EXPLANATORY MEMORANDUM TO

THE REPORTING OF SAVINGS INCOME INFORMATION (AMENDMENT) REGULATIONS 2006

2006 No. 3286

1. This Explanatory Memorandum has been prepared by the Commissioners for Her Majesty's Revenue and Customs and is laid before the House of Commons by Command of Her Majesty.

2. Description

This instrument amends the list of entities in the European Union specified in Table 1 of the Schedule to The Reporting of Savings Income Information Regulations 2003 (S.I. 2003/3297) ("the principal Regulations"). The amendment of the principal Regulations is required as a consequence of the accession of Bulgaria and Romania to the European Union.

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

None.

4. Legislative Background

4.1 The principal Regulations implement in the United Kingdom part of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments ("the 2003 Directive"). The 2003 Directive was amended by Council Directive 2004/66/EC of 26 April 2004 and Council Decision 2004/587/EC of 19 July 2004.

4.2 The principal Regulations require information to be reported to Her Majesty's Revenue and Customs about savings income paid to, or secured for, an individual resident in another Member State in the course of a business or profession.

4.3 The amendment extends the list of entities acting as a public authority by whom the further issue of negotiable debt securities after 1 March 2002 will have the effect of treating both the original issue and the further issue as a money debt for the purpose of reporting under the principal Regulations. It adds to Table 1 of the Schedule agreed entities in the accession countries of Bulgaria and Romania.

5. Extent

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 The ultimate aim of the 2003 Directive is to enable savings income in the form of interest payments made in one Member State to beneficial owners who are individuals resident in another Member State or other participating territories to be made subject to effective taxation in accordance with the laws of the latter Member State.

7.2 The principal Regulations enable the aims of the Directive to be implemented in the United Kingdom by enabling an effective exchange of information between Member States and other participating territories.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has low impact on business, charities or voluntary bodies.

8.2 The impact on the public sector is negligible.

9. Contact

Graham Turner at Her Majesty's Revenue and Customs Tel: 020 7147 2675 or email: graham.r.turner@hmrc.gsi.gov.uk can answer any queries regarding the implementation in the UK of the Directive. Guidance notes on the United Kingdom Regulations can be found at: http://www.hmrc.gov.uk/esd-guidance/newguidance-v5.rtf

Annex

Transposition Note setting out how the Reporting of Savings Income (Amendment) Regulations 2006 implement the requirements of Council Directive 2006/98/EC.

The Directive

Council Directive 2006/98/EC of 20 November 2006 (not yet published in the Official Journal) adapting certain Directives in the field of taxation, by reason of the Accession of Bulgaria and Romania.

This transposition note only concerns amendments made to Directive 2003/48/EC. Separate transposition notes have been prepared in relation to amendments made to other Directives[1].

Article	Objectives	Implementation	Responsibility
Article 1 and paragraph 8 of the Annex to the Directive.	Makes additions to the list of public authorities by whom a further issue of negotiable debt securities will have the effect of treating the whole issue as a money debt for the purpose of reporting under Directive 2003/48/EC to include public authorities in Bulgaria and Romania.	The Reporting of Savings Income Information (Amendment) Regulations 2006.	Her Majesty's Treasury.

[1] See the transposition notes concerning the Value Added Tax (Amendment) (No. 3) Regulations 2006, the Exemption from Income Tax for Certain Interest and Royalty Payments (Amendment of Section 757(2) of the Income Tax (Trading and Other Income) Act 2005) Order 2006 and the Mutual Assistance Provisions Order 2006.