The Budget for 2015-16 was presented to Parliament by the Chancellor of the Exchequer on 18 March 2015. Details of the Budget relating to business taxation are summarized below. For other Budget measures, see United Kingdom-1, News 18 March 2015.

(a) Diverted profits tax
The HM Treasury's red book published on 18 March 2015 states that legislation will be introduced in Finance Bill 2015 (expected to be published on 24 March 2015) for the tax to come into effect for 2015-16. Following consultation, the legislation is revised to narrow the notification requirement. There are also changes to clarify:

– the rules for giving credit for tax paid;
– the operation of the conditions under which a charge can arise;
– specific exclusions; and
– the application of the tax to companies subject to the oil and gas regime.

For previous reporting, see United Kingdom-2, News 3 December 2014.

(b) Contrived loss arrangements
Legislation will be introduced in Finance Bill 2015, namely, a new Part 14B of the Corporation Tax Act (CTA) 2010, to prevent such arrangements. The measure covers:

– carried forward corporation tax trading losses;
– non-trading loan relationship deficits; and
– management expenses.

For more information, see HMRC's Tax Information and Impact Note of 18 March 2015.

(c) Petroleum Revenue Tax
The rate is reduced from 50% to 35% for all chargeable periods on and after 31 December 2015, to support continued production in older fields.

For more information, see HMRC's Tax Information and Impact Note of 18 March 2015.

(d) Supplementary charge
This is reduced from 30% to 20%, with retroactive effect from 1 January 2015.

For more information, see HMRC's Tax Information and Impact Note of 18 March 2015.

(e) New investment allowance
Legislation will be introduced in Finance Bill 2015 to amend CTA 2010 to introduce a new investment allowance. The allowance will remove an amount equal to 62.5% of investment expenditure incurred by a company in relation to a field from its ring fence profits, which are subject to the supplementary charge.

For more information, see HMRC's Tax Information and Impact Note of 18 March 2015.

(f) Capital allowances: anti-avoidance rules for plant and machinery
Legislation will be introduced in Finance Bill 2015 to include the draft legislation reported in United Kingdom-1, News 27 February 2015.

For more information, see HMRC's Tax Information and Impact Note of 18 March 2015.

(g) CGT: exemption for certain wasting assets
Legislation will be introduced in Finance Bill 2015 to amend Section 45 of the Taxation of Chargeable Gains Act 1992 about the Capital Gains Tax (CGT) exemption for gains accrued on the disposal of certain wasting assets. The measure makes clear that to qualify for the CGT exemption for gains accruing on the disposal of certain wasting assets, an asset must have been used in the business of the person disposing of it. The changes will have effect for gains accruing on and after:
– 1 April 2015 for Corporation Tax purposes; and
– 6 April 2015 for CGT purposes.

For more information, see HMRC’s Tax Information and Impact Note of 18 March 2015.

(h) Social investment tax relief and Social Venture Capital Trust Scheme

The social investment tax relief (SITR) was introduced in the Finance Act 2014 (see United Kingdom-2, News 21 July 2014). The government has made further progress in increasing opportunities for investment in social enterprises. The specific measures announced in the Budget for 2015-16 are:

– rates of relief for the Social Venture Capital Trust Scheme (Social VCT);
– changes to the way SITR funds are classified so that they can be promoted more effectively; and
– a transitional period for community energy schemes moving from tax-advantaged investment under the venture capital schemes to SITR.

For more information, see Cabinet Office's and HM Treasury's Summary of 18 March 2015.

(i) Corporation tax rate

The rate is reduced to 20% from 2015-16. For previous reporting, see United Kingdom-2, News 24 March 2011.

(j) Business rates

On 16 March 2015, a reform of business rates was announced by the Chief Secretary to the Treasury. The review is set to report by Budget 2016-17.

See also

United Kingdom-1, News 18 March 2015
United Kingdom-1, News 27 February 2015
United Kingdom-2, News 3 December 2014
United Kingdom-2, News 21 July 2014
United Kingdom-2, News 24 March 2011
United Kingdom - Corporate Taxation - Country Surveys sections 1.6.1., 3.2.2., 7.
United Kingdom - Corporate Taxation - Country Surveys sections 1.3.2., 1.4.
United Kingdom - Corporate Taxation - Country Analyses sections 1.8., 1.10.1., 2.3.1.2., 2.3.1.3., 5.4., 8., 10.6.
United Kingdom - Corporate Taxation - Country Analyses sections 1.2.3., 1.7.2.