

# United Kingdom

The United Kingdom has met all aspects of the terms of reference (OECD, 2017<sup>[3]</sup>) (ToR) for the calendar year 2019 (year in review) and no recommendations are made.

The United Kingdom can legally issue three types of rulings within the scope of the transparency framework.

In practice, the United Kingdom issued rulings within the scope of the transparency framework as follows:

- 599 past rulings;
- For the period 1 April 2016 - 31 December 2016: 71 future rulings;
- For the calendar year 2017: 16 future rulings,
- For the calendar year 2018: 20 future rulings,<sup>1</sup> and
- For the year in review: 14 future rulings.

No peer input was received in respect of the exchanges of information on rulings received from United Kingdom.

## A. The information gathering process

1120. The United Kingdom can legally issue three types of rulings within the scope of the transparency framework: (i) preferential regimes;<sup>2</sup> (ii) cross-border unilateral APAs and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles; and (iii) permanent establishment rulings.

1121. For the United Kingdom, past rulings are any tax rulings within scope that are issued either: (i) on or after 1 January 2014 but before 1 April 2016; or (ii) on or after 1 January 2010 but before 1 January 2014, provided they were still in effect as at 1 January 2014. Future rulings are any tax rulings within scope that are issued on or after 1 April 2016.

1122. In the prior years' peer review reports, it was determined that the United Kingdom's undertakings to identify past and future rulings and all potential exchange jurisdictions were sufficient to meet the minimum standard. In addition, it was determined that The United Kingdom's review and supervision mechanism was sufficient to meet the minimum standard. The United Kingdom's implementation remains unchanged, and therefore continues to meet the minimum standard.

1123. The United Kingdom has met all of the ToR for the information gathering process and no recommendations are made.

## B. The exchange of information

1124. In the prior years' peer review reports, it was determined that the United Kingdom's process for the completion and exchange of templates were sufficient to meet the minimum standard. With respect to past rulings, no further action was required. The United Kingdom's implementation in this regard remains unchanged and therefore continues to meet the minimum standard.

1125. The United Kingdom has international agreements permitting spontaneous exchange of information, including being a party to the (i) *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011<sup>[4]</sup>) ("the Convention"), (ii) the Directive 2011/16/EU with all other European Union Member States and (iii) double tax agreements in force with 121 jurisdictions.<sup>3</sup>

1126. For the year in review, the timeliness of exchanges is as follows:

Future rulings in the scope of the transparency framework	Number of exchanges transmitted within three months of the information becoming available to the competent authority or immediately after legal impediments have been lifted	Delayed exchanges		
		Number of exchanges transmitted later than three months of the information on rulings becoming available to the competent authority	Reasons for the delays	Any other comments
	17	0	N/A	N/A

Follow up requests received for exchange of the ruling	Number	Average time to provide response	Number of requests not answered
	0	N/A	N/A

1127. The United Kingdom has the necessary legal basis for spontaneous exchange of information, a process for completing the templates in a timely way and has completed all exchanges. The United Kingdom has met all of the ToR for the exchange of information process and no recommendations are made.

## C. Statistics (ToR IV)

1128. The statistics for the year in review are as follows:

Category of ruling	Number of exchanges	Jurisdictions exchanged with
Ruling related to a preferential regime	<i>De minimis rule</i> applies	N/A
Cross-border unilateral advance pricing agreements (APAs) and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles	16	China (People's Republic of), Guernsey, Hungary, Hong Kong (China), Jersey, Japan, Luxembourg, Switzerland, United States
Permanent establishment rulings	0	N/A
<i>De minimis rule</i>	1	
IP regimes: total exchanges on taxpayers benefitting from the third category of IP assets, new entrants benefitting from grandfathered IP regimes; and taxpayers making use of the option to treat the nexus ratio as a rebuttable presumption	0	N/A
<b>Total</b>	<b>17</b>	

## D. Matters related to intellectual property regimes (ToR I.4.1.3)

1129. The United Kingdom offers an intellectual property regime (IP regime)<sup>4</sup> that is subject to the transparency requirements under the Action 5 Report (OECD, 2015<sup>[1]</sup>). It states that the identification of the benefitting taxpayers occurs as follows:

- **New entrants benefitting from the grandfathered IP regime:** in the prior year peer review report, it was determined that the United Kingdom's process for identifying and exchanging information on new entrants to the grandfathered IP regime were sufficient to meet the minimum standard. The United Kingdom's implementation in this regard remains unchanged and therefore continues to meet the minimum standard.
- **Third category of IP assets:** not applicable as the regime does not allow the third category of IP assets to qualify for the benefits.
- **Taxpayers making use of the option to treat the nexus ratio as a rebuttable presumption:** The United Kingdom recorded three elections to use the rebuttable presumption during the year in review. However, the companies which elected to use the rebuttable presumption were all wholly domestic companies (and where the nexus ratio was in any event a ratio of 1) and therefore no exchanges were required for the year in review.

## Summary of recommendations on implementation of the transparency framework

Aspect of implementation of the transparency framework that should be improved	Recommendation for improvement
	No recommendations are made.

## References

- OECD (2017), *BEPS Action 5 on Harmful Tax Practices - Terms of Reference and Methodology for the Conduct of the Peer Reviews of the Action 5 Transparency Framework*, OECD Publishing, Paris, <http://www.oecd.org/tax/beps/beps-action-5-harmful-tax-practices-peer-review-transparency-framework.pdf>. [3]
- OECD (2015), *Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance, Action 5 - 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264241190-en>. [1]
- OECD/Council of Europe (2011), *The Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264115606-en>. [4]

## Notes

<sup>1</sup> The prior year peer review report noted that 19 future rulings were issued in 2018. During the course of this year's review, a correction was made to reflect one additional ruling issued late in 2018. The information on this ruling was exchanged on time in early 2019.

<sup>2</sup> With respect to the following preferential regimes: 1) Patent box and 2) Shipping regime.

<sup>3</sup> Parties to the Convention are available here: [www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm](http://www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm). The United Kingdom also has bilateral agreements with Albania, Algeria, Antigua and Barbuda, Argentina, Armenia, Australia, Azerbaijan, Bahrain, Bangladesh, Barbados, Belarus, Belize, Bolivia, Bosnia and Herzegovina, Botswana, British Virgin Islands, Brunei, Bulgaria, Cayman Islands, Chile, China (People's Republic of), Colombia, Côte d'Ivoire, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Estonia, Ethiopia, Falkland Islands, Faroe Islands, Fiji, Finland, Gambia, Georgia, Ghana, Greece, Grenada, Guernsey, Guyana, Hong Kong (China), Hungary, Iceland, India, Indonesia, Ireland, Isle of Man, Israel, Jamaica, Japan, Jersey, Jordan, Kazakhstan, Kenya, Kiribati, Korea, Kosovo, Kuwait, Latvia, Lesotho, Libya, Lithuania, Malawi, Malaysia, Malta, Mauritius, Mexico, Moldova, Mongolia, Montenegro, Montserrat, Morocco, Myanmar, Namibia, New Zealand, Nigeria, North Macedonia, Norway, Oman, Pakistan, Panama, Papua New Guinea, Philippines, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Senegal, Serbia, Sierra Leone, Singapore, Slovak Republic, Slovenia, Solomon Islands, South Africa, Spain, Sri Lanka, Saint Kitts and Nevis, Sudan, Swaziland, Chinese Taipei, Tajikistan, Thailand, Trinidad and Tobago, Tunisia, Turkey, Turkmenistan, Tuvalu, Uganda, Ukraine, United Arab Emirates, United States, Uruguay, Uzbekistan, Venezuela, Viet Nam, Zambia and Zimbabwe.

<sup>4</sup> Patent box.



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