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## EXPLANATORY NOTE

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

These Regulations make provision for relief from double taxation in relation to the bank levy and individual contributions within Articles 69 or 70 of Regulation (EU) No 806/2014 of the European Parliament and of the Council establishing a uniform resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (“the SRF levy”).

Authority for the retrospective effect is provided by paragraph 67(3)(a) of Schedule 19 to the Finance Act 2011.

Regulation 2 specifies the SRF levy as an equivalent foreign levy.

Regulation 3 provides that the Regulations apply where the bank levy and the SRF levy are charged in relation to a UK banking group, a UK sub-group or a UK banking sub-group, or the relevant entity which is a relevant foreign bank.

Regulation 4 provides that an amount of the SRF levy in relation to a chargeable period is allowed as a credit to reduce the amount of the bank levy (but not to below nil) for that period.

Regulations 5 and 6 set out how to calculate the maximum amount allowable as a credit against the bank levy.

Regulation 7 sets out how to determine the assets and UK assets of the relevant entity for the purposes of calculating the maximum under regulation 6.

Regulation 8 provides for the exchange rate to translate the amount of the SRF levy into its sterling equivalent.

Regulation 9 provides for the time limits for making a claim for a credit under regulation 4.

Regulation 10 provides that where the bank levy is charged in relation to the relevant group a claim for credit must be made by the responsible member.

Regulations 11 to 15 make provisions to restrict the credit in cases where the bank levy is charged in relation to a relevant entity which is a relevant foreign bank.

Regulation 12 restricts the credit in the case of groups where the parent entity is not resident in the territory the law of which imposes the equivalent foreign levy. The credit is only available to reduce the amount of the bank levy charged in respect of chargeable equity and liabilities of members of the group held by a resident in the territory which imposes the equivalent foreign levy.

Regulation 13 provides for the credit to be recalculated where a payment is made by a tax authority by reference to the SRF levy.

Regulation 14 provides for a reduction in the credit if a payment is made in respect of a credit for the SRF levy.

Regulation 15 makes provision for priority of credits where credits are allowed in relation to equivalent foreign levies imposed by the law of two or more foreign territories under these Regulations or under these Regulations and any Regulations made under paragraph 66 or 67 of Schedule 19 to the Finance Act 2011.

Regulation 16 makes provision in relation to a claim or assessment made in consequence of an adjustment of the bank levy or the equivalent foreign levy.

**Draft Legislation:** This is a draft item of legislation. This draft has since been made as a UK Statutory Instrument: The Bank Levy (Double Taxation Relief) (Single Resolution Fund Levy) Regulations 2016 No. 1212

Regulation 17 makes provision for a notice to be given where in consequence of an adjustment of the bank levy or the equivalent foreign levy will the credit given under regulation 4 has become excessive.

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