Draft FB 2017 Cl 18: Business Investment Relief

OMB Personal tax

01 March 2017

CIOT continues to seek to ensure that the anti-avoidance rules within Business Investment Relief do not discourage the take up of the relief.

The CIOT has submitted comments on clause 18 of the draft FB 2017 provisions setting out changes to business investment relief (BIR). The aim of the changes is to expand the scope of this relief to make it easier and more attractive for potential non-UK domiciled investors. Non-UK domiciled Individuals who are taxed on the remittance basis will not generally pay UK income tax and CGT on foreign income and gains as long as they do not remit them to the UK. By its nature the remittance basis inevitably discourages remitting monies into the UK for investment. BIR is aimed at alleviating that consequence by providing relief from the UK tax charge that would otherwise arise on remittance when foreign income or gains are brought into the UK and invested in a qualifying business.

The focus of the CIOT's previous representations has been on the extent to which the existing BIR anti-avoidance rules discourage take up of the relief. The proposed changes address some of the disincentives. However significant legislative deterrents remain. It is hoped that consideration will be given to removing the remaining barriers.