

**EXPLANATORY MEMORANDUM TO
THE INCOME TAX (INTEREST PAYMENTS) (INFORMATION POWERS)
(AMENDMENT) REGULATIONS 2008**

2008 No. 2688

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

This memorandum contains information for the Select Committee on Statutory Instruments.

2. **Description**

These Regulations amend the Income Tax (Interest Payment) (Information Powers) Regulations 1992 (S.I. 1992/15) (The Information Powers Regulations).

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

None

4. **Legislative Background**

Chapter 2 of Part 15 of the Income Tax Act 2007 (“ITA”) re-wrote the provisions in sections 477A and 480A to 482 of the Income and Corporation Taxes Act 1988 and part of the Income Tax (Building Societies) (Dividends and Interest) Regulations 1990 (S.I. 1990/2231) (“the Building Society Regulations”) requiring an amount representing income tax to be deducted from certain payments of interest made by deposit-takers and building societies. As a result of the changes in ITA, the Income Tax (Deposit-takers) (Interest Payments) Regulations 1990 (S.I. 1990/2232) and the remaining parts of the Building Society Regulations were also re-written by the Income Tax Deposit-takers and Building Societies (Interest Payments) Regulations 2008 (S.I. 2008 No. 2682) (The Deposit-taker and Building Society Regulations). ITA also amended section 17 of the Taxes Management Act 1970 (“TMA”).

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 the negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 Section 17 of the TMA requires banks and building societies to make a return to the Commissioners of HM Revenue and Customs containing information regarding the payment or crediting of interest and section 18 of the TMA requires information to be supplied by persons by or through whom any interest is paid. The Information Powers Regulations prescribe further information that must be supplied in certain circumstances in addition to that supplied under the TMA. Following the changes introduced by ITA and the re-write of the regulations into a single set of rules covering deposit-takers and building societies a number of consequential amendments are required to the Information Power Regulations.

The consequential amendments reflect the terminology used in the ITA and the Deposit-taker and Building Society Regulations.

7.2 Regulation 1 provides for the citation, commencement and effect of the instrument. Regulation 2 introduces the amendments contained in regulations 3 to 11.

8. Impact

The explanatory note to this Instrument explains that: “A full and final Impact Assessment has not been produced for this instrument as a negligible impact on the private or voluntary sectors is foreseen.” This is because the accepted Government practice is that no Impact Assessment (IA) will be published for HMRC and HMT tax measures for which:

- the total effect of the changes across all UK business is less than £100,000 of administrative burden costs/savings and/or £3m of compliance cost in total; and
- the Department’s Better Regulation and Policy team has confirmed that
 - there are no disproportionate impacts on any business or sector; and
 - there are no other issues which might make publication of an IA advisable.

This is such a measure.

HMRC are working with BERR to ensure that the next edition of the Statutory Instrument Practice reflects these changes.

9. Contact

Nick Wright at HM Revenue and Customs (CenPol TaxAdminAdvice) Tel: 0161 475 2702 or e-mail: nicholas.wright1@hmrc.gsi.gov.uk can answer any queries regarding the instrument.