EXPLANATORY MEMORANDUM TO

THE ANNUAL TAX ON ENVELOPED DWELLINGS (RETURNS) REGULATIONS 2013

2013 No. 1844

1. This explanatory memorandum has been prepared by HM Revenue and Customs and is laid before the House of Commons by Command of Her Majesty.

2. Purpose of the instrument

2.1 These regulations are to provide The Commissioners for Her Majesty's Revenue and Customs with the power and authority to prescribe, through a Notice issued by the Commissioners, the content of an Annual Tax on Enveloped Dwellings Return.

3. Matters of special interest to the Select Committee on Statutory Instruments

3.1 None.

4. Legislative Context

4.1 The Finance Act 2013 includes, within paragraph 1 of Schedule 33, a power for The Commissioners for HMRC to make provision about the form and content of a return for the annual tax on enveloped dwellings.

4.2 The annual tax on enveloped dwellings is a new tax that is introduced through Part 3 of Finance Act 2013.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- ***What is being done and why***

7.1 The Finance Act 2013 provides the power for The Commissioners for HMRC to make regulations to make provision about the form and content of a return and the method for delivering a return. The Commissioners are only using these powers to make provision about the form and content of the return.

7.2 These regulations will provide for The Commissioners for HMRC to make Notices that will prescribe the form and content of the returns. The regulations will provide The Commissioners for HMRC to be able to use Notices to change the format of the return form (within the categories of information set out in the Schedule) without the need to amend secondary legislation for such minor changes in future. This is pragmatic and will provide flexibility and ensure that the format and minor content changes to the return form can be easily achieved when required, and in accordance with the parameters set by the Schedule and by the primary legislation in Schedule 33 to the Finance Act 2013).

- ***Consolidation***

7.3 Not applicable.

8. Consultation outcome

8.1 There has been no consultation in relation to the form of the return. The introduction of the annual tax on enveloped dwellings was subject to an extensive consultation process.

9. Guidance

9.1 HM Revenue & Customs will be issuing guidance on the completion of the return and will be publicising the return through its website. A draft version of the return has been published so that the public and tax and legal professionals can familiarise themselves with the return.

10. Impact

10.1 The impact on business, charities or voluntary bodies is negligible.

10.2 There is no impact on the public sector.

10.3 A Tax Information and Impact Note covering this instrument was published on 20 March 2013 alongside the Budget 2013 documentation and is available on the HMRC website at http://www.hmrc.gov.uk/thelibrary/tiins.htm. It remains an accurate summary of the impacts that apply to this instrument.

11. Regulating small business

11.1 The legislation does apply to small business.

11.2 The legislation will apply to very few small businesses; primarily to special purpose vehicles that own residential property with a value of greater than £2 million. It is considered that the impact on the affected businesses in terms of their administrative burdens will be negligible.

12. Monitoring & review

12.1 HM Revenue & Customs will monitor the practical application of the new regulations.

13. Contact

13.1 Andrew Hewitt at HM Revenue and Customs, Tel: 03000 564964 or e-mail: andrew.hewitt@hmrc.gsi.gov.uk, can answer any queries regarding the instrument.