News story: Finance Bill legislates for remaining tax changes

'A fair tax system is a key part of our plan to build a fairer society', says Mel Stride, Financial Secretary.

The second Finance Bill of 2017, published today (8 September), will make the tax system fairer by cracking down on avoidance and evasion, and will bring in vital tax revenue needed for public services.

Measures include:

- new penalties for those who enable the use of tax avoidance schemes that are later defeated by HMRC
- an update on the rules around company interest expenses, to ensure big businesses cannot use excessive interest payments to reduce the amount of tax they pay
- changes to prevent individuals from using artificial schemes to avoid paying the tax they owe on their earnings

Mel Stride, Financial Secretary to the Treasury and Paymaster General said:

> A fair tax system is a key part of our plan to build a fairer society.
>
> The UK is a world leader in tackling tax avoidance and evasion, but we must continue to take action to ensure everyone pays their fair share. The Finance Bill will allow us to do just that by preventing companies and individuals from using complicated tax structures to avoid paying the tax they owe, and penalising people that help them to do it.

Measures in the Finance Bill build on the government's successful track record. Since 2010, HMRC has secured over £160 billion in additional tax revenue as a result of tackling avoidance, evasion and non-compliance – helping the UK to achieve one of the lowest tax gaps in the world.

This Finance Bill also addresses a number of imbalances in the system, ensuring that everyone pays their fair share of tax by:

- abolishing permanent non-dom status, so that those who have lived here for years – and in some cases for their entire lives – pay tax in the same way as UK residents
- reducing the dividend allowance from £5,000 to £2,000 from April 2018, limiting the difference in tax treatment between those who work through their own company, and those who work as employees or self-employed, whilst ensuring that support for investors is more effectively targeted

- reducing the Money Purchase Annual Allowance from £10,000 to £4,000, limiting the extent to which people can recycle their pension savings to get extra tax relief