



Craig Whittaker MP

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Finance Bill 2017

Thank you for contacting me about the Finance Bill 2017.

A number of measures had to be removed from the original 2017 Finance Bill due to the general election. The new bill will introduce measures which were removed from the first bill. Key measures in the Bill include Making Tax Digital and changes to dividend taxation. There are also a number of measures relating to tax avoidance and evasion, both by companies and by individuals, and changes to the taxation of termination payments.

A Finance Bill of the scope of this one is, of course, necessarily a detailed and complex piece of legislation. The key points on the main proposals are set out below with links to further information on the Government's position where appropriate.

MAKING TAX DIGITAL

Making Tax Digital will help bring the tax system into the 21st century by providing businesses with a modern, streamlined system to keep their tax records.

Over £8 billion a year in tax is lost from avoidable taxpayer errors. ([HMRC Policy Paper, Making Tax Digital, 8 March 2017](#))

The Government has listened to concerns raised by businesses and by the Treasury Select Committee. ([Mel Stride, Written Ministerial Statement, 13 July 2017](#))

Roll out for Making Tax Digital has been amended to ensure businesses have plenty of time to adapt to the changes.

Businesses and landlords with a turnover below the VAT threshold will be able to choose when to move to the new digital system.

No business will need to provide information to HMRC more regularly than they do now.

The new timetable for Making Tax Digital has been welcomed by many industry groups.

AVOIDANCE AND EVASION

Since 2010, HMRC has secured over £160 billion in additional tax revenue through tackling avoidance, evasion and non-compliance. ([HMT PR, 8 September 2017](#))

The UK's tax gap remains one of the lowest in the world. ([Jane Ellison, HC Deb, 18 April 2017](#))

Abolishing permanent non-dom status will mean those who have lived here for years pay tax in the same way as other UK residents.

The protections for overseas trusts will only apply as long as income remains inside the trust.

The Opposition's proposed amendments would put at risk the £9 billion of tax revenue which is already collected from non-doms each year. ([Mel Stride, Public Bill Committee, 19 October 2017](#))

If the Opposition genuinely believe the protections for trusts are simply to help the Conservatives' rich friends, why did Labour fail to do anything about non-doms when in office?

Restricting the amount of profit that can be offset through losses carried forward will ensure that large companies make a tax contribution when they make significant profits.

A new anti-tax avoidance penalty will be introduced, for a person who has enabled another person or business to use a tax avoidance arrangement that is later defeated by HMRC.

The tax treatment of termination payments in the UK will be more generous than in countries such as Germany and the US.

GENERAL POINTS ON TAXATION AND SPENDING

The income tax personal allowance has been raised to £11,500. This means the amount someone can earn tax-free in 2017-18 will be over 75 per cent higher than in 2010. ([Spring Budget 2017](#))

Around 1.3 million people have been taken out of income tax altogether compared to the beginning of the present Parliament.

A typical basic rate taxpayer will pay £1,005 less income tax in 2017-18 than in 2010-11.

Raising the personal allowance and the higher rate threshold has meant that 31 million people will see their income tax bill reduced in 2017-18 compared to 2015-16. ([Autumn Statement 2016](#))

The deficit is down by more than two thirds since 2010. As a share of GDP it is down by almost three quarters.

The approach that has been taken to bringing the public finances back into balance has been sensible, balanced, and fair. Spending on vital services such as the NHS has actually been increasing in real terms.

The Labour Party tried to tell the electorate that they can have all the spending they want and that the rich will pay for it all. The independent IFS have been clear that their sums do not add up.

Thank you again for contacting me.

Kind regards,

A handwritten signature in black ink, appearing to read 'Craig Whittaker', with a horizontal line drawn through the middle of the signature.

Craig Whittaker MP