Finance Bill 2024: Committee of the whole House debate

General Features | Personal tax | Indirect Tax | Large Corporate | Property Tax



22 January 2025

CIOT submitted briefings ahead of the Committee of the whole House debate of certain clauses of the Finance Bill.

The clauses selected for debate by the Committee of the whole House related to capital gains tax (CGT) rates and reliefs, oil and gas taxation, VAT on private school fees rates and rates of stamp duty land tax for purchases of additional dwellings and purchases by companies. MPs debated these clauses over two days on 10 and 11 December 2024. The Opposition raised points from CIOT's briefings, submitted to and discussed with them, in three of the four debates.

In the debate on clauses 7-12 of the Finance Bill, which make changes to CGT, the Shadow Financial Secretary to the Treasury Gareth Davies thanked CIOT for their 'invaluable support' and highlighted several issues raised by the CIOT on the CGT changes. These included our observation that the immediate increase to main CGT rates, while the rate for business asset disposal relief remains unchanged until April

2025, creates a window until April 2025 for business owners to benefit from a greater differential in rates, incentivising early sales.

In the debate on VAT on private school fees, provided for in clauses 47-49 of the Finance Bill, the Shadow Exchequer Secretary James Wild cited the CIOT's call for delaying the implementation of the policy. Wild raised our concern that 'neither HMRC nor the private schools will be ready to implement the change in VAT liability effectively'. He continued to say that, in order to meet the deadline, HMRC have to register schools for VAT in just five working weeks.

In the debate on clauses 50-53 of the Finance Bill, which make changes to the rates of stamp duty land tax for purchases of additional dwellings and purchases by companies, the Shadow Exchequer Secretary thanked the CIOT for drawing attention to some structural tax issues that the clauses create. He explained: 'There is now a top residential rate of 19%, compared with a top rate of 5% for the purchase of non-residential or mixed property, so taxpayers may be incentivised to argue that the property that they are buying is non-residential or mixed-use – for example, it may have a paddock that they would use – to take advantage of the lower rate. A number of those cases have come to the First-tier Tribunal and higher court'. Wild asked if the minister could address this risk, and whether increased compliance costs will arise because of the divergence. At the end of the debates, the government's clauses on these parts of the Bill passed without amendment.

You can read our full report on the four debates at: tinyurl.com/5efc4rb4.

The briefings that the CIOT produced on the relevant clauses can be read here:

- Finance Bill 2024-25 briefing: Capital gains tax: www.tax.org.uk/ref1435
- Finance Bill 2024-25 briefing: Oil and gas taxation: www.tax.org.uk/ref1436
- Finance Bill 2024-25 briefing: VAT on private school fees: www.tax.org.uk/ref1437
- Finance Bill 2024-25 briefing: Stamp duty land tax: www.tax.org.uk/ref1438

The remaining clauses of the Finance Bill will be considered in Public Bill Committee in late January and early February 2025.

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