

**EXPLANATORY MEMORANDUM TO**  
**THE RECOVERY OF DUTIES AND TAXES ETC. DUE IN OTHER MEMBER**  
**STATES (CORRESPONDING UK CLAIMS, PROCEDURE AND**  
**SUPPLEMENTARY) (AMENDMENT) REGULATIONS 2007**

**2007 No. 3508**

1. This explanatory memorandum has been prepared by HM Revenue & 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 amend the Recovery of Duties and Taxes etc. Due in Other member States (Corresponding UK Claims, Procedures and Supplementary) Regulations 2004 (S.I. 2004/674) (“the 2004 Regulations”) to deal with the accession of Bulgaria and Romania to the European Union.

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

None

4. **Legislative Background**

4.1. Council Directive 76/308/EEC of 15 March 1976 on mutual assistance for the recovery of claims relating to certain levies, duties, taxes and other measures (“the MARD”) has been amended and extended by subsequent Community instruments.

4.2 It has also been necessary to implement provisions of the MARD through United Kingdom legislation. Against that background, section 134 of, and Schedule 39 to, the Finance Act 2002 deal with the recovery of taxes due in other member States.

4.3. The legislation contained in the Finance Act 2002 also provides for Regulations to be made; and the principal regulations made under that legislation are the 2004 Regulations. These Regulations amend the 2004 Regulations to deal with the accession of Bulgaria and Romania to the European Union.

5. **Extent**

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 MARD dates from 1976. It originally extended only to agricultural levies and payments under an agricultural guarantee scheme and custom duties. Its scope has been extended over the years, to include VAT, Excise Duties, direct taxes on income and capital and taxes on insurance premiums. A further Directive, adopted in 2002, provides detailed rules for implementing the MARD.

7.2. The MARD provides for Member States to assist each other in recovering tax debts. This assistance can take several forms:

- a request for information;
- a request to notify legal documents;
- a request to take formal action to recover a debt.

7.3. The extended provisions reduce the opportunities for businesses and individuals to escape paying tax which is legally due in one Member State, by moving to another Member State. Recovery of direct taxes, customs duties, and indirect taxes is the responsibility of HM Revenue & Customs, while agricultural levies are the responsibility of the relevant agricultural agencies. Following the coming into force of these Regulations, those extended provisions will be applied to Bulgaria and Romania, the latest accession states.

## **8. Impact**

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

8.2. The impact on the public sector is not significant.

## **9. Contact**

Robert Horwill at HM Revenue & Customs Tel: 020 7147 2447 or e-mail: robert.horwill@hmrc.gsi.gov.uk can answer any queries regarding the instrument.