Finance (No.2) Act 2016

TERM 6 CHAPTER 4 BILL 368B

An Act to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with finance.

[15 July 2014]

Most Gracious Sovereign

WE, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and grant unto Your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Section 1: Income Taxes and Basic Income

1. Income tax bands shall be renamed to reflect the new role of the income tax system as one component of an integrated system also including Basic Income, and shall be charged at the following rates for the year:
2. a. Component: 20%
3. b. Continuation: 62.5%
4. c. Additional: 65%

5. The personal allowance shall be set at £6,000.
6. The thresholds for the income tax rates are as follows: a. Component: 0
7. b. Continuation: 41,000
8. c. Additional: 80,000
9. The full rate of basic income shall be £12000 per calendar year. a. The value of earnings where the rate of basic income shall depreciate from shall be £6000 b. Earnings over £6,000 but below £11,000 shall cause the rate of Basic Income to depreciate at a rate of 20p for every extra £1.00 earned. c. Earnings over £11,000 but below £21,000 shall cause the rate of Basic Income to depreciate at a rate of 30p for every extra £1.00 earned. d. Earnings over £21,000 shall cause the rate of Basic Income to depreciate at a rate of 40p for every extra £1.00 earned. e. Basic Income shall pay a rate of 0 for all individuals earning over £41,000. f. All individuals over the age of 16 shall be eligible for Basic Income.

Section 2: Value Added Tax

1. The rate of Value Added Tax shall be 17.5%, subject to the provisions of section 10(3).
2. Value Added Tax raised from female sanitary products shall not be used for general government spending but shall be disbursed directly to charitable organisations for the purpose of providing free female sanitary products to individuals in need.

Section 3: Land Value Tax

1. The Local Authority Revenue Distribution Agency (LARDA) shall be empowered to set the rate of land value tax in each local authority so as to ensure that land value tax paid each year shall constitute 98% of the annual rental value of the land.
2. The LARDA shall return surplus LVT receipts beyond those sufficient to account for the spending commitments of local authorities across the United Kingdom to the Treasury to be used for general government spending.

Section 4: Alcohol, Tobacco and Drugs Taxes

1. The rates on the following tobacco products are as follows

2. a. Cigarettes: 635p per 20 cigarettes plus 30% of the retail price of the packet
3. b. Cigars: 410p per 10g cigar
4. c. Hand rolling tobacco: 790p per 25g
5. d. Other tobacco: 450p per 25g
6.
7. The rates on drugs are as follows: a. General sale drugs: 0%
8. b. Licenced sale drugs: 24%
9. c. Licenced Premises drugs: 36%
10. d. Pharmacy drugs: 60%
11. e. Prescription only drugs: 0%
12.
13. Alcohol taxes
14. a. Beer duty rates are as follows:
15. i. For beer of greater than or equal to 1.2% and up to 2.8% ABV: 7.6p per litre per % of alcohol
16. ii. For beer of greater than or equal to 2.8% and up to 7.5% ABV: 18.37p per litre per % of alcohol
17. iii. For beer of greater than or equal to 7.5% ABV: 23.85p per litre per % of alcohol
18. d.Cider and perry duty rates are as follows:
19. i. For still cider or perry of greater than or equal to 1.2% and up to 7.5% ABV: 38.87p per litre per % of alcohol
20. ii. For still cider or perry of greater than or equal to 7.5% and up to 8.5% ABV: 58.75p per litre per % of alcohol
21. iii. For sparkling cider or perry of greater than or equal to 1.2% and up to 5.5% ABV: 38.87p per litre per % of alcohol
22. iv. For still cider or perry of greater than or equal to 5.5% and up to 8.5% ABV: 268.99p per litre per % of alcohol
23. c. Wine Duty rates are as follows:
24. i. For still wine of greater than or equal to 1.2% and up to 4% ABV: 85.60p per litre
25. ii. For still wine of greater than or equal to 4% and up to 5.5% ABV: 117.72p per litre
26. iii. For still wine of greater than or equal to 5.5% and up to 15% ABV: 277.842p per litre
27. iv. For still wine of greater than or equal to 15% and up to 22% ABV: 370.41p per litre

28. v. For sparkling wine of greater than or equal to 5.5% and up to 8.5% ABV: 268.99p per litre
29. vi. For sparkling wine of greater than or equal to 8.5% and up to 15% ABV: 355.87p per litre
30. d. Spirit duty shall be levied at £29.33 per litre of pure alcohol
31.

Section 5: Fuel Duties

1. The rates of fuel duty are as follows: a. Petrol, Diesel, biodiesel or bioethanol: 58.95p per litre
2. b. Liquified petroleum gas: 29.61p per kg
3. c. Natural gas used as fuel in vehicles: 24.7p per kg
4. d. 'Fuel oil' burned in a furnace or used for heating: 10.7p per litre
5.

Section 6: Gambling duty

1. The following duties shall apply: a. Bingo: 10% b. Casino games. Part of gross gaming yield
2. i. The first £2,347,500: 18%
3. ii. The next £1,618,000: 23%
4. iii. The next £2,833,500: 33%
5. iv. The next £5,981,000: 40%
6. v. The remainder: 50%
7. c. Normal betting at bookmakers: 15%
8. d. Financial spread betting: 3%
9. e. Other spread betting: 10%
10. f. Pool betting: 15%
11. g. National Lottery tickets:12%
12. h. Fruit or quiz machines with a prize up to £10 that cost up to 20 pence to play :5%
13. i. All other fruit or quiz machines:20%
14. j. Online or telephone gambling:15%
15.

Section 7: Insurance premium tax

1. The main rate of Insurance premium tax shall be 7%

2.
3. The higher rate of insurance premium tax shall be 20%
4.

Section 8: Air passenger duty

1. The rate of air passenger duty shall be zero

Section 9: Corporation tax

1. The main rate of corporation tax for the financial year 2017 shall be 20%
2.
3. All profits a business has shall be taxable unless that business has a revenue of less than £100,000 per annum
4.
5. Any business with revenue between £100,000 and £500,000 shall pay a reduced rate of 15% corporation tax
6.

Section 10: National Congestion Charge (and free Commons vote)

1. A national congestion charge of 2op per mile driven on motorways, urban 'A' roads and urban minor roads shall be levied.
2.
3. Section 10(1) shall not come into force unless a motion is passed by the House of Commons which includes a section stating that 'this House consents to the introduction of the National Congestion Charge'.
4.
5. If such a motion is not passed before the end of this Parliament the rate of VAT shall be increased to 20%.
6.

Section 11: Carbon tax

1. The rate of carbon tax shall be set at £80 per tCO2

Section 12: Financial Stability Contribution

1. A back-dated Financial Stability Contribution (FSC) shall be levied on liabilities held by all financial institutions.
2.
3. HM Treasury is directed to assess the rates of such a contribution such that it raises 5bn this year and rates are proportional to the funding benefit conferred by government support for the size and category of financial institution in question.
4.
5. Proceeds from the FSC shall be sequestered in a Financial Stability Fund (FSF) for the purposes of alleviating the stress on government during financial crises. No funds from the FSC shall be used for general government spending until such time as the FSF has reached a size equal to 5% of British GDP.
6.

Section 13: Miscellaneous Provisions

1. Sections in the Teaching and Higher Education Act 1998 and Higher Education Act 2004 relating to the introduction of university tuition fees shall be hereby repealed. The government shall absorb the full cost of funding higher education throughout the course of this Budget.
2.
3. No funds raised in this budget shall be used for the implementation of the 'Help to Buy' programmes introduced in the 2013-14 budget.
4.

Section 14: Other Taxes

1. The rate of all other taxes shall remain the same

Section 15: Government Spending

1. Funds for year 2016-17, and subsequent years, will be disbursed according to the levels laid out in the spreadsheet linked.
2.
3. Her Majesty's Government will pay all outstanding debts as required.
4.

Section 16: Short title, commencement and extent

1. This Act may be cited as the Finance (No.2) Act 2016
2. This Act shall take effect upon receiving Royal Assent.
3. This Act shall extend to the United Kingdom of Great Britain and Northern Ireland