EXPLANATORY MEMORANDUM TO

THE DOUBLE TAXATION RELIEF (SURRENDER OF RELIEVABLE TAX WITHIN A GROUP) (AMENDMENT) REGULATIONS 2008

2008 No. 2681

1. This explanatory memorandum has been prepared by HM Revenue and Customs on behalf of HM Treasury and is laid before the House of Commons by Command of Her Majesty. This memorandum contains information for the Select Committee on Statutory Instruments.

2. Description

This instrument amends the Double Taxation Relief (Surrender of Relievable Tax Within a Group) Regulations 2001 (S.I. 2001/1163: the "2001 Regulations") to update a reference as a result of changes made by the Finance Act 2008.

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

None

4. Legislative Background

4.1 The 2001 Regulations limit the amount of excess underlying foreign tax ("EUFT") that may be set off by an insurance company to which such EUFT has been surrendered. They do so by reference to an amount computed by reference to section 89(1B) Finance Act 1989.

4.2 Section 89(1B) was repealed by paragraph 18 of Schedule 17 to the Finance Act 2008 and replaced by a section 431(2YB) of the Income and Corporation Taxes Act 1988. 1997 for accounting periods beginning on or after 6 April 1999.

5. Territorial Extent and Application

This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

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

7. Policy background

7.1 This instrument is made to keep secondary legislation relating to insurance companies up to date.

7.2 A draft of these Regulations has been circulated to appropriate bodies and persons within the insurance industry and their advisers.

7.3 Guidance on the changes will be incorporated in HMRC's Life Assurance Manual.

8. Impact

8.1 A full and final Impact Assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.

8.2 There is no impact on the public sector.

9. Contact

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