

Taxation of High Net Worth Individuals

**Why are some people secretive  
about their wealth?**





# Why are some people secretive about their wealth?

**Angela C Russell**

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## Topics for Discussion

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- Definition of wealth and UK HNWI
- What are the different types of wealth
- What are the different stages of wealth
- What are the sources of wealth
- Why is wealth so important to the High Net Worth individual?
- How do we assess how wealthy a individual is and what are their indicators & badges of wealth
- Why might a wealthy HNWI hide their wealth?
- What types of arrangements will a wealthy HNWI take to hide or protect their wealth
- Tax planning or Tax avoidance?



## » Definition of wealth

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There are a number of different definitions namely:

- An abundance of valuable resources or possessions or money
- A measure of the value of all of the assets of worth owned by a person, community, company or country. Wealth is found by taking the total market value of all the physical and intangible assets of the entity and then subtracting all debts
- Essentially, wealth is the accumulation of resources. People are said to be wealthy when they are able to accumulate many valuable resources or goods. Wealth is expressed in a variety of ways. For individuals, net worth is the most common expression of wealth, while countries measure by gross domestic product (GDP) or GDP per capita
- The state of being rich; prosperity; affluence & happiness
- UK HNWU wealthy definition:-
- "An individual, who controls, owns or has beneficial use of assets of £20m or more. This may where appropriate include individuals who are associates of such customers"

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## » The Different types of Wealth?

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- Tangible Asset – an asset having physical substance and intrinsic monetary value
  - Land
  - Buildings
- Intangible Asset – an asset that's harder to pin down or identify; lacking substance
  - A copyright
- Monetary wealth – something that can be bought and sold, for which there is market and hence a price.
  - Stocks and shares
  - Minerals; gold, oil
- Non-monetary wealth: something for which there is demand but which can't be bought and sold and hence have no price.
  - Education
  - Good health

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## » The stages of wealth

Wealthy HNWI will be at different stages in their life circle below and different actions will need to be taken to manage their financial affairs

- Emergent (1-5 years)
- Maturing (6-14 years) *liquid asset*
- Established (15+ years)



Holistic wealth management is about accumulation, protection, distribution and transfer. Consideration will need to be made to tax, investment, education, insurance, business, estate, retirement, planning, debt management and special situations such as divorce, elder care, stress or addiction.

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## » Sources of Wealth

- Inherited - land and buildings
- Inherited – family business
- Self generated - the entrepreneur
- Self generated - financial investment (e.g. property dealing in a rising market, Hedge funds, commodity futures)
- Political advantage (quickly acquired wealth at the time of political change; e.g. a Russian Oligarch)
- Established high income professions (lawyers, leading barristers, surgeons)
- New technologies (computing, communication, media)
- 'Sudden' and sometimes temporary wealth (sportsman, film star, celebrity)
- Windfalls (lottery winner)
- Crime (drugs, arms sales, coercion)



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## Why might a HNWI hide their wealth?

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- Tax evasion or avoidance
- Tax mitigation or planning
- Asset Protection – for future generations
- Asset Protection – divorce/separation
- Anonymity – extremely private person who shuns publicity
- Cultural/Religious practices or beliefs
- Avoidance of trade agreements (unlawful trading with certain regimes)
- Political pressures (wealth not consistent with a political view)
- Social pressures (increasing wealth when others subject to austerity measures)
- Exposure to criminal threats (blackmail, kidnapping or worse)
- Exposure to terrorist threats (funding sought by extremist groups)
- Any more?

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## What types of wealth should we be looking to identify?

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- Bank accounts
- Land
- Buildings
- Family businesses
- Stocks and Shares
- Currency
- Fine art
- Jewelry
- Cars
- Boats
- Aircraft
- Intangibles (Patent rights, copyright)
- Mineral rights

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## What types of income should we be looking to identify?

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- Business profits
- Interest
- Dividends
- Rents
- Asset disposal
- Share dealing
- Property speculation
- Royalties
- Patent rights
- Pensions (lump sums & income)
- Consultancy/Employment income consummate to the work done or expert knowledge departed
- Intellectual Property
- Gambling

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## How does a HNWI hide wealth?

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- Adopt a low personal & public profile; don't attract attention!
- Failing to disclose ownership of assets when required to do so
- Failing to disclose income streams generated by hidden assets
- Shielding the true ownership of assets via third parties and/or corporate and non-corporate entities
- Hiding the true value or worth of assets
- Using marketed avoidance schemes
- Using remote jurisdictions with favorable tax regimes
- Using jurisdictions with limited exchange of information agreements
- Invest in difficult to trace assets
- Illicit trading and/or investment activities
- Trading in 'hidden markets' (buying and selling of goods or services in violation of the law; e.g. illegally selling arms)
- Resident in multiple jurisdictions (to achieve 'nowhere' status)

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## » What types of arrangements are used to hide and protect wealth?

- Concealed/offshore bank account
- An offshore trust with concealed settlors and beneficiaries and/or concealed side agreements and Letters of Wishes
- An offshore company with concealed owners
- Liechtenstein Anstalt & Foundation
- Transfer of title to nominee but retaining legal ownership
- Pension schemes
- Charities (owning or purchasing assets retained by the donor for personal use)
- Image rights contracts
- Consultancy contracts with money being paid offshore
- Double Trust structures taking a family home out of the estate
- Illegal money or currency transfers
- Contrived liquidations (where certain creditors, often a tax authority, suffer losses but asset ownership is protected)

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## » Tax planning, Tax Evasion or Tax avoidance?

- Tax planning – using the intention of the legislation to mitigate tax
- Tax Evasion – is illegal and occurs when the law is broken
- Tax Avoidance – seek to exploit the loopholes in the UK legislation in a convoluted way and has no commercial logic. A tax avoidance scheme may set out to test the law but won't set out to break it



### Is it Tax Planning, Tax Evasion or Tax Avoidance

- a) A wealthy individual puts £11k cash into a cash & stocks/shares UK Individual Saving Account in 2013/14
- b) Highly paid employees (bankers) commencing as car dealers or buying & selling watches
- c) Wealthy individual sets up financial arrangements that generate large losses from a self employment (which usually has little or no turnover) to utilise the large self employed losses against their general income
- d) Creation of false invoices or expenditure with a company records

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Thank you

Any Questions?





Taxation of High Net Worth Individuals

**Tax Havens and  
Preferential Tax Regimes**





# TAX HAVENS AND PREFERENTIAL TAX REGIMES

Rachel Saw

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## AGENDA

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- What are tax havens?
- How to identify tax havens?
- How are tax havens used?
- Curbing the use of tax havens
- High net worth individuals and tax havens



## What is a Tax Haven?

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## What are tax havens

- OECD :
  - 4 criteria
    - No or nominal taxation;
    - Lack of transparency;
    - No effective exchange of information;
    - No requirement for substantial activity.
- Australian Tax Office:
  - Secretive tax or financial systems and minimal or low taxes for non-residents



## What are tax havens?

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- Norway:  
(Commission on Capital Flight from Poor Countries, 2009)
  - “Secrecy jurisdictions”
  - Very low or no tax on capital income
  - A special tax regime for shell companies (i.e. ring-fencing)
  - Lack of transparency regarding ownership
  - Lack of effective supervision
  - No effective exchange of tax information with other countries and jurisdictions



## What are tax havens? – II

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- United States  
“(the jurisdiction) has corporate, business, bank, or tax secrecy rules and practices which, in the judgment of the Secretary, unreasonably restrict the ability of the United States to obtain information relevant to the enforcement of (taxation of foreign capital income of American citizens)”



## What are tax havens? – III

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- **IBFD – International Tax Glossary**

“countries which are able to finance their public services with no or nominal income taxes and that offer themselves as places to be used by non-residents to escape tax in their country of residence”.

- **Tax Justice Network**

what tax havens have in common is that they create legislation designed to assist a person to avoid the regulatory obligations imposed upon them in the place where they undertake the substance of their economic transactions.



## What are NOT tax havens?

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- **Tax Shelter**

- the product used

- **Offshore Financial Centres (OFCs)**

- the service providers
- stable financial system

- **Mid-shore Financial Centres**

- combines the financial stability of OFCs with the security of a state regulatory framework





## Types of “tax havens”

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- Incorporation locations *BVI*
- Secrecy locations
- Specific geographic market suppliers
- Specialist service providers
- Market entry conduits
- High net worth providers *singapore, HK,*
- Tax raider



## What are tax havens? – IV

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- Other features
  - Foreign company prohibited from conducting local business, hiring local employees and owning real property
  - Business is to be conducted in foreign currency
  - Tax regime for foreign companies is more favourable than domestic companies
  - Lax corporate governance:
    - Subsidiary may hold shares in the holding company that owns it
    - No restrictions on benefits and loans to directors and senior executives
    - No requirement to have local senior personnel to serve as a company secretary



## What are tax havens? – V

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- No annual filing requirement
  - Low share capital requirement
  - No accounting/ reporting obligations or enforcement
  - Exempted from local registration requirements
- Ease of entry and exit
- Scale of the financial services industry does not match the economy



## Tax havens – the Good

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- Beneficial tax competition
- Increased investment in high-tax countries
- Economic development for tax havens



## Tax havens – the Bad

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- Damages tax competition
- Inefficient allocation of investment
- Secrecy – encourages criminal activity
- Financial crisis?
- Facilitates aggressive tax structures
- (Ab)use of tax treaties *treaty shopping*



## Tax havens – the Ugly

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- Al Capone and Meyer Lansky



- “The Russian mafia uses Cyprus extensively”

(Hubert Baustmann, associate professor of European Studies at Nicosia University, The Guardian, 26 January 2012)



- “Abuse of tax havens is a serious problem that undermines our entire tax system, let alone leads to higher deficits. We must step up enforcement, close offshore tax loopholes and ensure that working families are not unfairly burdened because of people trying to avoid paying the taxes they owe.”



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“All the pins are our sales representatives - except for the one in Paraguay, that's our company treasurer.”



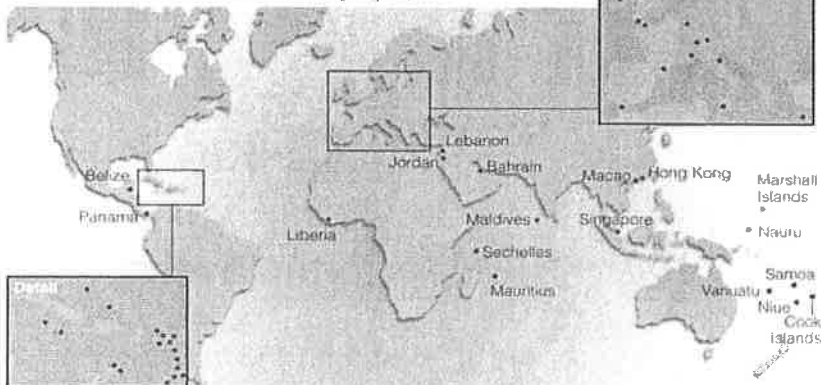
## Tax havens around the world

### Tax Havens Around the World

While there isn't a uniform definition of a tax haven, it's often described as a jurisdiction that has no or nominal taxes and doesn't exchange much information with foreign tax authorities.

Global tax havens and financial privacy jurisdictions

According to the Organization for Economic Cooperation and Development or the National Bureau of Economic Research (U.S.) or both



#### Caribbean Islands

Antigua and Barbuda, Aruba, Bahamas, British Virgin Islands, Cayman Islands, Dominica, Grenada, Jamaica, Netherlands Antilles, St. Lucia, St. Vincent and the Grenadines, St. Kitts and Nevis, Turks and Caicos Islands, U.S. Virgin Islands

#### Europe

Andorra, Cyprus, Gibraltar, Guernsey, Ireland, Isle of Man, Jersey, Liechtenstein, Luxembourg, Malta, Monaco, San Marino, Switzerland

Source: U.S. Government Accountability Office report



# HOW TAX HAVENS ARE USED



## How tax havens are used

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Main users:

- Multinational enterprises
- Wealthy individuals



## Tax havens and structures

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1. Sources of law and questions of method
2. Secrecy Legislation
  - Confidentiality of activities in other states
  - Absence of publicly available information
  - Access through legal requests
3. Special treatment
  - Exemption from taxes and duties
  - No requirement to prepare or audit accounts, to register or publish ownership, to retain and maintain documents and records



## Tax havens and structures

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- no requirement to hold board meetings locally
- Annual returns filed are cursory and not detailed
- Right to re-domicile the company



Type of use

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- 1. Asset holding**
- 2. Trading and other business activity**
- 3. Financial services**
- 4. Intellectual property rights management**



## HOW TAX HAVENS ARE USED

Red Flags  
Identifying Structures



## Offshore structures – Red Flags

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### Red flag arrangements:

- Anonymous offshore debit/ credit cards
- Bank accounts in tax havens
- International Business Companies
- Trusts based in tax havens
- Tax-free savings accounts
- Anonymous international and investment trusts
- Overseas licensing/IP management in tax havens



## Offshore structures – Glossary

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- Anstalt (German)
- Foundation
- International Business Company/ Offshore company
- Offshore partnerships/ trust/fund
- Protected cell company
- Stichting (Dutch)
- Stiftung (German)





## Offshore structures

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### Risks:

- Non-disclosure of overseas income, interests and dealings
- Concealed assets
- False documentation and deductions

### Indicators:

- International transactions with low-tax jurisdictions
- Offshore structures involving discretionary trusts or other transparent entities



## Offshore structures

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### • Examine:

- Income and capital gains derived from both onshore and offshore sources
- Non-transparent offshore structures and dealings
- Arrangements that seem to circumvent CFC rules
- International flow of funds
- Asset matching



# CURBING THE USE OF TAX HAVENS

Domestic and international measures



## Curbing the use of tax havens – domestic legislation

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- Attributing the income and gains of the company or trust in the tax haven to a taxpayer in the high-tax jurisdiction on an arising basis (CFC-legislation)
- Transfer pricing rules often based on OECD TP guidelines
- Restrictions on deductibility, or imposition of withholding tax regarding to payments made to offshore recipients
- Exit taxes of unrealized capital gains upon emigration



## Curbing the use of tax havens – domestic legislation II

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- CFC legislation
  - Controlled foreign companies
- Disclosure requirements
  - Taxpayers and their advisors are obliged to disclose certain tax saving schemes (UK and US)
- US: Stop Tax Haven Abuse Act



## Curbing the use of tax havens – Other means

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- Voluntary Disclosure
- Taxpayer education



## Curbing the use of tax havens - International

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- International Monetary Fund (IMF)
- World Bank
- Financial Action Task Force
- Financial Stability Forum
- OECD and the Global Forum
- UN



## Curbing the use of tax havens – G20/OECD

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### **Communiqué Meeting of Finance Ministers and Central Bank Governors, Sydney, 22-23 February 2014**

- “9. We are committed to a global response to Base Erosion and Profit Shifting (BEPS) based on sound tax policy principles. Profits should be taxed where economic activities deriving the profits are performed and where value is created. We continue our full support for the G20/OECD BEPS Action Plan, and look forward to progress as set out in the agreed timetable. By the Brisbane summit, we will start to deliver effective, practical and sustainable measures to counter BEPS across all industries, including traditional, digital and digitalised firms, in an increasingly globalised economy. We endorse the Common Reporting Standard for automatic exchange of tax information on a reciprocal basis and will work with all relevant parties, including our financial institutions, to detail our implementation plan at our September meeting. In parallel, we expect to begin to exchange information automatically on tax matters among G20 members by the end of 2015. (cont'd)



## Curbing the use of tax havens – G20/OECD

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### **Communiqué Meeting of Finance Ministers and Central Bank Governors, Sydney, 22-23 February 2014**

- (cont'd) We call for the early adoption of the standard by those jurisdictions that are able to do so. We call on all financial centres to match our commitments. We urge all jurisdictions that have not yet complied with the existing standard for exchange of information on request to do so and sign the Multilateral Convention on Mutual Administrative Assistance in Tax Matters without further delay. We stand ready to give tougher incentives to those 14 jurisdictions that have not qualified for Phase 2 of the evaluations. We will engage with, and support low-income and developing countries so that they benefit from our work on tax.”



## Curbing the use of tax havens – Others

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- International Tax Dialogue
- Transparency International
- Tax Justice Network

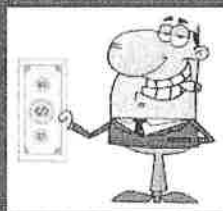


## Curbing the use of tax havens – Others

- Other measures have been proposed as a more effective means to curb the use of tax havens
  - Multilateral tax treaties
  - Country by country reporting
  - Automatic Exchange of Information



## HIGH NET WORTH INDIVIDUALS





## High Net Worth Individuals (HNWI)

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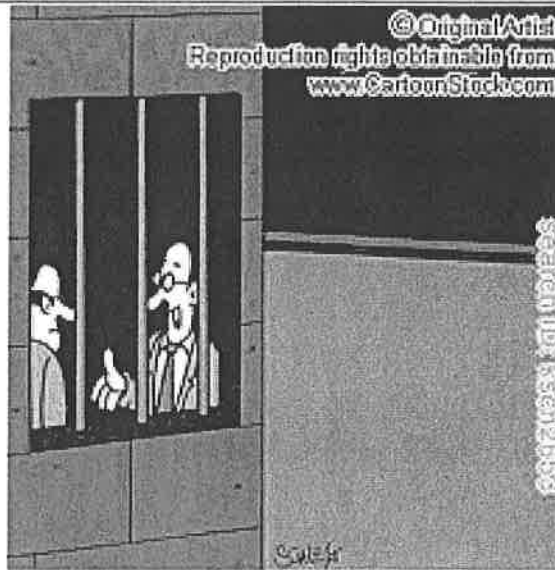
- Why focus on HNWIs
  - Revenue contribution to states
  - Complexity of arrangements
  - Ease and access to Aggressive Tax Planning
  - Integrity
  
- Types of HNWI
  - High Income individuals
  - Highly paid employees & professionals
  - Entrepreneurs
  - Sportspersons and entertainers
  - Wealthy investors



## High Net Worth Individuals (HNWI)

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- Methods employed
  - Artificial loss or deduction generators
  - Use of partnerships and trusts
  - Restructuring of employment arrangements to take advantage of treaties (use of offshore company)
  - Use of non-cash remuneration
  - Income or asset diversion
  - Capital gain realisation in no or nominal tax jurisdictions
  - Using residency and domicile rules



DON'T BE UNGRATEFUL, MR CUMMINGS.  
THANKS TO MY SUGGESTIONS, YOU  
DON'T NEED TO PAY TAXES  
FOR THE NEXT 10 YEARS!



**Many Thanks!**



Taxation of High Net Worth Individuals

## **HNWI & Avoidance of UK Taxes**





# HNWI & Avoidance of UK Taxes

How tax avoidance impacts on the UK wealthy population during their lifetime and in their estate planning (death)

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## Topics for discussion

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- What is tax avoidance & why is it a problem for everyone?
- Why does the UK Government & HM Revenue & Customs tackle tax avoidance?
- The UK HM Revenue & Customs Anti Avoidance Strategy
- Anti Avoidance Group & New Counter Avoidance Directorate
- Disclosure of Tax Avoidance Schemes (DOTAS)
- Managing Avoidance Risk (MAR) framework
- Benefits of the MAR process
- How avoidance is worked in the High Net Worth Unit
- The different types of avoidance schemes used by UK HNWI individuals
- The General Anti Abuse Rule (GAAR)
- Recent legislative changes on avoidance
- Statistics and our successes

## » What is avoidance and why is it a problem for everyone

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- 'Avoidance' is not defined in the UK Taxation Acts
- Tax avoidance is bending the rules of the tax system to gain a tax advantage that Parliament never intended. It often involves contrived, artificial transactions that serve little or no purpose other than to produce a tax advantage. It involves operating within the letter – but not the spirit – of the law
- Tax avoidance is not the same as tax planning. Tax planning involves using tax reliefs for the purpose for which they were intended
- Aggressive tax avoidance is unacceptable and around 65,000 people and businesses in the UK have used marketed tax avoidance schemes which are being investigated and litigated
- Latest figure suggest that Avoidance is 14% of the UK HMRC tax gap of around £32 billion of taxes not collected
- Tax avoidance deprives the UK of the money it needs to fund public services and undermines public confidence in the fairness of the tax system

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## » Why does the UK Government & HM Revenue & Customs tackle tax avoidance

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- Fairness and having a level playing field for all taxpayers
- Part of the UK's long term economic plan
- Make the UK's tax system one of the most modern and competitive globally
- UK Government, HM Revenue & Customs (HMRC) and HM Treasury (HMT) share an objective of minimising the tax gap & reducing tax avoidance & evasion
- Encouraging everyone to pay the right tax at the right time
- Avoidance distorts markets, is economically unproductive and breaks the link between economic productivity and reward
- By taking a strong compliance approach on tackling tax avoidance the UK Government since 2010 has brought in more £65 billion in compliance yield
- Tax avoidance covers all different types of taxes including Inheritance Tax a transfer tax , transfer of value deemed to be a tax on death

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## UK HM Revenue & Customs Anti Avoidance Strategy

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### **The Strategy**

A small minority of HM Revenue & Customs (HMRC) customers continue to engage in tax avoidance, which undermines the delivery of fair tax outcomes.

We aim to persuade our customers not to attempt to engage in avoidance by:

- making tax law robust against avoidance
- engaging with our customers about our approach to avoidance
- optimising our operational response to avoidance; and
- changing the economics of avoidance to make it less attractive

So that the expected costs, difficulties and risks of attempting avoidance outweigh the expected potential gains.

Across HMRC including the HNWI population we use behavioural change techniques to get people to withdraw and settle with HMRC on tax avoidance scheme enquiries which have been defeated in the Courts or on death cases where death estates have remained unsettled for number of years

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## How the UK Anti Avoidance Strategy implemented?

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- Early detection using our Disclosure of Tax Avoidance Regime (DOTAS)
- Bringing in effective new legislation to close off the avoidance or legislative loop holes.
- Engaging with our customers about how we will address tax avoidance
- Knowing what avoidance schemes and bespoke arrangements are being marketed and used.
- Understand our customers and know who are more likely to carry out avoidance and organise our resources accordingly
- Target the higher risk organisations and individuals who do not comply
- Being proactive at challenging avoidance by investigation and effective litigation.
- Making strategic decisions on our approach in litigating avoidance cases.
- Settling cases using best practice, new ways of thinking, behavioral techniques to educate, engage individuals and encourage them to settle or stop using avoidance schemes

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## » Disclosure of Tax Avoidance Schemes (DOTAS)

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- What is DOTAS?
- What does it cover?
- Not all avoidance is disclosable under DOTAS why?
- What taxes fall within the DOTAS regime?
- When does DOTAS apply?
- What are the hallmarks for avoidance or sign posts to trigger a disclosure?
- Penalties
- Problems with DOTAS
- Recent changes to the DOTAS regime
- Disclosure statistics

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## » The types of avoidance schemes used by the UK High Net Worth individual

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Here are some of the different categories of tax avoidance schemes that have been marketed for the UK wealthy individual in the last decade and beyond:

- Employment related/Consultancy/Retirement Benefit funds
- Financial Instruments – Gilt strips
- Capital Gains – manipulation of the change in CGT rates
- Capital Allowances
- Use of offshore trusts
- SDLT – Stamp Land Duty Tax
- Pension
- Partnership /Self employment losses
- Reliefs – Business Property Relief, Agricultural Relief
- Treaty Abuse
- Inheritance Tax
- Gift Aid relief – charitable donations
- VAT – Value Added Tax

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## Managing Avoidance Risk (MAR) framework

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The Managing Avoidance Risk (MAR) framework was implemented in April 2013 a UK HMRC-wide framework involving a set of processes to:

- Improve HMRC management information on avoidance
- Speed up effective handling of avoidance risks
- Ensure consistency of approach to all avoidance
- Deal with our existing or new avoidance issues across HMRC
- Ensure a handling strategy is put in place for the avoidance scheme including the lead and follower cases
- Improve our efficiency ensuring avoidance schemes are worked upon project lines using project methodologies
- Provide clear governance and a reporting process which requires quarterly, annual up dates and agreement to parameters for settlement by a Anti Avoidance Board
- Allows HMRC to have a clear picture of the UK Avoidance landscape and tax at stake so our resources are allocated correctly

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## MAR Benefits

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- Additional Revenues have been brought in
- Accelerated and cross directorate case working
- Customer engagement & satisfaction that their enquiry is finally settled
- Risk to HMRC resource allocated correctly
- Better avoidance data and known number of users/tax at risk across HMRC
- Improved risking and identification of hall marks of the avoidance
- Clear steps for governance and reporting
- Consistency of treatment of issues, cases and faster working using project management techniques
- Increased staff awareness on avoidance and informs the behaviours of HNWI customers in risking their Self Assessment returns

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## » How avoidance is worked in the High Net Worth Units (cont.)

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- An HNWU Avoidance Tracker is used to record all avoidance enquiries across the business and monitor their progress
- Mass marketed Avoidance schemes are worked within the HMRC Counter Avoidance Directorate, bespoke avoidance arrangements may be worked with HNWU offices
- Inheritance Tax avoidance may be part of HNWI estate/succession planning. Avoidance of Trust & Inheritance Tax is dealt with by our Trusts & Estates colleagues who will advise us of any lifetime transfers having been made or at death once their death account is received and reviewed
- Inheritance Tax avoidance is not fully within DOTAS regime so it is extremely difficult to spot whether avoidance products have been used during the HNWI lifetime or at death

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## » How avoidance is worked in the High Net Worth Units

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- A business unit within Special Personal Tax with 7 Offices and 375 staff across the UK
- A Customer Relationship Manager in the HNWU office will have the responsibility for dealing with all aspects of the High Net Worth individual tax affairs and engagement with that person or his/her Agent
- The HNWI individual Self Assessment returns are profiled for Avoidance DOTAS reference numbers on the Tax returns
- Each office has an Avoidance Single Point of Contact (SPOC) who liaises with HMRC Anti Avoidance Group to assist with avoidance recognition, handling of enquiries and recording

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## The General Anti Abuse Rule (GAAR)

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- What is GAAR
- What was the purpose behind it
- What taxes does GAAR affect
- How does GAAR work
- The Advisory Panel
- An additional tool available to HMRC -combat & tackle abusive tax arrangements
- Applies to tax arrangements on or after 17 July 2013
- What was the main purpose of the arrangement – to gain a tax advantage
- What does a tax advantage look like
- Pre July 2013 planning for HNWI population
- No time limits – fits into normal time limits of the tax regime

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## Recent legislative changes on avoidance & HMRC Avoidance Strategy

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- New Counter Avoidance Directorate (CAD) – 1 April 2014
- Finance Bill 2014 – Proposed changes to the UK Legislation include Failure Notices, & penalties & Accelerated Penalties
- DOTAS changes – request further specific information and documents
- High Risk Promoters – conduct and monitoring notices
- New Penalty provisions - where a promoter fails to comply with any aspect of the DOTAS regime
- Annual Tax on Enveloped Dwellings (ATED)
- Came into effect 1 April 2013. Part of the UK tax authority's three pronged attack against perceived Stamp Duty Land Tax (SDLT) avoidance by non-natural persons who own UK residential property valued above £2 million. It also includes:
  - An increased SDLT rate of 15%
  - A widening of the base for Capital Gains Tax.
- There is a small team based in Birmingham created to prevent avoidance of Stamp Duty Land Tax (SDLT). HNWU Birmingham is leading the ATED compliance interventions and brought in £1m additional tax yield in 2013/14

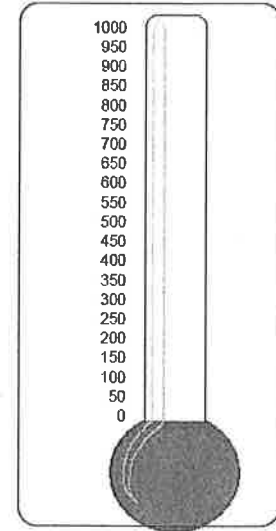
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# HNWI Statistics and our successes

| <u>Tax Yield Statistics</u> | <u>Achieved</u>     | <u>Target</u>       |
|-----------------------------|---------------------|---------------------|
| • 2009-10 Total Yield       | £ 85,241,663        | £80,000,000         |
| • 2010-11 Total Yield       | £162,480,597        | £150,000,000        |
| • 2011-12 Total Yield       | £200,428,660        | £175,000,000        |
| • 2012-13 Total Yield       | £222,403,897        | £200,000,000        |
| • 2013-14 Total Yield       | <u>£267,970,741</u> | <u>£210,000,000</u> |
| • Total                     | <u>£938,525,558</u> |                     |

1 Billion



As at 1 April 2014 the total tax at stake on HNWI population enquiries stands at £1.6 billion of which £1 billion is avoidance

In Birmingham HNWI office there are 730 customers and 118 (16 %) have used avoidance schemes for which £115m tax is at risk on these schemes



Thank you

Any Questions?