Government in 2008 before being reintroduced in 2013. The Committee is considering their extension and some recalibrations, as the Minister set out.

None the less, we have tabled an amendment requiring a review of first-year tax credits as they currently exist. As the Minister stated, our review would examine the extent to which they encouraged investment in efficient plants and machinery, reduced the consumption of energy by business, and aided the UK's carbon reduction obligations. We would also like the review to assess their impact on revenue. After all, as is the case with every tax relief, the tax credits amount to forgone tax.

Looking at this issue as a Member of Parliament, it does not appear to me—perhaps Conservative Members have had different experience when investigating this change in readiness for the Committee—that a huge amount of information is available on the current impact of the tax relief. It is not clear exactly who is using it, the average size of the companies or their sector. From what I can gather from the experts I have asked, the overall cost of the tax relief seems to be bundled up in HMRC's summary of the estimated cost of all capital allowances, within its overall summary of the estimated costs of principal tax reliefs.

2.30 pm

Incidentally, if colleagues are interested, the estimate for the cost of all capital allowances for 2016-17 is £22.5 billion.

The Government have stated that they will keep the measure under review through regular communication with affected taxpayer groups—the Minister has just explained how, in particular, the list of products that can be supported through the scheme is kept under review—but there is no commitment publicly to review the revenue impact of the relief as it operates at the moment, or to review exactly what its incidence is in terms of different sectors, firms, their size and so on. We believe that that is necessary.

From what I understand, the only formal attempt to review the tax credits' use and cost is through boxes on tax returns. I am unclear how the evidence from filling in those boxes is collected and collated and whether it is then publicly reported anywhere; it does not seem to be. It is essential that we understand the extent and impact of the expenditure. To put this in context with the Government's cuts to environmental efforts in other areas, colleagues will be aware, for example, that the energy company obligation has been reduced to £640 million a year from £860 million a year under the previous obligation, which itself was a reduction from the ECO in its original form, which came to £1.2 billion. There has also been a reduction of about 88% in the installation of major insulation measures compared with rates under the Labour Government.

Part of that context is that the Government released their strategy for clean growth—more than a year after their initial commitment to do so—only after coming under significant pressure within and outside Parliament and, apparently, breaking a commitment under the Climate Change Act 2008 that required them to produce a climate change plan, to be published as soon as its order had been laid. That has not come as a surprise to those of us who follow the issue of air quality, which has already been mentioned in the Committee, on which the Government have repeatedly been taken to court successfully.

We need to be able to assess the efficacy of the first-year tax credits in generally boosting water quality and efficiency and reducing carbon emissions against measures that could be introduced but have not been and those that this or previous Conservative Governments have cut. Many of us had hoped that the Office of Tax Simplification would be able to undertake just such a detailed analysis for us, but that has not yet happened for environmental measures. Therefore, I repeat our request for a proper review of the tax reliefs.

Ruth George (High Peak) (Lab): The total corporation tax take in the last year was £56 billion and capital allowances reduced that bill by £22.5 billion—almost half as much again of the total bill. Does my hon. Friend not agree that that makes it even more important that we review such a substantial area of reduction in corporation tax?

Anneliese Dodds: I thoroughly agree with my hon. Friend. I must admit that the UK is not alone in its general lack of consideration of the incidence of tax reliefs and their impact on forgone expenditure, but surely we need to be at the forefront of public administration and public policy globally. We should be considering the issue. As my colleagues mentioned, we are talking about not small amounts of money but very substantial amounts, which to all intents and purposes are forgone tax, although they are classified differently from expenditure within Government accounts. For that and many other reasons, I commend the amendment to the Committee.

Mel Stride: It is pleasing to see that the hon. Lady and I can agree on a measure that was introduced under a Labour Government. It is something good that we are keeping going, but improving at the same time. That is our mission.

I will be brief, and will not go into all the discussions around the climate change arguments put by the hon. Lady; I will focus on the amendment specifically and the review that it calls for. The measure affects only a small number of businesses, in the order of about 100. We will, of course, keep this tax measure under review, as we do all tax measures. On the basis of the size of the measure and the universe to which it applies, I feel strongly that it would be disproportionate to introduce a full review of its effects.

On that note, I urge the Committee to agree to the clause. I think that the Chief Whip—sorry, I mean the Whip—will intervene shortly to suggest that the Committee adjourn. With that information in mind, I thank the Committee for its deliberations today and look forward to further deliberations on Tuesday. I wish everybody an enjoyable weekend when it comes.

The Chair: I am grateful to the Minister, who is on top form. For clarification, we are not considering an amendment; it is a new clause. The vote on it will be held at a later stage, so I will put the question that clause 29 stand part of the Bill.

Question put and agreed to.

Clause 29 accordingly ordered to stand part of the Bill.

Ordered, That further consideration be now adjourned.—*(David Rutley.)*

2.35 pm

Adjourned till Tuesday 16 January at twenty-five minutes past Nine o'clock.

Written evidence reported to the House

FB20 WTT Consulting Ltd

FB21 This person wishes to remain anonymous

FB22 WTT Consulting Ltd—further submission

FB23 Chartered Institute of Taxation (clause 35 and schedule 10)

FB24 This person wishes to remain anonymous

FB25 This person wishes to remain anonymous

FB26 James D Jones-Tinsley FPMI APFS, for and on behalf of Barnett Waddingham LLP