

UK Chancellor announces Spring Statement

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Executive summary

On 13 March 2019, the United Kingdom (UK) Chancellor's Spring Statement announced few new tax consultations, putting most of its focus on stressing the benefits of a Brexit deal. Most of the detail announced on tax measures was set out in an accompanying written ministerial statement. The Chancellor did confirm that the Government will hold a Spending Review which will conclude alongside the next Budget. This will set departmental budgets, including three-year budgets for resource spending, if a European Union (EU) exit deal is agreed.

This Alert summarizes the key tax announcements.

Detailed discussion

Announcements

Making Tax Digital (MTD): The Government confirmed a light touch approach to penalties in the first year of implementation. Where businesses are doing their best to comply, no filing or record keeping penalties will be issued. The focus will be on supporting businesses to transition and the Government will therefore not be mandating MTD for any new taxes or businesses in 2020.

Digital Services Tax (DST): The DST was referred to by the Chancellor in his speech in the House, reiterating that global tech giants should pay their fair share of tax as part of a drive (including new regulations) that ensures a digital economy that works for everyone. A Government response to the recent consultation is promised but no date was given. There was a major new report published on digital competition, including recommendations to update the UK's regulatory policy to incorporate digital activity.

New documents

The Spring Statement also announced the publication of a number of documents, including:

Issued with announcements

Draft legislation covering the **Structures and Buildings Allowance**, introducing a new, permanent allowance for investments in non-residential structures and buildings to create a more competitive tax regime for businesses.

A call for evidence, as announced at Budget 2018, seeking to identify what more should be done to strengthen Scotland and the rest of the UK's position as a global hub for safe, environmentally-friendly **decommissioning** that meets the Oil and Gas Authority's ambitious cost reduction targets.

A policy paper on **tackling tax avoidance, evasion and other forms of non-compliance** - This is split into three chapters and outlines HM Revenue & Custom (HMRC)'s strategy and approach to compliance for different taxpayers, details the Government's record in addressing areas where risks of non-compliance have been identified and provides a summary of the Government's record of investment in HMRC and its commitment to further action and sets out Government's achievements.

A policy paper on the HMRC's **offshore tax compliance strategy: No Safe Havens 2019** - This paper brings together the Government's response to all forms of offshore non-compliance and is published alongside the research report "Evaluation of corporate behavior change in response to the corporate criminal offences."

To be issued in the coming months

Draft regulations to ensure the provisions on **offshore receipts in respect of intangible property** apply as intended, and draft guidance relating to the practical application of the measure.

Draft regulations to update the definition of **regulatory capital instruments** that are entitled to an exemption within the hybrid mismatch rules.

A technical note alongside draft legislation on minor procedural and technical changes to the **General Anti-Avoidance Rule legislation** to ensure that it works as intended.

A consultation on preventing abuse of the research and development tax relief for small-or medium-sized enterprises

Responses to consultations

The Spring Statement promised responses to the following consultations but did not give dates for their release:

Digital Services Tax - The consultation on the detailed design and implementation of the DST that will take effect from 1 April 2020.

Corporate Capital Loss Restriction - The consultation on a change announced at Autumn Budget 2018 to restrict, from 1 April 2020, the amount of carried-forward capital losses a company can offset to no more than 50% of the chargeable gains arising in a later accounting period.

Stamp Taxes on shares consideration rules - The consultation on aligning the consideration rules of Stamp Duty and Stamp Duty Reserve Tax and introducing a general market value rule for transfers between connected persons.

Tax Focus webcast

On Wednesday 20 March at 10:00am, we will be hosting the latest in our series of Tax Focus webcasts, where we consider the Spring Statement alongside other recent key developments, what they mean to taxpayers, and what action taxpayers should take. To register for this webcast please click [here](#).

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