

EXPLANATORY MEMORANDUM TO
THE NATURAL RESOURCES BODY FOR WALES (TAX CONSEQUENCES) ORDER
2013

2013 No. 489

1. This explanatory memorandum has been prepared by Her Majesty's Revenue & Customs (HMRC) on behalf of Her Majesty's Treasury and is laid before the House of Commons by Command of Her Majesty.

2. Purpose of the instrument

2.1 The Order deals with certain tax consequences that would otherwise arise on the statutory transfer of property, rights and liabilities from the Countryside Council for Wales ("CCW") to the Natural Resources Body for Wales ("NRBW").

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

3.1 None.

4. Legislative Context

4.1 This Order is being made under powers conferred by section 25 of the Public Bodies Act 2011 (c. 24) (the Act) to vary the way in which a relevant tax has effect in relation to a transfer scheme made under section 23 of the Act. It applies in the case of any transfer of property, rights or liabilities from the CCW to the NRBW as a result of a transfer scheme made by the Welsh Ministers under that section and operates so as to prevent certain tax consequences resulting from the transfer and to provide continuity for certain corporation and income tax purposes.

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 Without further provision the statutory transfer of property, rights and liabilities from CCW to NRBW could trigger tax charges or reliefs that would arise solely because of the transfer. The Order therefore makes provision to prevent certain tax consequences resulting from the statutory transfer and to provide continuity for certain corporation tax and income tax purposes. This measure is consistent with the normal tax policy of ensuring that transfers of assets and liabilities between public sector bodies do not create corporation tax advantages or disadvantages for the bodies concerned, in this case CCW and NRBW.

- Consolidation

7.2 Not applicable.

8. Consultation outcome

8.1 Not applicable.

9. Guidance

9.1 Not applicable.

10. Impact

10.1 The impact on business, charities or voluntary bodies is negligible.

10.2 There is no impact on the public sector.

10.3 A Tax Information and Impact Note covering the Order will be published on the HMRC website at http://www.hmrc.gov.uk/the_library/tiins.htm.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 HMRC has no plans to monitor the provisions of the Order since they merely deal with certain tax consequences of the transfer.

13. Contact

Mark Anderson at HM Revenue & Customs (tel: 020 7147 2621 or email: mark.anderson@hmrc.gsi.gov.uk) can answer any queries regarding the Order.