

TAXREP 37/05

INCOME TAX RELIEF FOR LOSSES ON SHARES

TAX LAW REWRITE: BILL 4

Memorandum submitted in August 2005 by the Tax Faculty of the Institute of Chartered Accountants in England and Wales commenting on a Response Document issued in June 2005 by HMRC Tax Law Rewrite Team

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INTRODUCTION

1. We welcome the opportunity to comment on the Response Paper referred to in Paper CC(05)18 published on 29 June 2005 by HMRC Tax Law Rewrite Team at <http://www.hmrc.gov.uk/rewrite/exposure/menu.htm>. The Response Paper responds to comments made on Paper CC(05)05 dated 2 February 2005, on which we commented in TAXREP 21/05 dated 20 April 2005.
2. Details about the Institute of Chartered Accountants in England and Wales and the Tax Faculty are in the Annex.

COMMENTS

3. We agree Draft Change {jc 491}.
4. Subject to the minor comments below, we are content with the proposed drafting of clause 5(2) and the nine new clauses 7A-7I. We suggest that new clauses 7A-7I be included immediately after clause 5. We accept that the still extensive signposting to relevant EIS sections is unavoidable.
5. In Explanatory Notes paragraph 67, in the first line, the reference should be to clause 'EIS94(4)' and not 'EIS94(2)'.
6. In clause 7A(2)(a), in the second line, its number will need to be included after 'section'.
7. In clause 7B(3), the reference should be to 'EIS34' and not 'EIS30'.
8. In clause 7B(4), in the first line, its number will need to be inserted after 'section'.
9. In clause 7D(2), the reference should be to 'EIS34' and not 'EIS30'.
10. In clause 7E(2), in the definition of "qualifying 90% subsidiary", the reference should be to 'EIS35' and not 'EIS33'.
11. In clause 7F(5), in the second line, delete 'of' after 'by'.

TJH/PCB
11.8.05

WHO WE ARE

The Institute of Chartered Accountants in England and Wales ('ICAEW') is the largest accountancy body in Europe, with more than 128,000 members. Three thousand new members qualify each year. The prestigious qualifications offered by the Institute are recognised around the world and allow members to call themselves Chartered Accountants and to use the designatory letters ACA or FCA.

The Institute operates under a Royal Charter, working in the public interest. It is regulated by the Department of Trade and Industry through the Accountancy Foundation. Its primary objectives are to educate and train Chartered Accountants, to maintain high standards for professional conduct among members, to provide services to its members and students, and to advance the theory and practice of accountancy, including taxation.

The Tax Faculty is the focus for tax within the Institute. It is responsible for tax representations on behalf of the Institute as a whole and it also provides various tax services including the monthly newsletter 'TAXline' to more than 11,000 members of the ICAEW who pay an additional subscription.