

**EXPLANATORY MEMORANDUM TO  
THE TRANSFER OF NORTHERN IRELAND WATER SERVICE (TAX)  
REGULATIONS**

**2007 No. 766**

- 1.** This explanatory memorandum has been prepared by HM Revenue and Customs and is laid before the House of Commons by Command of Her Majesty.

This memorandum contains information for the Select Committee on Statutory Instruments.

**2. Description**

These regulations deal with the tax consequences for corporation tax purposes of the transfer of the Northern Ireland Water Service from the Department for Regional Development to a successor company.

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

None.

**4. Legislative Background**

These regulations are being made under powers conferred by section 67 of the Finance (No. 2) Act 2005, and are subject to annulment by resolution of the House of Commons. The provisions have effect from 1 April 2007.

**5. Territorial Extent and Application**

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**

7.1 The Northern Ireland Water Service is an Executive Agency of the Department for Regional Development. The Water Service is being transferred to a government owned successor company on 1 April 2007.

7.2 Tax provisions are required to allow the determination of appropriate values for corporation tax purposes and to deal with other consequences of the transfer and establishment of the successor company. These provisions will ensure that the appropriate tax treatment applies to the successor company.

**8. Impact**

A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

**9. Contact**

Mark Anderson at HM Revenue and Customs Tel: 020 7147 2621 or e-mail:  
**Mark.Anderson@hmrc.gsi.gov.uk** can answer any queries regarding the instrument.