

News & Views



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IFAs hit back at taxman's plans to catch 'cowboy advisers' promoting avoidance schemes

The news that HM Revenue & Customs (HMRC) planned to fine advisers who promoted aggressive tax avoidance schemes up to £1 million kicked off debate on the *New Model Adviser*® blogs.

Under the plans advisers who offer aggressive tax planning products will be categorised as high-risk and will have to comply with the new rules on reporting and transparency. Failure to do so could see a penalty of up to £1 million, with a continuing penalty of £10,000 for each day the failure continues after the initial penalty is imposed.

David Gauke, exchequer secretary to the Treasury, said the plans will allow HMRC to close in on the 'cowboy advisers' promoting the schemes.

The proposals were largely criticised, with many arguing that HMRC could resolve the problem by creating a simpler tax system.

GregB
First the FCA, now the HMRC

While I am 100% behind the need to remove such schemes from our world and punish those responsible, this reads very much that 'innocent until proven guilty' is not part of the plan.

We have enough with the Financial Conduct Authority (FCA) writing its own rule of law without HMRC jumping on the same bandwagon.

Are we turning into such a lawless society that government bodies genuinely believe they are above our democratic law process? Because if we accept this, the future is bleak in all walks of life.

DEREK BRADLEY
Tax avoidance is legal

Tax evasion is the illegal evasion of taxes by individuals, corporations and trusts. Tax evasion often entails taxpayers deliberately misrepresenting the true state of their affairs to the tax authorities to reduce their tax liability and includes dishonest tax reporting, such as declaring less income, profits or gains than the amounts actually earned, or overstating deductions.

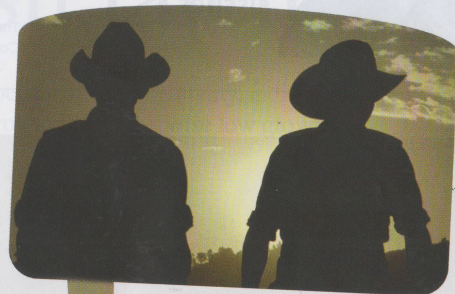
Tax avoidance is the legal usage of a tax regime to one's own advantage, to reduce the amount of tax that is payable by means that are within the law. The level of it is irrelevant.

So, if this is about avoidance, which is legal, why take this approach? The name-and-shame net is being cast ever wider.

The solution is to simplify tax laws and make them fit for purpose and fair.

Glen McKeown
Filled with disgust

The basic explanation for this approach, which I would brand as totally immoral, is a combination of continuing incompetence in drafting and



implementing tax legislation, and a right-wing government that appears to be clambering onto every passing bandwagon to bolster a failing image.

The fact that anyone in power could even suggest such a law in the UK fills me with disgust.

RegulatorSaurusRex
What can HMRC do if all is legitimate?

If someone can draft a legitimate method of navigating an overly complicated tax regime, I cannot see what HMRC can do about it.

Bob Donaldson
Problem is in the legislation

It is like everything else in this world, we have a whole army of lawyers quoting the human rights legislation, and a whole army of accountants looking at ways to navigate round the tax laws.

If the legislation was drafted correctly in the first place, and all the consequences thought through, we wouldn't need such draconian measures.

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