
EXPLANATORY NOTE

(This note is not part of the Order)

The Schedule to this Order contains an Exchange of Letters between the United Kingdom and Guernsey concerning an Agreement for the Exchange of Information Relating to Tax Matters and an Arrangement amending the 1952 Arrangement between the two Parties for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, which was scheduled to the Double Taxation Relief (Taxes on Income) (Guernsey) Order 1952 (S.I. 1952/1215) and subsequently amended in 1994 (S.I. 1994/3209). It also contains the text of the Agreement and the Arrangement.

Article 2 provides that it is expedient that the arrangements specified in the Exchange of Letters in Part 1 of the Schedule to the Order and in the Agreement in Part 2 of the Schedule should have effect. These arrangements relate to the exchange of information relating to tax matters.

Article 3 provides that it is expedient that the arrangements specified in the Exchange of Letters in Part 1 of the Schedule to the Order and in the Arrangement in Part 3 of the Schedule should have effect. These arrangements relate to the avoidance of double taxation and vary the arrangements set out in the Schedule to the Double Taxation Relief (Taxes on Income) (Guernsey) Order 1952.

A detailed explanation of the Agreement and the Arrangement can be found in the Explanatory Memorandum published with this Order and which may be accessed on the website of the Office of Public Sector Information at <http://www.opsi.gov.uk/stat.htm>.

The Agreement will enter into force on the date of the later of the notifications by each party of the completion of its legislative procedures required to give effect to the Agreement and will have effect from that same date in respect of both criminal tax matters and all other matters, but, in the latter case, only in relation to taxable periods beginning on or after that date, or, if there is no taxable period, all charges to tax arising on or after that date.

The Arrangement will also enter into force on the date of the later of the notifications by each territory of the completion of its legislative procedures. It will take effect in the United Kingdom—

- (a) in respect of income tax, for any year of assessment beginning on or after the 6th April next following the date on which the Arrangement enters into force; and
- (b) in respect of corporation tax, for any financial year beginning on or after the 1st April next following the date on which the Arrangement enters into force.

The Arrangement will take effect in Guernsey in respect of income tax, for any year of assessment beginning on or after the 1st January next following the date on which the Arrangement enters into force.

The date(s) of entry into force will, in due course, be published in the *London, Edinburgh and Belfast Gazettes*.

A full and final Impact Assessment has not been produced for this instrument as a negligible impact on the private or voluntary sectors is foreseen.