

**EXPLANATORY MEMORANDUM TO
THE DOUBLE TAXATION RELIEF AND INTERNATIONAL TAX
ENFORCEMENT (OMAN) ORDER 2010**

2010 No. 2687

1. This explanatory memorandum has been prepared by HM Revenue & Customs (“HMRC”) and is laid before the House of Commons by Command of Her Majesty.

2. **Purpose of the instrument**

The Order brings into effect arrangements set out in a Protocol (“the Protocol”) made by the UK Government and the Government of the Sultanate of Oman. The Protocol amends an agreement made in 1998 between the two countries for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Gains (“the 1998 Agreement”).

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

None.

4. **Legislative context**

- 4.1 General

This Order is being made to give effect in UK legislation to a Protocol made between the UK Government and the Government of the Sultanate of Oman. That Protocol amends the 1998 Agreement in relation to the avoidance of double taxation and the prevention of fiscal evasion between the two countries. The relevant arrangements in the Protocol are scheduled to the Order, and are thus given domestic legislative effect.

- 4.2 EU legislation

This Order does not implement EU legislation.

5. **Territorial extent and application**

This Order applies to all of the United Kingdom.

6. **European Convention on Human Rights**

The Exchequer Secretary to the Treasury, David Gauke, has made the following statement regarding human rights:

“In my view the provisions of the Double Taxation Relief and International Tax Enforcement (Oman) Order 2010 are compatible with the Convention rights”.

7. Policy background

- *What is being done and why*

7.1 Agreements of the kind amended by this Protocol aim to eliminate the double taxation of income or gains arising in one country and paid to residents of another country. They do this by allocating the taxing rights that each treaty partner has under its domestic law over the same income and gains and/or by providing relief from double taxation. They provide additional protection for taxpayers by specific measures combating discrimination in tax treatment. More generally, such conventions benefit the taxpayer by ensuring certainty of treatment and, as far as possible, by reducing compliance burdens. They also serve an Exchequer protection role by including provisions to combat tax avoidance and evasion — partly by measures providing for the exchange of information between revenue authorities. They also encourage and maintain international consensus on the appropriate tax treatment of cross-border economic activity and thus promote international trade and investment. All of the UK’s recent double taxation conventions largely follow the approach adopted in the Organisation for Economic Cooperation and Development’s (“OECD”) *Model Tax Convention on Income and on Capital*. This Protocol continues that approach.

- *Consolidation*

7.2 Not applicable

8. Consultation outcome

HMRC regularly consults with external interested parties, including business representatives, about the effectiveness of existing arrangements for the avoidance of double taxation as well as new needs. The annual treaty negotiating programme is agreed with Ministers and published on the HMRC web site.

9. Guidance

General guidance on the operation of the UK’s double taxation conventions can be found on the HMRC web site at <http://www.hmrc.gov.uk/manuals/intmanual/INTM150000.htm>.

There is also more detailed guidance on the existing UK-Oman Agreement in the Double Taxation Relief Manual at <http://www.hmrc.gov.uk/manuals/dtmanual/DT14800+.htm> , which will be updated once the Protocol enters into force.

10. Impact

10.1 The impact on business, charities or voluntary bodies is negligible. The provisions of the Protocol do not introduce new tax burdens; rather, they provide relief from tax and thus are of benefit to business both large and small. Taxpayers may have to make a claim to HMRC or the other state's fiscal authority in order to benefit from the Protocol.

10.2 There is no impact on the UK public sector. HMRC already operates the terms of many other similar agreements currently in force.

10.3 No impact assessment has been prepared for this Order.

11. Regulating small business

The Protocol only applies to small businesses if they have taxed income arising in Oman and it is unlikely that there are many if any such businesses. Given also that the existing Agreement provides relief from tax and the Protocol does not introduce new tax burdens, no special approach for small business is necessary.

12. Monitoring & review

Both the UK Government and the Government of the Sultanate of Oman will keep the Protocol scheduled to the instrument under review to ensure that it meets the policy objectives set out above.

13. Contact

Geoff Barnard at HM Revenue and Customs (tel: 020 7147 2734/email: Geoff.Barnard@hmrc.gsi.gov.uk) can answer any queries regarding the Order.