

## **Explanatory Memorandum to the Tax Collection and Management (Permitted Disclosures) (Wales) Regulations 2017**

This Explanatory Memorandum has been prepared by the Welsh Treasury, Tax Strategy, Policy and Engagement Division and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1

### **Cabinet Secretary's Declaration**

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Tax Collection and Management (Permitted Disclosures) (Wales) Regulations 2017.

**Mark Drakeford**

**Cabinet Secretary for Finance and Local Government**

25 October 2017

## **1. Description**

The Tax Collection and Management (Permitted Disclosures) (Wales) Regulations 2017 (“the Regulations”) amend section 18(1) of the Tax Collection and Management (Wales) Act 2016 (“the Act”).

Section 18(1) of the Act sets out the circumstances in which “protected taxpayer information” (as defined by section 17(3) of the Act) may be disclosed by a “relevant official” (as defined by section 17(2) of the Act).

The amendment being made to section 18(1) of the Act by the Regulations will provide a relevant official with the ability to disclose protected taxpayer information to two other UK tax collection bodies; Her Majesty’s Revenue and Customs and Revenue Scotland. The definition of “relevant official” includes for example, a member of the Welsh Revenue Authority (WRA) or a member of staff of WRA.

## **2. Matters of special interest to the Constitutional and Legislative Affairs Committee, (“CLAC”)**

There are no matters of special interest to the Committee.

## **3. Legislative background**

The Act received Royal Assent and became law in Wales on 25 April 2016. The Act puts in place the legal framework for the collection and management of devolved taxes in Wales.

The enabling power for making the Regulations is section 18(2) of the Act. The Regulations are subject to the affirmative procedure.

Section 17(1) of the Act provides that an individual who is or has been a relevant official must not disclose protected taxpayer information unless the disclosure is permitted by section 18.

Section 18(1) of the Act sets out the circumstances in which it is permissible for a relevant official to disclose protected taxpayer information.

Section 17(2) of the Act defines “relevant official” and this definition includes a member of WRA, of a committee or of a sub-committee. The definition also includes a member of staff of WRA.

Section 17(3) of the Act defines “protected taxpayer information” as information relating to a person (the “affected person”):

(a) which was acquired by WRA or which was acquired by a person to whom any of the functions of WRA have been delegated in connection with those functions, and

(b) by which the affected person may be identified (whether by reason of the affected person’s identity being specified in the information or being capable of being deduced from it).

#### **4. Purpose & intended effect of the legislation**

WRA require the ability to disclose protected taxpayer information to other UK tax authorities administering the same and/or very similar taxes. This information will be used to support compliance on devolved taxes and their equivalents.

The amendments made by the Regulations to the Act will permit a relevant official to disclose protected taxpayer information to Her Majesty's Revenue Customs and to Revenue Scotland, in connection with their respective functions or with a function of WRA.

#### **5. Consultation**

No consultation has been undertaken because the regulations do not impose any new burdens or costs. They are intended to support the effective operation of the devolved taxes by clarifying the WRA are permitted to disclose protected taxpayer information to HMRC and Revenue Scotland, in connection with *any* function of WRA.

## **PART 2 – REGULATORY IMPACT ASSESSMENT**

The Welsh Ministers' Code of Practice on the carrying out of Regulatory Impact Assessments was considered in relation to the provisions in the Regulations.

A Regulatory Impact Assessment has not been prepared as these provisions will not impose any new costs or burdens.