EXPLANATORY MEMORANDUM TO

THE INTERNATIONAL TAX ENFORCEMENT (BERMUDA) ORDER 2017

2017 No. [XXXX]

1. Introduction

1.1 This explanatory memorandum has been prepared by HM Revenue and 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 the Tax Information Exchange Arrangement ("the Arrangements") between the Governments of the United Kingdom and Bermuda.

3. Matters of special interest to Parliament

Matters of special interest to the Select Committee on Statutory Instruments

3.1 None.

Other matters of interest to the House of Commons

3.2 Disregarding minor or consequential changes, the territorial application of this instrument includes Scotland and Northern Ireland.

4. Legislative Context

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

4.2 The Order does not implement EU legislation.

5. Extent and Territorial Application

5.1 The extent of this instrument is the United Kingdom.

5.2 The territorial application of this instrument is the United Kingdom.

6. European Convention on Human Rights

6.1 The Financial Secretary to the Treasury, Mel Stride, has made the following statement regarding Human Rights:

"In my view the provisions of the International Tax Enforcement (Bermuda) Order 2017 are compatible with the Convention rights."

7. Policy background

What is being done and why

7.1 This Arrangement replaces the International Tax Enforcement (Bermuda) Order 2008 No.1789 to include automatic exchange of information.

7.2 More generally, Tax Information Exchange Arrangements (TIEAs) assist in improving the efficiency of tax information exchange and help to ensure that the international consensus on fiscal transparency and exchange of information is met. All of the UK's recent Tax Information Exchange Arrangements broadly follow the approach adopted in the Organisation for Economic Cooperation and Development's ("OECD") Model Agreement on Exchange of Information on Tax Matters. The Arrangements contained in the Schedule to the Order continues that approach.

Consolidation

7.3 Not applicable.

8. Consultation outcome

8.1 HMRC regularly consults with external interested parties, including business representatives, about the effectiveness of existing arrangements for information exchange, as well as new needs.

9. Guidance

9.1 General guidance can be found on the HMRC pages of the gov.uk website at: http://www.hmrc.gov.uk/manuals/intmanual/INTM156000.htm

10. Impact

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

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

10.3 A Tax Information and Impact Note has not been produced as Tax Information Exchange Arrangements (TIEAs) impose no obligations on taxpayers.

11. Regulating small business

11.1 None of the provisions of the Arrangement contained within this Order affect the taxation of small business.

12. Monitoring & review

12.1 There are no specific plans to review this Statutory Instruction. However, both Governments will keep the Arrangements scheduled to the Order under consideration to ensure that they continue to meet the policy objectives set out above in Section 7.

13. Contact

13.1 David Smith at HM Revenue and Customs, Telephone: 03000 577521 or email: david.b.smith@hmrc.gsi.gov.uk can answer any queries regarding the instrument.