

Transposition Note

Article 9(4)(b) of 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.

This transposition note has been prepared by Her Majesty's Revenue and Customs and is intended to explain how Article 9(4)(b) of Directive 2016/1164 is implemented in the UK by the Hybrid and other Mismatches (Financial Instruments: Excluded Instruments) Regulations 2019.

Table 1: The Directive

Article	Objective	Implementation
Article 9(4)(b)	To provide an exemption from hybrid mismatch rules in the Directive (domestically set out in Part 6A of the Taxation (International and Other Provisions) Act 2010) for certain regulatory capital financial instruments that meet the detailed conditions set out in the Article.	Regulation 2.