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- WRITTEN EVIDENCE (DFE0026)
Draft Finance Bill 2020-2021 inquiry**

New proposals for tackling promoters and enablers of tax avoidance schemes

1. How effective are the existing powers of HMRC in tackling promoters and enablers of tax avoidance schemes?

- Considering HMRC only got round to implementing the Loan Charge in 2017 and tried to make it retrospective for the last 20 years, I think HMRC either have no apparent powers to tackle tax avoidance or they lack the resources to get the legislation in place.

2. What has been your experience of the Promoters of Tax Avoidance Schemes (POTAS) rules and the enablers rules in practice?

- All I know is vague rumours of tax avoidance cases on TV but I have no appreciation of the detail as I do not work in accountancy or tax

3. Are HMRC's communications likely to be effective in informing potential scheme users about schemes, and so deter them from participating?

- No. Users do not necessarily recognise these schemes in the way that HMRC describe them. A good example would be my case where HMRC claim I am affected by the loan charge. The description they have provided for a loan scheme is one where an employee is given a loan. My employment does not appear to do that, it does however use dividend schemes and these are reported and tax at the end of the year. However the payment is made as an advance future profits. It appears that this advance is what HMRC claim is a loan. This is not very clear to a user when reading the material HMRS publishes. Also most people do not follow the detail of other professions, so unless the person works in tax or accountancy, the nuances of tax legislation may be lost on them

4. How effective will the proposed measures be against those who promote aggressive tax avoidance schemes, and in informing and deterring potential scheme users? What else could HMRC be doing in this area?

- HMRC will have to make it compulsory for the target demographic, in this case freelance workers, to submit a return and report any payments that were not taxed on the payslip in a separate section of

the SATR forms. This will ensure HMRC can calculate unpaid taxes at that point and the taxpayer/promoter has the chance to challenge the calculation. Most users will leave the promoter in favour of challenging the arrangement because most users are unable to understand the tax system and even the tax professionals, including HMRC are unable to agree on a single interpretation

5. Are the safeguards being proposed sufficient to ensure an appropriate balance is struck between HMRC and taxpayer?

- HMRC should not have the power to tax individuals retrospectively with new legislation or transfer liability from an employer to an employee, as employees are not insured, have no control over their employer's payroll arrangements and it is unreasonable to expect tax payers to develop expertise in tax just to work for an employer.

New tax checks on licence renewal applications

6. Are the proposals for tax checks on licence renewal applications fair and proportionate? How effective is the legislation likely to be, and is any amendment needed?

- No Idea.

7. What is your view of the principle of conditionality and its use in the tax system?

- I'm not familiar with this

8. How do you view the Government's stated intention to extend conditionality to Scotland and Northern Ireland, as well as to other trades?

- I'm not familiar with this

9. Could the problems this measure is designed to address have been tackled effectively by other means? If so, what are they?

- I'm not familiar with this

Amendments to HMRC's civil information powers

10. What is your view of the removal of the requirement to obtain tax tribunal approval before issuing a Financial Institution Notice? Are the safeguards promised instead adequate and, if not, what more should be done?

- I think this is unnecessary. HMRC has enough powers

11. Is the scope of the new power in terms of the information to be reported to HMRC appropriate and sufficiently clear?

- No. I expect HMRC will abuse any such powers by making it vague enough to be extended to cover things that were not intended

12. How can the need for adequate taxpayer safeguards and timely international exchange of information be balanced? What steps should be taken to ensure that taxpayer safeguards are not treated as dispensable when they make it more difficult to meet other obligations?

- Taxpayer safeguards should take priority

Other measures of interest

The Sub-Committee is also interested in the proposed introduction of new requirements for certain businesses to notify uncertain tax treatments, where the business considers that HMRC may have a different view of the tax treatment to its own. We welcome general views on this proposal.

- This is a great idea. Any payments that are treated in a complex way need to be declared to HMRC and hopefully get their sign off

In addition, the Government proposes to make certain technical amendments to the corporate interest restriction retrospective to 2017. The Sub-Committee is interested in views on the impact and appropriateness of proposed retrospective measures in the Finance Bill, in relation to uncertainty within the tax system.

- Any kind of retrospective tax law intended to rewrite history is abhorrent. There is no need for it.

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