



# HM TREASURY

## NOTES ON BUDGET RESOLUTIONS

The following note describes the purpose of each of the Budget Resolutions. The number next to each resolution corresponds to its number on the Order Paper.

Specific Ways and Means Resolutions (resolutions 1 – 7) are needed for each provision imposing a new tax, renewing an annual tax, increasing or widening the burden of an existing tax or for other provisions that need to be in operation before the Finance Bill is enacted.

The Procedure Resolution (shown at the end of this note) is needed for a provision intended to have effect from a future year.

### **1. Capital gains tax (rates)**

Authorises the Finance Bill to provide for changes to the rates at which capital gains tax is charged.

### **2. Value added tax (rate and supplementary charge)**

Authorises the Finance Bill to provide for an increase in the standard rate of VAT and to make associated changes, including the imposition of a supplementary charge.

### **3. Insurance premium tax (rates)**

Authorises the Finance Bill to provide for increases in the standard and higher rates of insurance premium tax.

### **4. Pensions**

Authorises the Finance Bill to make provision modifying the application of the pensions tax rules in relation to persons, who reach the age of 75 on or after 22 June 2010, and enabling the Treasury to repeal the high income excess relief charge.

### **5. Income tax: expenses and allowances of MPs etc.**

Authorises the Finance Bill to provide for amendments to be made to the Income Tax (Earnings and Pensions) Act 2003 concerning the income tax treatment of certain expenses and allowances paid to Members of the House of Commons.

### **6. Amounts not fully recognised for accounting purposes**

Authorises the Finance Bill to provide for amendments to the corporation tax rules on loan relationships and derivative contracts where amounts are not fully recognised for accounting purposes.

### **7. Insurance companies**

Authorises the Finance Bill to provide for changes to the tax rules for insurance companies, including with retrospective effect.

### **Procedure (Future Taxation)**

Authorises the Finance Bill to contain provision reducing the main rate of corporation tax for financial year 2011 on profits other than ring fence profits.