
EXPLANATORY NOTE

(This note is not part of the Regulations)

The Regulations amend the International Tax Compliance Regulations 2015 (S.I. 2015/878) (“the principal Regulations”) which give effect to agreements and arrangements reached between United Kingdom and other jurisdictions to improve international tax compliance.

Regulation 3 extends the application of the principal Regulations to international agreements entered into by the European Union by virtue of which the United Kingdom is required to apply arrangements to exchange information with the jurisdictions which are party to the agreements. The principal Regulations also apply in relation to arrangements entered into by the United Kingdom for the exchange financial account information with other jurisdictions. Exchanges will take place pursuant to arrangements agreed between competent authorities of the relevant jurisdictions which are underpinned by international agreements such as the Multilateral Convention on Mutual Administrative Assistance in Tax Matters – http://www.keepeek.com/Digital-Asset-Management/oecd/taxation/the-multilateral-convention-on-mutual-administrative-assistance-in-tax-matters_9789264115606-en#.WKHVu-81x9A.

Regulation 4 amends regulation 2 of the principal Regulations to provide for some types of insurance contracts to be treated as reportable accounts for the purposes of the common reporting standard for automatic exchange of information (“CRS”) unless reporting financial institutions elect otherwise.

Regulation 5 amends regulation 3 of the principal Regulations such that financial institutions are required to identify the territory of tax residence of account holders or controlling persons and also identify which accounts are reportable accounts. Regulation 3(2)(b) provides for the period for which records are to be kept. Regulation 3(4A) and (4B) provide for the application of definitions and deadlines as they appear in the Directive on administrative co-operation in the field of taxation (2011/16/EU) for CRS purposes.

Regulation 6 amends regulation 6 of the principal Regulations to provide for financial institutions to report on pre-existing accounts identified as reportable in a particular year whether or not they are maintained.

Regulation 7 amends regulation 12A of the principal Regulations to extend the application of definitions to the Regulations as a whole.

Regulation 8 inserts regulation 12G into the principal Regulations. This provides for a power for HMRC to require information to enable HMRC to determine whether obligations in the principal Regulations have been complied with.

Regulations 9 to 12 amend the penalty provisions in regulations 13 to 15 of the principal Regulations to identify the person who may be penalised for failure to comply with the obligations imposed on financial institutions in cases where the financial institution is a partnership, trust or collective investment scheme. Regulations 13, 14 and 18 make consequential amendments to regulations 16, 18 and 23 of the principal Regulations respectively.

Regulation 15 amends regulation 19 of the principal Regulations to clarify the right to appeal against penalties. Regulations 16 and 17 amend the provisions in regulations 21 and 22 of the principal Regulations relating to increased daily default penalties and notification of these to persons subject to such penalties.

Regulation 19 updates the list and table of definitions in regulation 24 of the principal Regulations.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Regulation 20 omits the list of participating jurisdictions in Schedule 1 of the principal Regulations. The list, referenced in the due diligence procedures referred to in regulation 3 and in regulations 12A, 12B and 12E is available at <https://www.gov.uk/hmrc-internal-manuals/international-exchange-of-information/ieim400090>.

A Tax Information and Impact Note covering the International Tax Compliance Regulations 2015 was published on 18th March 2015 and is available on the HMRC website at <http://www.hmrc.gov.uk/thelibrary/tiins.htm>. It remains an accurate summary of the impacts that apply to this instrument.