EXPLANATORY MEMORANDUM TO

THE EUROPEAN SINGLE CURRENCY (TAXES) (AMENDMENT) REGULATIONS 2008

2008 No. 2647

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.

2. Description

This instrument amends the European Single Currency (Taxes) Regulations 1998 (S.I. 1998/3177: the "1998 Regulations") to update a reference following changes made by Schedule 8 to the Finance Act 2007.

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

None

4. Legislative Background

4.1 The 1998 Regulations ensure that where a country adopts the European Single Currency (the Euro), tax law takes proper account of for example the rounding process necessary. Regulation 6 of the 1998 Regulations refers to a basis of taxation under which Case I of Schedule D does not apply. That description of what is commonly known as the I minus E basis, where used elsewhere in the Corporation Tax Acts was replaced in Schedule 8 to FA 2007 by a direct reference to that basis.

4.2 This instrument makes the same change to the 1998 Regulations.

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 affecting 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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