

**EXPLANATORY MEMORANDUM TO**  
**THE NORTHERN ROCK PLC (TAX CONSEQUENCES) REGULATIONS 2009**

**2009 No. 3227**

1. This explanatory memorandum has been prepared by HM Revenue and 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. **Purpose of the instrument**

- 2.1 These Regulations deal with tax consequences of the transfer under the Northern Rock plc Transfer Order 2009 No. 3226 (together with agreements entered into by Northern Rock plc and the new company) of part of the business of Northern Rock plc to a new company wholly owned by the Treasury.

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

- 3.1 These Regulations are the first regulations made in exercise of the powers conferred by section 10 of the Banking (Special Provisions) Act 2008.

4. **Legislative Context**

- 4.1 These Regulations are being made under powers conferred by section 10 of the Banking (Special Provisions) Act 2008, and are subject to annulment by resolution of the House of Commons. The provisions have effect from 1 January 2010.

5. **Territorial Extent and Application**

- 5.1 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**

- *What is being done and why*

- 7.1 Section 10 of the Banking (Special Provisions) Act 2008 provides that the Treasury may by regulations make provision to vary the way in which a relevant tax would, apart from the regulations, have effect in relation to a restructuring effected by an order made under section 8 of the Act. The Northern Rock plc Transfer Order 2009 No. 3226 is such an order. For these

purposes a “relevant tax” means corporation tax, income tax, capital gains tax, stamp duty, stamp duty reserve tax and stamp duty land tax.

7.2 Without further provision the transfer of securities, property, rights and liabilities necessary for the purposes of the restructuring of Northern Rock could trigger tax charges or reliefs that would arise solely because of the restructuring. It is not intended that the transfer should result in a tax advantage or disadvantage for the companies concerned. These Regulations therefore make provision to neutralise unintended tax consequences.

- ***Consolidation***

7.3 Not applicable.

**8. Consultation outcome**

8.1 Not applicable.

**9. Guidance**

9.1 Not applicable.

**10. Impact**

10.1 No impact on business, charities or voluntary bodies is foreseen.

10.2 No impact on the public sector is foreseen.

10.3 An Impact Assessment has not been prepared for this instrument.

**11. Regulating small business**

11.1 The legislation does not apply to small business.

**12. Monitoring & review**

12.1 Not applicable.

**13. Contact**

Mark Anderson at HM Revenue and Customs Tel: 020 7147 2621 or email: [mark.anderson@hmrc.gsi.gov.uk](mailto:mark.anderson@hmrc.gsi.gov.uk) can answer any queries regarding the instrument.