



# Finance Act 2017

## 2017 CHAPTER 10

### PART 1

#### DIRECT AND INDIRECT TAXES

##### *Income tax charge and rates*

#### **1 Income tax charge for tax year 2017-18**

Income tax is charged for the tax year 2017-18.

#### **2 Main rates of income tax for tax year 2017-18**

For the tax year 2017-18 the main rates of income tax are as follows—

- (a) the basic rate is 20%;
- (b) the higher rate is 40%;
- (c) the additional rate is 45%.

#### **3 Default and savings rates of income tax for tax year 2017-18**

(1) For the tax year 2017-18 the default rates of income tax are as follows—

- (a) the default basic rate is 20%;
- (b) the default higher rate is 40%;
- (c) the default additional rate is 45%.

(2) For the tax year 2017-18 the savings rates of income tax are as follows—

- (a) the savings basic rate is 20%;
- (b) the savings higher rate is 40%;
- (c) the savings additional rate is 45%.

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#### **4 Starting rate limit for savings for tax year 2017-18**

- (1) For the amount specified in section 12(3) of ITA 2007 (starting rate for savings) substitute “ £5000 ”.
- (2) The amendment made by subsection (1) has effect in relation to the tax year 2017-18 and subsequent tax years.
- (3) Section 21 of ITA 2007 (indexation), so far as relating to the starting rate limit for savings, does not apply in relation to the tax year 2017-18 (but this section does not override that section for subsequent tax years).

#### *Corporation tax charge*

#### **5 Corporation tax charge for financial year 2018**

Corporation tax is charged for the financial year 2018.

#### *Income tax: general*

#### **6 Workers' services provided to public sector through intermediaries**

Schedule 1 makes provision about workers' services provided to the public sector through intermediaries.

#### **7 Optional remuneration arrangements**

Schedule 2 makes provision about optional remuneration arrangements.

#### **8 Taxable benefits: asset made available without transfer**

- (1) ITEPA 2003 is amended as follows.
- (2) In section 205 (cost of taxable benefit subject to the residual charge: asset made available without transfer)—
  - (a) in subsection (1), for paragraph (a) substitute—
 

“(a) the benefit consists in an asset being made available for private use, and”,
  - (b) after subsection (1) insert—
 

“(1A) In this section and section 205A, “private use” means private use by the employee or a member of the employee's family or household.

(1B) For the purposes of subsection (1) and sections 205A and 205B, an asset made available in a tax year for use by the employee or a member of the employee's family or household is to be treated as made available throughout the year for private use unless—

    - (a) at all times in the year when it is available for use by the employee or a member of the employee's family or household, the terms under which it is made available prohibit private use, and
    - (b) no private use is made of it in the year.

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- (1C) The cost of the taxable benefit is—
- (a) the annual cost of the benefit determined in accordance with subsection (2), less
  - (b) any amount required to be deducted by section 205A (deduction for periods when asset unavailable for private use).

(1D) In certain cases, the cost of the taxable benefit is calculated under this section in accordance with section 205B (reduction of cost of taxable benefit where asset is shared).”, and

- (c) in subsection (2), in the words before paragraph (a), for “cost of the taxable” substitute “ annual cost of the ”.

(3) After section 205 insert—

**“205A Deduction for periods when asset unavailable for private use**

- (1) A deduction is to be made under section 205(1C)(b) if the asset mentioned in section 205(1) has been unavailable for private use on any day during the tax year concerned.
- (2) For the purposes of this section an asset is “unavailable” for private use on any day if—
  - (a) that day falls before the day on which the asset is first available to the employee,
  - (b) that day falls after the day on which the asset is last available to the employee,
  - (c) for more than 12 hours during that day the asset—
    - (i) is not in a condition fit for use,
    - (ii) is undergoing repair or maintenance,
    - (iii) could not lawfully be used,
    - (iv) is in the possession of a person who has a lien over it and who is not the employer, not a person connected with the employer, not the employee, not a member of the employee's family and not a member of the employee's household, or
    - (v) is used in a way that is neither use by, nor use at the direction of, the employee or a member of the employee's family or household, or
  - (d) on that day the employee—
    - (i) uses the asset in the performance of the duties of the employment, and
    - (ii) does not use the asset otherwise than in the performance of the duties of the employment.

(3) The amount of the deduction is given by—

$$\frac{U}{Y} \times A$$

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where—

U is the number of days, in the tax year concerned, on which the asset is unavailable for private use,

Y is the number of days in that year, and

A is the annual cost of the benefit of the asset determined under section 205(2).

- (4) The reference in subsection (2)(a) to the time when the asset is first available to the employee is to the earliest time when the asset is made available, by reason of the employment and without any transfer of the property in it, for private use.
- (5) The reference in subsection (2)(b) to the time when the asset is last available to the employee is to the last time when the asset is made available, by reason of the employment and without any transfer of the property in it, for private use.

### **205B Reduction of cost of taxable benefit where asset is shared**

- (1) This section applies where the cost of an employment-related benefit (“the taxable benefit”) is to be determined under section 205.
  - (2) If, for the whole or part of the tax year concerned, the same asset is available for more than one employee's private use at the same time, the total of the amounts which are the cost of the taxable benefit for each of those employees is to be limited to the annual cost of the benefit of the asset determined in accordance with section 205(2).
  - (3) The cost of the taxable benefit for each employee is determined by taking the amount given by section 205(1C) and then reducing that amount on a just and reasonable basis.
  - (4) For the purposes of this section, an asset is available for an employee's private use if it is available for private use by the employee or a member of the employee's family or household.”
- (4) In section 365 (deductions where employment-related benefit provided)—
- (a) in subsection (1)—
    - (i) omit the “and” at the end of paragraph (a), and
    - (ii) after that paragraph insert—
      - “(aa) the cost of the benefit was determined under section 204 or 206, and”,
  - (b) in subsection (3), for “sections 204 to 206” substitute “ section 204 or 206 ”, and
  - (c) in the heading, for “employment-related benefit” substitute “ certain employment-related benefits ”.
- (5) The amendments made by this section have effect for the tax year 2017-18 and subsequent tax years.

## **9 Overseas pensions**

Schedule 3 makes provision about—

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- (a) registered pension schemes established outside the United Kingdom, and
- (b) payments made in respect of overseas pension entitlement.

## **10 Pensions: offshore transfers**

Schedule 4 contains provision about charging income tax—

- (a) where payments are made in respect of overseas pensions, and
- (b) on transfers to qualifying recognised overseas pension schemes.

## **11 Deduction of income tax at source**

Schedule 5 makes provision about deduction of income tax at source.

### *Employee shareholder shares*

## **12 Employee shareholder shares: amount treated as earnings**

- (1) In section 226A of ITEPA 2003 (amount treated as earnings)—
  - (a) in subsection (2), for “calculated in accordance with subsection (3)” substitute “equal to the market value of the shares”;
  - (b) omit subsection (3);
  - (c) in subsection (6), omit “and sections 226B to 226D”;
  - (d) in subsection (7), after “subsection (1)” insert “(but not subsection (2))”.
- (2) Omit sections 226B to 226D of ITEPA 2003 (deemed payment).
- (3) In consequence of subsection (2), in ITEPA 2003 omit the following—
  - (a) section 479(3A);
  - (b) section 531(3A);
  - (c) section 532(4A).
- (4) In consequence of subsection (2), in CTA 2009 omit the following—
  - (a) in section 1005, the definition of “employee shareholder share”;
  - (b) section 1009(6);
  - (c) in section 1010(1), “and, in the case of employee shareholder shares, section 1038B”;
  - (d) in section 1011(4)(b), “(but see also section 1038B of this Act)“;
  - (e) in sections 1018(1) and 1019(1), “and, in the case of employee shareholder shares, section 1038B”;
  - (f) sections 1022(5), 1026(5), 1027(5), 1033(5) and 1034(5);
  - (g) section 1038B;
  - (h) sections 1292(6ZA) and 1293(5A);
  - (i) in Schedule 4, the entry relating to “employee shareholder share”.
- (5) The amendments made by this section have effect in relation to shares acquired in consideration of an employee shareholder agreement entered into on or after the relevant day.
- (6) The relevant day is 1 December 2016, subject to subsection (7).

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- (7) Where the individual entering into an employee shareholder agreement receives the advice referred to in section 205A(6)(a) of the Employment Rights Act 1996—
- (a) on 23 November 2016, but
  - (b) before 1.30 pm on that day,
- the relevant day is 2 December 2016.

### **13 Employee shareholder shares: abolition of CGT exemption**

- (1) TCGA 1992 is amended as follows.
- (2) In section 58 (spouses and civil partners)—
  - (a) in subsection (2)—
    - (i) at the end of paragraph (a) insert “ or ”;
    - (ii) omit paragraph (c) and the preceding “or”;
  - (b) omit subsections (3) to (5).
- (3) In section 149AA (restricted and convertible employment-related securities and employee shareholder shares), for subsection (6A) substitute—
 

“(6A) For the purposes of this section—

shares are “acquired” by an employee if the employee becomes beneficially entitled to them (and they are acquired at the time when the employee becomes so entitled);

“employee shareholder share” means a share acquired in consideration of an employee shareholder agreement and held by the employee;

“employee shareholder agreement” means an agreement by virtue of which an employee is an employee shareholder (see section 205A(1)(a) to (d) of the Employment Rights Act 1996);

“employee” and “employer company”, in relation to an employee shareholder agreement, mean the individual and the company which enter into the agreement.”
- (4) Omit sections 236B to 236F (exemption for employee shareholder shares).
- (5) In section 236G (relinquishment of employment rights is not disposal of an asset), in subsection (1), for “employee shareholder agreement” substitute “ agreement by virtue of which the individual is an employee shareholder (see section 205A(1)(a) to (d) of the Employment Rights Act 1996) ”.
- (6) The amendments made by this section have effect in relation to shares acquired in consideration of an employee shareholder agreement entered into on or after the relevant day.
- (7) The relevant day is 1 December 2016, subject to subsection (8).
- (8) Where the individual entering into an employee shareholder agreement receives the advice referred to in section 205A(6)(a) of the Employment Rights Act 1996—
  - (a) on 23 November 2016, but
  - (b) before 1.30 pm on that day,

the relevant day is 2 December 2016.

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#### **14 Employee shareholder shares: purchase by company**

- (1) In ITTOIA 2005, omit section 385A (no charge to income tax on purchase by company of exempt employee shareholder shares).
- (2) The amendment made by this section has effect in relation to the purchase from an individual of shares which were acquired in consideration of an employee shareholder agreement entered into on or after the relevant day.
- (3) The relevant day is 1 December 2016, subject to subsection (4).
- (4) Where the individual entering into an employee shareholder agreement receives the advice referred to in section 205A(6)(a) of the Employment Rights Act 1996—
  - (a) on 23 November 2016, but
  - (b) before 1.30 pm on that day,the relevant day is 2 December 2016.

*Disguised remuneration*

#### **15 Employment income provided through third parties**

Schedule 6 makes provision about employment income provided through third parties.

*Indirect taxes*

#### **16 VAT: zero-rating of adapted motor vehicles etc**

Schedule 7 contains amendments of Schedule 8 to VATA 1994 (zero-rating).

#### **17 Insurance premium tax: standard rate**

- (1) In section 51(2)(b) of FA 1994 (standard rate of insurance premium tax), for “10 per cent” substitute “ 12 per cent ”.
- (2) Subject to subsection (3), the amendment made by subsection (1) has effect in relation to a premium falling to be regarded for the purposes of Part 3 of FA 1994 as received under a taxable insurance contract by an insurer on or after 1 June 2017.
- (3) That amendment does not have effect in relation to a premium falling within subsection (4), unless the premium falls to be regarded for the purposes of Part 3 of FA 1994 as received under a taxable insurance contract by an insurer on or after 1 June 2018.
- (4) A premium falls within this subsection if it is in respect of a risk for which the period of cover begins before 1 June 2017.
- (5) In the application of sections 66A and 66B of FA 1994 (anti-forestalling provision) in relation to the increase in insurance premium tax made by this section, the announcement relating to that increase is to be taken to have been made on 8 March 2017 (and “the change date” is to be taken to be 1 June 2017).
- (6) This section is to be read with section 66C of FA 1994 (premiums relating to more than one period of cover).

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## 18 Insurance premium tax: anti-forestalling provision

(1) FA 1994 is amended as follows.

(2) After section 66 insert—

### “66A Rate increases: deemed date of receipt of certain premiums

- (1) This section applies where a Minister of the Crown announces a proposed increase in the rate at which tax is to be charged on a premium if it is received by the insurer on or after a date specified in the announcement (“the change date”).
- (2) This section applies whether or not the announcement includes an announcement of a proposed exception from the increase (for example, for premiums in respect of risks for which the period of cover begins before the change date).
- (3) Subsection (4) applies where—
  - (a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement and before the change date, and
  - (b) the period of cover for the risk begins on or after the change date.
- (4) For the purposes of this Part the premium is to be taken to be received on the change date.
- (5) Subsection (6) applies where—
  - (a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement and before the change date,
  - (b) the period of cover for the risk—
    - (i) begins before the change date, and
    - (ii) ends on or after the first anniversary of the change date (“the first anniversary”), and
  - (c) the premium, or any part of it, is attributable to such of the period of cover as falls on or after the first anniversary.
- (6) For the purposes of this Part—
  - (a) so much of the premium as is attributable to such of the period of cover as falls on or after the first anniversary is to be taken to be received on the change date, and
  - (b) so much as is so attributable is to be taken to be a separate premium.
- (7) In determining whether the condition in subsection (3)(a) or (5)(a) is met, regulations under section 68(3) or (7) apply as they would apart from this section.
- (8) But where subsection (4) or (6) applies—
  - (a) that subsection has effect despite anything in section 68 or regulations under that section, and
  - (b) any regulations under section 68 have effect as if the entry made in the accounts of the insurer showing the premium as due to the insurer had been made as at the change date.



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- (9) A premium treated by subsection (6) as received on the change date is not to be taken to fall within any exception, from an increase announced by the announcement, for premiums in respect of risks for which the period of cover begins before the change date.
- (10) Any attribution under this section is to be made on such basis as is just and reasonable.
- (11) In this section—
- “increase”, in relation to the rate of tax, includes the imposition of a charge to tax by adding to the descriptions of contract which are taxable insurance contracts;
- “Minister of the Crown” has the same meaning as in the Ministers of the Crown Act 1975.

### **66B Section 66A: exceptions and apportionments**

- (1) Section 66A(3) and (4) do not apply in relation to a premium if the risk to which that premium relates belongs to a class of risk as regards which the normal practice is for a premium to be received by or on behalf of the insurer before the date when cover begins.
- (2) Section 66A(5) and (6) do not apply in relation to a premium if the risk to which that premium relates belongs to a class of risk as regards which the normal practice is for cover to be provided for a period of more than twelve months.
- (3) If a contract relates to more than one risk, then in the application of section 66A(3) and (4) or 66A(5) and (6)—
- the reference in section 66A(3)(b) or (5)(b) to the risk is to be read as a reference to any given risk,
  - so much of the premium as is attributable to any given risk is to be taken for the purposes of section 66A(3) and (4) or 66A(5) and (6) to be a separate premium relating to that risk,
  - those provisions then apply separately in the case of each given risk and the separate premium relating to it, and
  - any further attribution required by section 66A(5) and (6) is to be made accordingly,
- and subsections (1) and (2) and section 66A(9) apply accordingly.
- (4) Any attribution under this section is to be made on such basis as is just and reasonable.

### **66C Rate changes: premiums relating to more than one period of cover**

- (1) This section applies if any Act—
- makes an amendment of section 51(2)(a) or (b) which alters the higher rate or standard rate (“the relevant rate”),
  - provides for the amendment to have effect in relation to a premium falling to be regarded for the purposes of this Part as received under a taxable insurance contract by an insurer on or after a particular date (“the change date”), and

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- (c) makes provision that excepts from that amendment a premium which is in respect of a risk for which the period of cover begins before the change date.
- (2) Subsection (3) applies if a premium which is liable to tax at the relevant rate, and which falls to be regarded for the purposes of this Part as received under a taxable insurance contract by an insurer on or after the change date, is—
    - (a) partly in respect of a risk for which the period of cover begins before the change date, and
    - (b) partly in respect of a risk for which the period of cover begins on or after that date.
  - (3) So much of the premium as is attributable to the risk for which the period of cover begins on or after the change date is to be treated for the purposes of this Part and the provision mentioned in subsection (1)(c) as a separate premium.
  - (4) Where a premium is in respect of a relevant rate matter and also a matter that is not a relevant rate matter—
    - (a) for the purposes of the provision mentioned in subsection (1)(c), the premium is to be treated as in respect of a risk for which the period of cover begins before the change date if the part of it attributable to the relevant rate matter is in respect of such a risk, and
    - (b) the reference in subsection (2) to a premium which is liable to tax at the relevant rate is to be read as a reference to so much of the premium as is attributable to the relevant rate matter (and subsection (3) is to be read accordingly).
  - (5) If premiums of any description are excluded from the exception mentioned in subsection (1)(c), nothing in subsections (2) to (4) applies to a premium of that description.
  - (6) Nothing in subsection (4) applies to an excepted premium (within the meaning given by section 69A).
  - (7) Any attribution under this section is to be made on such basis as is just and reasonable.
  - (8) In this section a “relevant rate matter” means—
    - (a) where the relevant rate is the standard rate, a standard rate matter as defined by section 69(12)(c);
    - (b) where the relevant rate is the higher rate, a higher rate matter as defined by section 69(12)(d).
  - (9) In subsection (1) the reference to any Act includes a resolution which has statutory effect under the Provisional Collection of Taxes Act 1968.”
- (3) Omit—
    - (a) section 67 (spent transitional provision), and
    - (b) sections 67A to 67C (which are superseded by sections 66A and 66B inserted by subsection (2)).
  - (4) The amendments made by subsections (2) and (3)(b) have effect on and after 8 March 2017.

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- (5) Despite the repeal by subsection (3) of sections 67A and 67C of FA 1994, those sections continue to have effect so far as they apply to premiums received on or after 23 November 2016 and before 8 March 2017.

## 19 Air passenger duty: rates from 1 April 2017

- (1) In section 30 of FA 1994 (air passenger duty: rates of duty), in subsection (4A) (long haul rates of duty)—
- in paragraph (a), for “£73” substitute “ £75 ”;
  - in paragraph (b), for “£146” substitute “ £150 ”.
- (2) The amendments made by this section have effect in relation to the carriage of passengers beginning on or after 1 April 2017.

## 20 Vehicle excise duty: rates

- (1) Schedule 1 to VERA 1994 (annual rates of duty) is amended as follows.
- (2) In paragraph 1 (general rate of duty)—
- in sub-paragraph (2) (vehicle not covered elsewhere in Schedule with engine cylinder capacity exceeding 1,549cc), for “£235” substitute “ £245 ”, and
  - in sub-paragraph (2A) (vehicle not covered elsewhere in Schedule with engine cylinder capacity not exceeding 1,549cc), for “£145” substitute “ £150 ”.
- (3) In paragraph 1B (graduated rates of duty for light passenger vehicles)—
- in the words before paragraph (a), for “tables” substitute “ table ”,
  - in paragraph (a), at the end insert “ and ”,
  - in paragraph (b), at the end omit “, and”,
  - omit paragraph (c),
  - for Tables 1 and 2 substitute—

<i>“CO<sub>2</sub> emissions figure</i>		<i>Rate</i>	
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Reduced rate</i>	<i>Standard rate</i>
<i>g/km</i>	<i>g/km</i>	<i>£</i>	<i>£</i>
100	110	10	20
110	120	20	30
120	130	105	115
130	140	125	135
140	150	140	150
150	165	180	190
165	175	210	220
175	185	230	240
185	200	270	280

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200	225	295	305
225	255	510	520
255		525	535”, and

- (f) in the sentence immediately following Table 2—
- (i) at the beginning, for “Table 2” substitute “ The table ”, and
  - (ii) for paragraphs (a) and (b) substitute—
    - “(a) in column (3), in the last two rows, “295” were substituted for “510” and “ 525 ”, and
    - (b) in column (4), in the last two rows, “305” were substituted for “520” and “ 535 ”.”
- (4) In paragraph 1J (VED rates for light goods vehicles), in paragraph (a), for “£230” substitute “ £240 ”.
- (5) In paragraph 2(1) (VED rates for motorcycles)—
- (a) in paragraph (a), for “£17” substitute “ £18 ”,
  - (b) in paragraph (b), for “£39” substitute “ £41 ”,
  - (c) in paragraph (c), for “£60” substitute “ £62 ”, and
  - (d) in paragraph (d), for “£82” substitute “ £85 ”.
- (6) The amendments made by this section have effect in relation to licences taken out on or after 1 April 2017.

## 21 Alcoholic liquor duties: rates

- (1) ALDA 1979 is amended as follows.
- (2) In section 5 (rate of duty on spirits), for “£27.66” substitute “ £28.74 ”.
- (3) In section 36(1AA) (rates of general beer duty)—
  - (a) in paragraph (za) (rate of duty on lower strength beer), for “£8.10” substitute “ £8.42 ”, and
  - (b) in paragraph (a) (standard rate of duty on beer), for “£18.37” substitute “ £19.08 ”.
- (4) In section 37(4) (rate of high strength beer duty), for “£5.48” substitute “ £5.69 ”.
- (5) In section 62(1A) (rates of duty on cider)—
  - (a) in paragraph (a) (rate of duty per hectolitre on sparkling cider of a strength exceeding 5.5%), for “£268.99” substitute “ £279.46 ”,
  - (b) in paragraph (b) (rate of duty per hectolitre on cider of a strength exceeding 7.5% which is not sparkling cider), for “£58.75” substitute “ £61.04 ”, and
  - (c) in paragraph (c) (rate of duty per hectolitre in any other case), for “£38.87” substitute “ £40.38 ”.
- (6) For the table in Schedule 1 substitute—
 

“Table of rates of duty on wine and made-wine

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## PART 1

### WINE OR MADE-WINE OF A STRENGTH NOT EXCEEDING 22%

<i>Description of wine or made-wine</i>	<i>Rates of duty per hectolitre £</i>
Wine or made-wine of a strength not exceeding 4%	88.93
Wine or made-wine of a strength exceeding 4% but not exceeding 5.5%	122.30
Wine or made-wine of a strength exceeding 5.5% but not exceeding 15% and not being sparkling	288.65
Sparkling wine or sparkling made-wine of a strength exceeding 5.5% but less than 8.5%	279.46
Sparkling wine or sparkling made-wine of a strength of 8.5% or of a strength exceeding 8.5% but not exceeding 15%	369.72
Wine or made-wine of a strength exceeding 15% but not exceeding 22%	384.82

## PART 2

### WINE OR MADE-WINE OF A STRENGTH EXCEEDING 22%

<i>Description of wine or made-wine</i>	<i>Rates of duty per litre of alcohol in wine or made-wine £</i>
Wine or made-wine of a strength exceeding 22%	28.74”.

(7) The amendments made by this section are treated as having come into force on 13 March 2017.

## 22 Tobacco products duty: rates

- (1) TPDA 1979 is amended as follows.
- (2) For the table in Schedule 1 substitute—

“TABLE

1. Cigarettes	An amount equal to 16.5% of the retail price plus £207.99 per thousand cigarettes.
2. Cigars	£259.44 per kilogram
3. Hand-rolling tobacco	£209.77 per kilogram
4. Other smoking tobacco and chewing tobacco	£114.06 per kilogram”.

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- (3) The amendment made by this section is treated as having come into force at 6pm on 8 March 2017.

### **23 Tobacco products duty: minimum excise duty**

- (1) TPDA 1979 is amended as follows.
- (2) In section 6(5)(a) (alteration of rates of duty), for “the amount” substitute “ each amount ”.
- (3) For the first row in the table in Schedule 1 (as substituted by section 22) substitute—

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““1. Cigarettes	An amount equal to the higher of— (a) 16.5% of the retail price plus £207.99 per thousand cigarettes, or (b) £268.63 per thousand cigarettes.”
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- (4) The amendments made by this section are treated as having come into force on 20 May 2017.

### *Avoidance*

### **24 Promoters of tax avoidance schemes: threshold conditions etc**

- (1) In Part 2 of Schedule 34 to FA 2014 (meeting the threshold conditions: bodies corporate and partnerships), in paragraph 13A (interpretation), for sub-paragraphs (6) to (8) substitute—
- “(6) Two or more persons together control a body corporate if together they have the power to secure that the affairs of the body corporate are conducted in accordance with their wishes in any way specified in sub-paragraph (5)(a) to (c).
- (7) A person controls a partnership if the person is a member of the partnership and—
- (a) has the right to a share of more than half the assets, or more than half the income, of the partnership, or
- (b) directs, or is on a day-to-day level in control of, the management of the business of the partnership.
- (8) Two or more persons together control a partnership if they are members of the partnership and together they—
- (a) have the right to a share of more than half the assets, or of more than half the income, of the partnership, or
- (b) direct, or are on a day-to-day level in control of, the management of the business of the partnership.
- (9) Paragraph 19(2) to (5) of Schedule 36 (connected persons etc) applies to a person referred to in sub-paragraph (7) or (8) as if references to “P” were to that person.
- (10) A person has significant influence over a body corporate or partnership if the person—

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- (a) does not control the body corporate or partnership, but
    - (b) is able to, or actually does, exercise significant influence over it (whether or not as the result of a legal entitlement).
  - (11) Two or more persons together have significant influence over a body corporate or partnership if together those persons—
    - (a) do not control the body corporate or partnership, but
    - (b) are able to, or actually do, exercise significant influence over it (whether or not as the result of a legal entitlement).
  - (12) References to a person being a promoter are to the person carrying on business as a promoter.”
- (2) In Part 2 of Schedule 34 to FA 2014, for paragraphs 13B to 13D substitute—

**“Relevant bodies controlled etc by other persons treated as meeting a threshold condition**

- 13B (1) A relevant body is treated as meeting a threshold condition at the relevant time if any of Conditions A to C is met.
- (2) Condition A is that—
    - (a) a person met the threshold condition at a time when the person was a promoter, and
    - (b) the person controls or has significant influence over the relevant body at the relevant time.
  - (3) Condition B is that—
    - (a) a person met the threshold condition at a time when the person controlled or had significant influence over the relevant body,
    - (b) the relevant body was a promoter at that time, and
    - (c) the person controls or has significant influence over the relevant body at the relevant time.
  - (4) Condition C is that—
    - (a) two or more persons together controlled or had significant influence over the relevant body at a time when one of those persons met the threshold condition,
    - (b) the relevant body was a promoter at that time, and
    - (c) those persons together control or have significant influence over the relevant body at the relevant time.
  - (5) Where the person referred to in sub-paragraph (2)(a) or (3)(a) or (4)(a) as meeting a threshold condition is an individual, sub-paragraph (1) only applies if the threshold condition is a relevant threshold condition.
  - (6) For the purposes of sub-paragraph (2) it does not matter whether the relevant body existed at the time referred to in sub-paragraph (2)(a).

*Status: Point in time view as at 06/04/2024.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2017, Part 1. (See end of Document for details)*

**Persons who control etc a relevant body treated as meeting a threshold condition**

- 13C (1) If at a time when a person controlled or had significant influence over a relevant body—
- (a) the relevant body met a threshold condition, and
  - (b) the relevant body, or another relevant body which the person controlled or had significant influence over, was a promoter,
- the person is treated as meeting the threshold condition at the relevant time.
- (2) It does not matter whether any relevant body referred to sub-paragraph (1) exists at the relevant time.

**Relevant bodies controlled etc by the same person treated as meeting a threshold condition**

- 13D (1) If—
- (a) a person controlled or had significant influence over a relevant body at a time when it met a threshold condition, and
  - (b) at that time that body, or another relevant body which the person controlled or had significant influence over, was a promoter,
- any relevant body which the person controls or has significant influence over at the relevant time is treated as meeting the threshold condition at the relevant time.
- (2) If—
- (a) two or more persons together controlled or had significant influence over a relevant body at a time when it met a threshold condition, and
  - (b) at that time that body, or another relevant body which those persons together controlled or had significant influence over, was a promoter,
- any relevant body which those persons together control or have significant influence over at the relevant time is treated as meeting the threshold condition at the relevant time.
- (3) It does not matter whether—
- (a) a relevant body referred to in sub-paragraph (1)(a) or (b) or (2)(a) or (b) exists at the relevant time, or
  - (b) a relevant body existing at the relevant time existed at the time referred to in sub-paragraph (1)(a) or (2)(a)."
- (3) In Part 4 of Schedule 34A to FA 2014 (meeting section 237A conditions: bodies corporate and partnerships), for paragraphs 20 to 22 substitute—

**“Relevant bodies controlled etc by other persons treated as meeting section 237A condition**

- 20 (1) A relevant body is treated as meeting a section 237A condition at the section 237A(2) relevant time if any of Conditions A to C is met.



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*Status: Point in time view as at 06/04/2024.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2017, Part 1. (See end of Document for details)*

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- (2) Condition A is that—
- (a) a person met the section 237A condition at a time when the person was a promoter, and
  - (b) the person controls or has significant influence over the relevant body at the section 237A(2) relevant time.
- (3) Condition B is that—
- (a) a person met the section 237A condition at a time when the person controlled or had significant influence over the relevant body,
  - (b) the relevant body was a promoter at that time, and
  - (c) the person controls or has significant influence over the relevant body at the section 237A(2) relevant time.
- (4) Condition C is that—
- (a) two or more persons together controlled or had significant influence over the relevant body at a time when one of those persons met the section 237A condition,
  - (b) the relevant body was a promoter at that time, and
  - (c) those persons together control or have significant influence over the relevant body at the section 237A(2) relevant time.
- (5) Sub-paragraph (1) does not apply where the person referred to in sub-paragraph (2)(a), (3)(a), or (4)(a) as meeting a section 237A condition is an individual.
- (6) For the purposes of sub-paragraph (2) it does not matter whether the relevant body existed at the time referred to in sub-paragraph (2)(a).

#### **Persons who control etc a relevant body treated as meeting a section 237A condition**

- 21 (1) If at a time when a person controlled or had significant influence over a relevant body—
- (a) the relevant body met a section 237A condition, and
  - (b) the relevant body, or another relevant body which the person controlled or had significant influence over, was a promoter,
- the person is treated as meeting the section 237A condition at the section 237A(2) relevant time.
- (2) It does not matter whether any relevant body referred to sub-paragraph (1) exists at the section 237A(2) relevant time.

#### **Relevant bodies controlled etc by the same person treated as meeting a section 237A condition**

- 22 (1) If—
- (a) a person controlled or had significant influence over a relevant body at a time when it met a section 237A condition, and
  - (b) at that time that body, or another relevant body which the person controlled or had significant influence over, was a promoter,

*Status: Point in time view as at 06/04/2024.*

**Changes to legislation:** *There are currently no known outstanding effects for the Finance Act 2017, Part 1. (See end of Document for details)*

any relevant body which the person controls or has significant influence over at the section 237A(2) relevant time is treated as meeting the section 237A condition at the section 237A(2) relevant time.

(2) If—

- (a) two or more persons together controlled or had significant influence over a relevant body at a time when it met a section 237A condition, and
- (b) at that time that body, or another relevant body which those persons together controlled or had significant influence over, was a promoter,

any relevant body which those persons together control or have significant influence over at the section 237A(2) relevant time is treated as meeting the section 237A condition at the section 237A(2) relevant time.

(3) It does not matter whether—

- (a) a relevant body referred to in sub-paragraph (1)(a) or (b) or (2) (a) or (b) exists at the section 237A(2) relevant time, or
- (b) a relevant body existing at the section 237A(2) relevant time existed at the time referred to in sub-paragraph (1)(a) or (2)(a)."

(4) In Part 4 of Schedule 34A to FA 2014, in paragraph 23 (interpretation)—

- (a) in sub-paragraph (1), for the definition of “control” substitute—

““control” and “significant influence” have the same meanings as in Part 4 of Schedule 34 (see paragraph 13A(5) to (11));

references to a person being a promoter are to the person carrying on business as a promoter;”;

- (b) in sub-paragraph (2), for “20(1)(a), 21(1)(a) and 22(1)(a)” substitute “ 20 to 22 ”.

(5) The amendments made by subsections (1) and (2) have effect for the purposes of determining whether a person meets a threshold condition in a period of three years ending on or after 8 March 2017.

(6) The amendments made by subsections (3) and (4) have effect for the purposes of determining whether a person meets a section 237A condition in a period of three years ending on or after 8 March 2017.

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Point in time view as at 06/04/2024.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2017, Part 1.