

**EXPLANATORY MEMORANDUM TO
THE LLOYD'S UNDERWRITERS (SCOTTISH LIMITED PARTNERSHIPS)
(TAX) (AMENDMENT) REGULATIONS 2006**

2006 No. 111

1. This explanatory memorandum has been prepared by the Commissioners for Her Majesty's Revenue and Customs and is laid before the House of Commons by Command of Her Majesty.

2. Description

2.1 This instrument amends the Lloyd's Underwriters (Scottish Limited Partnerships) (Tax) Regulations 1997 (SI 1997/2681) ("the SLP regulations"). The SLP regulations currently apply to Scottish limited partnerships that are members of Lloyd's. As a result of the amendments, the regulations will be known as the Lloyd's Underwriters (Partnerships) (Tax) Regulations. They will apply to both Scottish limited partnerships ("SLPs") and limited liability partnerships ("LLPs") formed under the law of any part of the United Kingdom.

2.2 The regulations come into force on 14th February 2006 and have effect for accounting periods of Lloyd's partnerships ending on or after that date.

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

3.1 None.

4. Legislative Background

4.1 The powers to make the regulations are in section 182(1) of the Finance Act 1993 and section 229 of the Finance Act 1994.

5. Extent

5.1 The instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy Background

7.1 Members of Lloyd's are taxed according to legislation set out in Chapter 3 of Part 2 Finance Act 1993 and Chapter 5 of Part 4 Finance Act 1994. Tax rules for

partnerships are set out in Chapter 7 of Part 4 of the Income and Corporation Taxes Act 1998 and Part 9 of the Income Tax (Trading and Other Income) Act 2005. The SLP regulations ensure that the tax rules for Lloyd's and for partnerships operate satisfactorily in relation to Scottish limited partnerships, which until now have been the only form of partnership admitted to membership of Lloyd's.

7.2 On 7 December 2005 Lloyd's amended its byelaws to include LLPs within the definition of persons admitted to membership of Lloyd's. The instrument accordingly amends the SLP regulations so that they will in future apply to "Lloyd's partnerships", which will mean both SLP and LLP members of Lloyd's.

8. Impact

8.1 There are no significant business or other impacts, and a Regulatory Impact Assessment has not been published for this instrument.

8.2 The regulations will have no Exchequer effect.

9. Contact

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