EXPLANATORY MEMORANDUM TO

THE OVERSEAS INSURERS (TAX REPRESENTATIVES) (AMENDMENT) REGULATIONS 2004

S.I. 2004 No. 3272

1. This explanatory memorandum has been prepared by the Commissioners of Inland Revenue and is laid before the House of Commons by Command of Her Majesty.

2. Description

2.1 The regulations amend Overseas Insurers (Tax Representatives) Regulations 1999 to change a reference to the basic rate of income tax to become a reference to the lower rate, in the schedule of information that an overseas insurer must provide about gains made on policies.

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

3.1 None.

4. Legislative Background

4.1 These regulations are being made under powers conferred by section 552A ICTA 1988.

5. Extent

5.1 The instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

6.1 These regulations are subject to annulment and do not amend primary legislation.

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7. Policy Background

7.1 The Overseas Insurers (Tax Representatives) Regulations 1999 provide that insurance companies without a UK establishment must provide certain information about gains made on policies issued by them where the policyholder is resident in the United Kingdom. Among the items of information that a company must provide is a statement showing whether the gain is treated as having suffered UK income tax at the basic rate of tax. This is a reference to the provision in section 547 ICTA 1988 which treats a policy made by a UK resident company or the permanent establishment of a non-resident company as having suffered such tax.

Paragraph 1 Schedule 35 Finance Act 2004 amended the rate of deemed tax suffered so it becomes the lower rate of income tax. These regulations makes the corresponding change to the Overseas Insurers (Tax Representatives) Regulations 1999.

8. Impact

8.1 A Regulatory Impact Assessment has not been published for this instrument.

8.2 The regulations will have no impact on the public sector.

9. Contact

Richard Thomas at the Inland Revenue Tel 020 7438 6553 or e-mail richard.thomas@ir.gsi.gov.uk]