INTERNATIONAL TAX REVIEW

UK clamping down on anti-avoidance

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HM Revenue and Customs' (HMRC) anti-avoidance group has published six monthly disclosure statistics that show a marginal increase in the number of disclosures made by promoters.

Rules introduced in the Finance Act 2004 require promoters of various tax avoidance schemes to disclose details of the arrangements to HMRC.

The disclosure of tax avoidance schemes (DOTAS) is intended to help HMRC identify schemes being used to avoid tax at the earliest opportunity, to identify who is using avoidance schemes and to help amend legislation to close them down.

The latest DOTAS statistics show only a slight increase in the number of new schemes disclosed to HMRC in the six months between September 2011 and March 2012.

Miles Dean, of Milestone Tax, said one potential explanation is that scheme providers have found ways to convince UK tax counsel that the scheme they are promoting doesn't have the necessary DOTAS hallmarks and therefore is not disclosable.

"On the flip side, it might be that HMRC's attitude to avoidance and schemes in particular is working," said Dean.

"Take EBTs [employee benefit trusts] and EFRBSs [employer-financed retirement benefits schemes] for example, these have been totally clobbered by the disguised remuneration rules and many of the providers have been left with egg on their faces and many disgruntled punters," he added.