

EXPLANATORY MEMORANDUM TO
THE NATIONAL SAVINGS BANK (AMENDMENT OF OBLIGATION OF SECRECY
PROVISIONS) REGULATIONS 2010

2010 No. 291

1. This explanatory memorandum has been prepared by the Treasury and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 These Regulations make consequential amendments to six statutory instruments relating to the business of the National Savings Bank. In each case, they replace the reference in the obligation of secrecy provision to section 20 of the Taxes Management Act 1970, which has been repealed, with a reference to Schedule 36 to the Finance Act 2008.

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

3.1 None

4. Legislative Context

4.1 Under section 12 of the National Savings Bank Act 1971 and under each of the statutory instruments (“the Product Regulations”) which govern the various investment products sold by National Savings and Investments (“NS&I”), there is a prohibition against the disclosure by employees of NS&I of information relating to investors in the products. These “obligations of secrecy” are subject to certain exceptions whereby NS&I employees may disclose information, one of which relates to disclosure under section 20(3) (or, in the case of the Savings Contract Regulations 1969 and the Savings Certificates (Yearly Plan) Regulations 1984, section 20(4)(b), which was repealed by the Finance Act 1989) of the Taxes Management Act 1970.

4.2 Section 20(3) of the Taxes Management Act 1970 provided that an inspector may, for the purpose of enquiring into the tax liability of any person, require any other person, including the Director of Savings, to deliver or make available for inspection documents containing information relevant to such tax liability. Section 20(4)(b) made similar provision.

4.3 The Finance Act 2008 repealed section 20 of the Taxes Management Act 1970 in its entirety and replaced it with a wider duty to co-operate under Schedule 36 to that Act; at the same time, it amended section 12 of the National Savings Bank Act 1971 to refer to Schedule 36 rather than section 20(3) of the Taxes Management Act 1970. Hence, there is a need to amend the obligation of secrecy provisions of the Product Regulations in line with the changes made by the Finance Act 2008.

5. Territorial Extent and Application

5.1 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

- *What is being done and why*

7.1 The provisions of the Product Regulations which impose an obligation of secrecy upon NS&I employees in respect of information relating to investors are being amended. The relevant provisions currently refer to provisions of the Taxes Management Act 1970 which have been repealed and which have been replaced by Schedule 36 to the Finance Act 2008.

- *Consolidation*

7.2 These Regulations make a consequential amendment to the obligation of secrecy provision in each of six sets of regulations. This does not merit consolidation of the sets of regulations.

8. Consultation outcome

8.1 No consultation was conducted in relation to these Regulations on the basis that this is simply an updating exercise.

9. Guidance

9.1 No guidance has been produced for this legislative change.

10. Impact

10.1 There is no impact on business, charities or voluntary bodies.

10.2 There is no impact on the public sector.

10.3 An Impact Assessment has not been prepared for this instrument.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 No monitoring or review is planned in relation to the amendments made by these Regulations.

13. Contact

Roopal Khoda at Her Majesty's Treasury Tel: 020 7270 5832 or email: roopal.khoda@hm-treasury.x.gsi.gov.uk can answer any queries regarding the instrument.