EXPLANATORY MEMORANDUM TO

THE DOUBLE TAXATION RELIEF (QATAR) ORDER 2011

2011 No. [XXXX]

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

2. Purpose of the instrument

2.1 The Order brings into effect arrangements set out in a Protocol ("the Protocol") between the Governments of the United Kingdom and the State of Qatar. The Protocol amends an agreement made in 2009 between the two countries for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital Gains ("the Agreement").

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

3.1 None.

4. Legislative context

4.1 This Order is being made to give effect in UK legislation to the Protocol. The Protocol is scheduled to the Order, and is thus given domestic legislative effect.

4.2 This Order does not implement EU legislation.

5. Territorial extent and application

5.1 This Order applies to all of the United Kingdom.

6. European Convention on Human Rights

The Exchequer Secretary to the Treasury, David Gauke, has made the following statement regarding human rights:

"In my view the provisions of the Double Taxation Relief (Qatar) Order 2011 are compatible with the Convention rights".

7. Policy background

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

7.1 The Protocol amends Article 11 (Interest) of the Agreement to clarify that the provision in paragraph 3(a)(iv) which exempts certain companies from source state taxation on interest payments should apply reciprocally.

- ***Consolidation***

7.2 Not applicable.

8. Consultation outcome

8.1 HMRC regularly consults with external interested parties, including business representatives, about the effectiveness of existing arrangements for the avoidance of double taxation and fiscal evasion as well as new needs. The annual treaty negotiating programme is agreed with Ministers and published on the HMRC website.

9. Guidance

9.1 General guidance on the operation of the UK's double taxation conventions can be found on the HMRC website at:
http://www.hmrc.gov.uk/manuals/intmanual/INTM150000.htm

or in the Double Taxation Relief Manual at:
http://www.hmrc.gov.uk/manuals/dtmanual/index.htm, which will be updated once the Protocol enters into force.

10. Impact

10.1 The impact on business, charities or voluntary bodies is negligible. The provisions of the Protocol do not introduce new tax burdens; rather, they provide relief from tax and thus are of benefit to business both large and small. Taxpayers may have to make a claim to HMRC or the other state's fiscal authority in order to benefit from the Protocol.

10.2 There is no impact on the public sector. HMRC already operates the terms of many other similar arrangements currently in force.

10.3 In line with government commitments, a Tax Information and Impact Note has not been prepared for this Order as it gives effect to a previously announced policy to enact a double taxation agreement.

11. Regulating small business

11.1 The Protocol does not introduce new tax burdens and no special approach for small business is necessary.

12. Monitoring & review

12.1 Both Governments will keep the Protocol scheduled to the Order under review to ensure that it meets the policy objectives set out above in section 7.

13. Contact

Geoff Barnard at HM Revenue & Customs (tel: 020 7147 2734/email: geoff.barnard@hmrc.gsi.gov.uk) can answer any queries regarding the Order.