

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

2010 No. 2685

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 Republic of Singapore. The Protocol amends an agreement made in 1997 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 1997 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 between the UK Government and the Government of the Republic of Singapore. That Protocol amends the 1997 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 (Singapore) Order 2010 are compatible with the Convention rights’.

7. Policy background

- ***What is being done and why***

7.1 The Protocol updates the exchange of information article in the 1997 Agreement to bring it into line with the new international standard for exchange of information as set out in article 26 of the Model Tax Convention on Income and on Capital published by the Organisation for Economic Cooperation and Development (“OECD”). On 19 October 2009, Singapore passed legislation which enables it to facilitate the exchange of information as set out in the current OECD Model article. The new article substituted by the Protocol has a wider scope than the previous article.

- ***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 need for the exchange of information provisions contained in such arrangements to be updated was considered and acknowledged in the course of such consultation. 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 agreements 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- Singapore agreement in the Double Taxation Relief Manual at <http://www.hmrc.gov.uk/manuals/dtmanual/dt16900+.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.

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

10.3 No impact assessment has been prepared for this Order.

11. Regulating small business

None of the provisions of the Protocol affects the taxation of small business and no special approach for small business is necessary.

12. Monitoring & review

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

13. Contact

Geoff Barnard at HMRC (Tel: 020 7147 2734/Email: Geoff.Barnard@hmrc.gsi.gov.uk) can answer any queries regarding the Order.