EXPLANATORY MEMORANDUM TO

THE INTERNATIONAL TAX ENFORCEMENT (GIBRALTAR) ORDER 2014

2014 No. [XXXX]

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 arrangements amending the 2009 Agreement between the Government of the United Kingdom and the Government of Gibraltar for the exchange of information for tax purposes ("the Arrangements").

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

3.1 None.

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 legislative effect.

4.2 The Order does not implement EU legislation.

5. Territorial Extent and Application

5.1 The Order extends 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 International Tax Enforcement (Gibraltar) Order 2014 are compatible with the Convention rights."

7. Policy background

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

7.1 Tax Information Exchange Agreements facilitate the exchange of information between tax authorities relevant to the administration or enforcement or recovery of taxes, and debts relating to those taxes, covered by the Arrangements. They therefore assist HMRC in carrying out its tax compliance activities, such as combating tax avoidance and evasion, by allowing it to receive information from and disclose information to other countries or territories which helps to ensure that taxpayers pay the right amount of tax at the right time in the right country or territory.

7.2 While the current international standard for tax information exchange is exchange upon request (i.e. once a treaty partner requests certain information), there has been a shift internationally towards a greater use of other forms of exchange, notably automatic tax information exchange. The Arrangements therefore amend the existing Tax Information Exchange Agreement to allow for both spontaneous and automatic tax information exchange, to greater assist HMRC in carrying out its tax compliance activities.

- ***Consolidation***

7.3 Not applicable.

8. Consultation outcome

8.1 Not relevant to this Order.

9. Guidance

9.1 General guidance on the operation of the UK's Tax Information Exchange Agreements can be found on the HMRC web site 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 other very similar agreements currently in force.

10.3 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 tax information exchange agreement.

11. Regulating small business

11.1 None of the provisions of the Arrangements contained in the Schedule to the Order affect the taxation of small business.

12. Monitoring and review

12.1 Both Governments will keep the Arrangements scheduled to the Order under review to ensure that they meet the policy objectives set out above in section 7.

13. Contact

Jon Swerdlow at HM Revenue and Customs, Tel: 03000 521 856 or e-mail: jon.swerdlow@hmrc.gsi.gov.uk can answer any queries regarding the Order.