

## **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

These Regulations make provisions implementing Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market.

Regulation 1 provides for citation commencement and effect. These Regulations only have effect in relation to payments made on or after 1 January 2020 and before 1 January 2023.

Regulation 2 makes provision to exclude instruments which satisfy the conditions in paragraphs (i) to (iv) of point (b) of paragraph 4 of Article 9 of that Directive from the definition of “financial instrument” in section 259N of the Taxation (International and Other Provisions) Act 2010.

Regulation 3 revokes the Hybrid and Other Mismatches (Financial Instrument: Exclusions) Regulations 2019.

A Tax Information and Impact Note covering this instrument will be published on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.