

EXPLANATORY MEMORANDUM TO
THE INTERNATIONAL TAX ENFORCEMENT (BRAZIL) ORDER 2015

2015 No. [XXXX]

1. This explanatory memorandum has been prepared by HM Revenue and 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 an agreement for the exchange of information for tax purposes between the Governments of the United Kingdom and the Federative Republic of Brazil (“the Agreement”).

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

None.

4. **Legislative Context**

4.1 The Order is being made to give effect in UK legislation to the Agreement. The Agreement is scheduled to the Order, and is thus given domestic legislative effect.

4.2 The Order does not implement EU legislation.

5. **Territorial Extent and Application**

The Order extends to all of the United Kingdom.

6. **European Convention on Human Rights**

The Financial Secretary to the Treasury, David Gauke, has made the following statement regarding Human Rights:

“In my view the provisions of the International Tax Enforcement (Brazil) Order 2015 are compatible with the Convention rights.”

7. Policy background

- *What is being done and why*

7.1 Tax Information Exchange Agreements of the kind contained in the Schedule to the Order facilitate the exchange of information between tax authorities relevant to the administration or enforcement or recovery of taxes, and debts relating to those taxes, covered by the Agreement. They therefore assist HMRC in carrying out its tax compliance activities, such as combating tax avoidance and evasion, by allowing it to receive information from and disclose information to other countries or territories which helps to ensure that taxpayers pay the right amount of tax at the right time in the right country or territory.

7.2 More generally, Tax Information Exchange Agreements assist in improving the efficiency of tax information exchange and help to ensure that the international consensus on fiscal transparency and exchange of information is met. All of the UK's recent Tax Information Exchange Agreements broadly follow the approach adopted in the Organisation for Economic Cooperation and Development's ("OECD") *Model Agreement on Exchange of Information on Tax Matters* as it stood at the time that the agreement was discussed. The Agreement continues that approach.

- *Consolidation*

7.3 Not applicable.

8. Consultation outcome

HMRC regularly consults with external interested parties, including business representatives, about the effectiveness of existing agreements for the avoidance of double taxation and fiscal evasion, including information exchange, as well as new needs. The annual treaty negotiating programme is agreed with Ministers and published on the www.gov.uk website.

9. Guidance

General guidance on the operation of the UK's Tax Information Exchange Agreements can be found on the www.gov.uk website.

10. Impact

10.1 The impact on business, charities or voluntary bodies is negligible.

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

10.3 An Impact Assessment has not been prepared for this Order.

11. Regulating small business

None of the provisions of the Agreement contained in the Schedule to the Order affect the taxation of small business.

12. Monitoring and review

There are no specific plans to review this Statutory Instrument. However, both Governments will keep the Agreement scheduled to the Order under consideration to ensure that it meets the policy objectives set out above in section 7.

13. Contact

Christine Roots at HM Revenue and Customs, Tel: 03000 514116 or email: christine.roots@hmrc.gsi.gov.uk can answer any queries regarding the instrument.