Long list of powers

Prioritisation

Bearing in mind time and resource constraints – and subject to the outcome of the evidence-gathering phase – HMRC provisionally proposes the following prioritisation:

- 8 Green measures are first priority
- 31 Orange measures are second priority
- 9 White measures have been updated since the 31 October meeting, and are either considered out of scope or for further discussion.
- Blue measures are out of scope.

Please note power 30 has been rolled into power 29, on POTAS.

Contents

List of powers by provisional theme

Power No	Power type	Power summary
	1. Obtaining information	
1	HMRC data-gathering powers	Extensions to Schedule 23, Section 86 (1), Finance Act 2011 The government has extended HMRC's data gathering powers to identify those seeking to hide their tax liabilities: • In 2017, to Money Service Businesses (MSBs) which transmit money, cash cheques payable to their customers, or exchange currency by way of business. This makes it more difficult for non-compliant individuals and businesses to exploit cash services offered by MSBs to operate in the hidden economy. • In 2016, to online intermediaries (businesses that help to facilitate trade, typically by introducing buyers to sellers, and facilitating orders or bookings on behalf of the seller); and electronic payment providers who operate digital wallets. This allows us to identify and take action against those hiding tax liabilities in the digital economy. • In 2013, to merchant acquirers (businesses that process credit and debit card transactions) to identify retailers not declaring their sales properly.
2	Cross-border information exchange	International Tax Compliance Regulations 2015 HMRC collects data from UK financial institutions on financial accounts held by non-resident taxpayers, and shared it with other jurisdictions, under the Common Reporting Standard and other similar international agreements.
3	Country-by-country reporting	The Taxes (Base Erosion and Profit Shifting) (Country-by-Country Reporting) Regulations 2016 Country by Country Reporting (CbC reporting) was a result of Action 13 from the International BEPS project. The UK introduced CbC reporting via the 2016 Base Erosion and Profit Shifting Regulations (as amended) introduced a requirement for UK Multinational Enterprise (MNE) Groups and some non-UK headed MNE Groups to file a Country-by-Country Report. This report provides high level information to HMRC on their global allocation of profits and taxes paid, as well as indicators of economic activity in a country. CbC reports are exchanged with treaty partners as appropriate. An initial penalty of £300 applies to MNE Groups who fail to comply.

3a	Partnership returns	Schedule 6, Part 2 – Finance Act 2018 Changes requiring additional information in a partnership return and statement where the reporting partnership is a partner in another partnership or where the reporting partnership includes a partner which is itself a partnership
	2. Tackling avoidance	
4	General Anti-Abuse Rule	Part 5 and Schedule 43 – Finance Act 2013 & Part 10 – Finance Act 2016 The Government introduced the GAAR to tackle abusive tax avoidance schemes. A Penalty was added in Finance Act 2016.
5	Accelerated payments and Follower Notices	Part 4 – Finance Act 2014 The government introduced Accelerated Payments (AP) to change the economics of tax avoidance requiring users to pay disputed tax up front making it harder to sell schemes and Follower Notices (FN) to encourage faster resolution of avoidance schemes and discourage unnecessary litigation
6	Sch24 reform - penalties for “reasonable care”	Part 4 – Finance Act (No 2) 2017 (amending Schedule 24, Finance Act 2007) The government removed the defence of having relied on non-independent advice as taking ‘reasonable care’ when considering penalties for any person or business that uses such arrangements.
7	Requiring large businesses to publish their tax strategies	Schedule 19 – Finance Act 2016 The government introduced a ‘special measures’ regime to tackle businesses that persistently adopt highly aggressive behaviours including around tax planning, and a voluntary Code of Practice defining the standards HMRC expects large businesses to meet in their relationship with HMRC.
8	Uncooperative and non-compliant large businesses	Schedule 19 – Finance Act 2016 The government introduced special measures powers to tackle a minority of large businesses that persistently engage in aggressive tax planning.
9	Banking Code of Conduct	s285 – Finance Act 2014 HMRC may name an entity or bank which breaches the Banking Code of Conduct whilst a member. This was placed on a statutory footing in Finance Act 2014.
10	Diverted Profits Tax Charging Notice	Part 3 – Finance Act 2015 The Diverted Profits Tax includes a requirement to notify for business and a power for HMRC to raise a charging notice (or an amending notice) to bring the DPT into charge.

11	Tax Returns	Finance Act 19 – s.87(1) and (2) – put HMRC's longstanding policy of accepting customers tax returns delivered voluntarily as legally valid returns onto a statutory basis . The legislation did not create any new liabilities and will apply both retrospectively from April 1996 and with prospective effect.
11a	Corporate Interest Restriction regime	<u>Schedule 5 – Finance (No 2) Act 2017</u> The government introduced new information and penalty powers to help HMRC administer the corporate interest restriction regime.
12	Serial Tax Avoiders Regime	<u>Part 4 – Finance Act 2016</u> The government introduced the Serial Tax Avoiders Regime for those who persistently enter into tax avoidance schemes that are defeated by HMRC. These include a special reporting requirement and a surcharge on those whose latest return is inaccurate due to use of a defeated scheme.
13	DOTAS regime changes	<u>Amendments to the avoidance disclosure regimes in Finance Acts 2014, 2015 and 2017 (No.2)</u> These changes 1/ improved information collected under DOTAS, 2/ strengthened the hallmarks underpinning DOTAS (adding new hallmarks and removing 'grandfathering' provisions for future use of schemes that were excluded by those provisions) and 3/ introducing a new regime for disclosure of avoidance of indirect tax.
14	Partial closure notices	<u>Part 4 – Finance (No.2) Act 2017</u> The government introduced PCNs - these allow HMRC and taxpayers to achieve formal conclusion of individual elements of an enquiry into a tax return ahead of final closure of the enquiry as a whole.
	3. <u>Ensuring compliance</u>	
15a	Civil penalties for offshore tax evasion	<u>Schedule 20 – Finance Act 2015</u> The government amended the existing penalties for errors, failure to notify and failure to make a return so that the offshore penalties applied to IHT with effect from 1 April 2016. Schedule 20 FA 2015 also introduced and defined "offshore transfer".
15b	Civil penalties for offshore tax evasion	<u>Schedule 21 – Finance Act 2015</u> The government introduced the asset moves penalty to any relevant asset moves that take place after 26 March 2015. This additional penalty is 50 per cent of the amount of the underlying penalty and is charged in cases of serious non-compliance involving an offshore matter or offshore transfer. There is an exclusion for specified territories committed to exchanging information under the Common Reporting Standard (CRS). The list of specified territories was last updated with effect from 3 November 2017.

16a	Civil penalties for offshore tax evasion	Section 163 & Schedule 21 – Finance Act 2016 The government increased civil penalties for deliberate offshore tax evasion by 10%, and introduced a requirement for non-compliant taxpayers to provide “additional information” in addition to normal disclosure (“telling”, “giving” and “allowing”) in order to receive maximum penalty reductions.
16b	Civil penalties for offshore tax evasion	Section 164 – Finance Act 2016 The government widened public naming of deliberate defaulters to include offshore tax evaders.
16c	Civil penalties for offshore tax evasion	Section 165 & Schedule 22 – Finance Act 2016 The government introduced additional asset-based penalties for inaccurate documents, failing to notify chargeability and failure to deliver a return within the time allowed. The asset-based penalty is the lower of 10% of the value of the asset or the offshore potential lost revenue multiplied by 10.
17	Requirement to correct past offshore tax non-compliance	Section 67 and Schedule 18 – Finance (No. 2) Act 2017 The government introduced the requirement to correct – The RTC legislation required those with undeclared offshore tax liabilities (relating to Income Tax, Capital Gains Tax or Inheritance Tax for the relevant periods) to disclose those to HMRC on or before 30 September 2018. Those who failed to correct in time faced higher penalties.
18	Extending offshore time limits	Sections 80 & 81 – Finance Act 2019 Extending offshore time limits – Assessment time limits for income tax, capital gains tax and inheritance tax that involve an offshore matter or offshore transfer have been extended so that HMRC can assess up to 12 years of back taxes without needing to establish careless or deliberate behaviour.
19	Three Simple Criminal Offences	Section 166 – Finance Act 2016 The government introduced three new criminal offences: failing to notify chargeability; failing to deliver a return; and delivering an incorrect return. Targeted at the most serious cases relating to offshore income, assets and activities. HMRC does not have to prove intent.
20	Restrict a CGT easement	Schedule 1 (paragraph 21) – Finance Act 2019 A designated HMRC officer can revoke certain investment funds’ entitlement to an easement (i.e. transfer a CGT liability to their investors) where necessary to safeguard the public revenue, provided there is sufficient reason. FA19 Sch1 para21.

21	Criminal investigations powers	Finance Act 2013 The government introduced a minor legislative change to align HMRC's powers under the Proceeds of Crime Act 2002 across all taxes.
22	Civil penalties for participating in VAT fraud	Section 69C of the VAT Act 1994 From 16 November 2017, the government for a penalty for transactions that are connected with VAT fraud. Applies where HMRC can show that the business knew or should have known that its transactions are connected with VAT fraud.
23	Notification of vehicle arrivals	Finance Act 2012 The government introduced legislation to tackle VAT evasion on road vehicles brought into the UK from 15 April 2013. Vehicles have to be notified to HMRC before registration with the Driver and Vehicle Licensing Agency and a new online system will be available to facilitate this.
24	Modernising customs legislation	Finance Act 2013 The government clarified HMRC's power to detain goods during customs and excise investigations.
25	Tobacco anti-forestalling restrictions	Section 56 – Finance Act 2015 The government introduced Section 6A & 6B Tobacco Products Duties Act 1979 and imposed Anti-Forestalling restrictions to tighten controls on the practice of removing excessive quantities of cigarettes for home use after duty payment in anticipation of an increase on duty rates and introduced a penalty for failure to comply.
26	Tackling waste crime	Schedule 12 – Finance Act 2018 From 1 April 2018, Landfill Tax became due on disposals of material at unauthorised sites in England and Northern Ireland. Those who continue to flout the rules are liable to tough civil and criminal sanctions.
	4. Conditionality	
27	Anti-illicit tobacco	Section 179 – Finance Act 2016 The government introduced Section 8K to 8U Tobacco Products Duties Act 1979, including a definition of Raw Tobacco, establishing regulations and a requirement for approval, introducing penalties, the ability to assess and rules around forfeiture. K to U were introduced at 06/12/16, except for S8L(1) the requirement for approval which was introduced 1/4/2017

28	Conditionality	Finance Act 2015, and the Wholesaling of Controlled Liquor Regulations 2015 The government required alcohol wholesalers to register with HMRC to reduce illicit trade in alcohol products from 2016. This builds on the requirement introduced in early 2014 that alcohol traders take reasonable steps to ensure that their suppliers and customers are legitimate.
	5. Tackling enablers	
29	POTAS – The Promoters of Avoidance Schemes regime	Part 5 – Finance Act 2014 & subsequent changes The government introduced the POTAS regime – it included powers to tackle non-cooperative promoters of tax avoidance schemes. These powers will include the ability to issue conduct notices, breaches of which will trigger enhanced information powers with large financial penalties for non-compliance. Further changes were made in Finance Acts 2016, 2016 and 2017 to further enhance the regime and ensure it continued to operate effectively. In particular, Finance Act 2016 widened the Promoters of Tax Avoidance Schemes (POTAS) regime by bringing in promoters whose schemes are regularly defeated by HMRC.
30		*Previously a separate POTAS measure - now rolled into 29*
31	Civil penalties for enablers of offshore evasion	Section 162 & Schedule 20 Finance Act 2016 The government introduced new penalties for the enablers of offshore evasion and publication of the enabler's details in certain circumstances.
32	Civil penalties for enablers of defeated avoidance	Section 65 & Schedule 16 Finance (No.2) Act 2017 The government introduced a new penalty for any person who has enabled another person or business to use a tax avoidance arrangement that is later defeated by HMRC.
33	2 Corporate Criminal Offences	Section 45 & Section 46 – Criminal Finances Act 2017 The government introduced a new criminal offence for corporates failing to prevent facilitation of UK tax evasion offences, and a new criminal offence for corporates failing to prevent facilitation of foreign tax evasion offences.
34	Dishonest tax agents	Schedule 38 – Finance Act 2012

		The government introduced a civil alternative to prosecution for an individual, acting as a tax agent, who does something dishonest with a view to bringing about a loss of tax revenue. Sch.38 provides for a penalty of £5,000 to £50,000, the sum being dependent upon the extent and quality of the agent's disclosure of his dishonest conduct and their level of co-operation in establishing that conduct. The legislation provides, with Tribunal approval, file access powers, once dishonesty has been established, so that HMRC can identify any further dishonesty. The legislation provides no information powers prior to dishonest conduct being established. HMRC can publish the dishonest tax agent's details if the penalty is greater than the £5,000 minimum.
	6. Collecting tax due	
35	Securing debt in insolvency	Inserting 70A into Chapter 3 of Part 3 of Finance Act 2004 for CIS and inserting Para 88A into Sch18 of Finance Act 1998 for CT. Existing security deposit legislation (covering VAT/PAYE/NICs/Environmental and Gambling taxes) expanded to include corporation tax and Construction Industry Scheme deductions. Government consulted on the most effective means of introducing this change (published 6/7/18) - no significant changes as it mirrored existing regime. Failure to provide a security when required to do so may result in prosecution.
36	Coding out of debt	The Income Tax (Earnings and Pensions) Act 2003 (Section 684(3A)) Order 2014 & The Income Tax (Pay as you Earn) (Amendment No. 4) Regulations 2014 HMRC can alter PAYE codes to collect SA debt from debtors' income. This power has been revised since 2012.

7. Out of scope – technical reforms to the tax rules

2.208 Capital allowances: anti-avoidance rules – As announced at Budget 2011, from April 2012, the capital allowance anti-avoidance legislation will be widened to protect the Exchequer from a loss of tax revenue as a result of transactions to acquire plant or machinery which are part of a scheme or arrangement involving avoidance. (Finance Bill 2012)
2.109 Manufactured payments – As announced on 15 September 2011 and consulted on during 2012, legislation will be introduced to simplify the rules for manufactured payments and make them less vulnerable to avoidance. The new rules will have effect from 1 January 2014. (Finance Bill 2013)
2.201 Debt buybacks – As announced in a Written Ministerial Statement on 27 February 2012, and with effect from the same date, the Government will amend the corporation tax rules on loan relationships held between connected companies. The calculation of deemed releases of debts becoming held by connected companies will be amended and a targeted anti-avoidance rule to counter arrangements that aim to circumvent the deemed release rules will be inserted. The legislation will include limited retrospective provision for certain arrangements entered into between 1 December 2011 and 27 February 2012. (Finance Bill 2012)
2.202 Corporate investors in Authorised Investment Funds (AIFs) - As announced on 27 February 2012, and with effect from the same date, the Government has introduced legislation to address a tax avoidance scheme which seeks to obtain tax benefits for a corporate investor in relation to a distribution made by an AIF where no underlying tax has been suffered.
2.210 Property losses - As announced on 13 March 2012, and with effect from the same date, the Government will introduce legislation to counter avoidance involving losses from a property business set against general income. (Finance Bill 2012)
2.211 Site restoration payments - The Government will introduce legislation, with effect from 21 March 2012, to prevent the exploitation of relief given for site restoration payments. (Finance Bill 2012)
2.212 Plant and machinery leasing – With effect from 21 March 2012, changes will be made to capital allowances rules to counteract disclosed avoidance schemes which seek to bring in an artificially low disposal value for capital allowances purposes at the end of a long funding lease. (Finance Bill 2012)
2.216 Inheritance tax: avoidance using offshore trusts - The Government will introduce legislation, with effect from 21 March 2012, to amend the excluded property and settled property provisions in order to close an avoidance scheme involving the acquisition of interests in offshore excluded property trusts. (Finance Bill 2012)
2.198 Offshore employment intermediaries – The Government will consult on strengthening obligations to ensure the correct income tax and NICs are paid by offshore employment intermediaries. This is a result of the review announced at Autumn Statement 2012. (Finance Bill 2014)

2.215 Avoidance schemes involving loan relationships and derivatives – As announced at Autumn Statement 2012, the Government will legislate to close down three corporation tax avoidance schemes involving financial products, with effect from 5 December 2012. (Finance Bill 2013)
2.188 SDLT: avoidance – The Government will introduce legislation in Finance Bill 2013 to put beyond doubt that certain SDLT avoidance schemes that abuse the transfer of rights rules do not work. These changes will have retrospective effect to 21 March 2012. (Finance Bill 2013)
2.193 IHT: limiting the deduction of liabilities – The Government will legislate to close an IHT loophole that allows a deduction from the value of an estate for an outstanding debt regardless of whether or not the debts are paid after death, or how the borrowed funds have been used. (Finance Bill 2013)
2.194 Close company loans to participators – The Government will close three loopholes used to attempt to avoid the tax charge on loans from close companies to individuals with a share or interest in the company. This measure will have effect from 20 March 2013. (Finance Bill 2013)
2.195 Transfer of assets abroad and gains on assets held by foreign companies – As announced on 5 December 2011, the Government will amend anti-avoidance legislation designed to protect the UK tax base. New exemptions from the regimes will have retrospective effect from 6 April 2012 but, exceptionally, in respect of the chargeable gains changes, a taxpayer may elect for the new rules to apply from 6 April 2013. Other changes to the transfer of assets abroad regime will take effect from 6 April 2013. (Finance Bill 2013)
2.216 Trade and property business deductions – As announced on 21 December 2012, the Government will introduce targeted anti-avoidance rules to the income tax and corporation tax provisions governing the relationship between rules prohibiting and allowing deductions, with effect from 21 December 2012. (Finance Bill 2013)
2.220 Corporate ‘loss buying’ – The Government will introduce targeted anti-abuse rules, with immediate effect, to prevent companies entering into arrangements with unconnected third parties where the potential to create corporate losses are bought and then relieved against profits unconnected from the activity from which they arose. (Finance Bill 2013)
2.222 Review of two areas of partnership tax rules where tax is being lost – Following on from the announcement made at Autumn Statement 2012 to review partnerships as a high risk area of the tax code, this measure confirms consultation on legislation to counter the use of limited liability partnerships to disguise employment relationships and the artificial allocation of profit/loss to secure tax advantages. (Finance Bill 2014)
2.223 Loopholes involving corporation tax loss relief rules – The Government will close down three loopholes, with immediate effect, within the corporation tax loss relief rules, which have enabled companies to access relief for losses either more quickly or in ways contrary to the underlying principles of the legislation. (Finance Bill 2013)

2.198 Avoidance scheme using total return swaps – As announced at Autumn Statement 2013, the government will legislate to close down a tax avoidance scheme using derivative contracts which has enabled companies to pay their profits to a company in the same group located overseas, thus escaping a corporation tax liability. This will have effect from 5 December 2013. (Finance Bill 2014)
2.119 Double taxation relief: closing loopholes – The government will, with immediate effect from 5 December 2013, close 2 loopholes to reinforce the UK's double taxation relief policy that relief for foreign tax should only be given where income has been doubly taxed, once in the UK and once in the foreign territory. (Finance Bill 2014)
2.121 Controlled foreign companies (CFCs): profit shifting – The government will, with immediate effect from 5 December 2013, make changes to the CFCs rules to address the transfer offshore of profits from existing UK intra-group lending, and also make a simple legislative fix to ensure the rules work as intended (Finance Bill 2014)
2.138 Oil and gas bareboat chartering – As announced at Autumn Statement 2013, the government is concerned about the use of specialised lease payments, known as bareboat charters, to move significant taxable profit outside the UK tax net, and has been holding informal discussions with industry. The government will cap the amount deductible for these intra-group lease payments by companies that provide drilling services or accommodation vessels on the UK Continental Shelf. The cap will be 7.5% of the historical cost of the asset subject to the lease, increased from the 6.5% cap previously announced at Autumn Statement. The government will also introduce a new ring fence to protect the resulting revenue. The changes will apply from 1 April 2014. The government will review the impact of the measure following its first year of operation.
2.196 Dual contracts – As announced at Autumn Statement 2013, the government will legislate to prevent a small number of high earning non-domiciled individuals from avoiding tax by artificially dividing the duties of one employment between the UK and overseas. (Finance Bill 2014)
2.127 Compensating adjustments – As announced on 25 October 2013, the government will introduce legislation, with effect from 25 October 2013, to prevent abuse of the rules relating to compensating adjustments in the transfer pricing code. (Finance Bill 2014)
2.194 Employment intermediaries facilitating false self-employment – As announced at Autumn Statement 2013, the government will amend existing legislation to prevent employment intermediaries being used to avoid employment taxes by disguising employment as self-employment, with effect from April 2014. (Finance Bill 2014)
2.111 Business premises renovation allowance (BPRA) – Following a review of the BPRA, the government will make changes to simplify the scheme, make it more certain in its application and to reduce the risk of exploitation, with effect from April 2014.

2.199 Avoidance schemes involving the transfer of corporate profits – The government will close down tax avoidance schemes, with immediate effect, involving other arrangements to transfer profits to a related company where the arrangements have a main purpose of securing a tax advantage. (Finance Bill 2014)
2.98 Addressing hybrid mismatches – Following consultation, the government will introduce rules for addressing hybrid mismatch arrangements from 1 January 2017. The new rules will prevent multinational enterprises avoiding tax through the use of certain cross-border business structures or finance transactions. (Finance Bill 2016)
2.125 Corporation Tax: restricting relief for goodwill – As announced at Autumn Statement 2014, the government will restrict the Corporation Tax relief a company may obtain for the acquisition of the reputation and customer relationships associated with a business ('goodwill'), including customer information, when the business is acquired from a related individual or partnership. This will affect acquisitions on or after 3 December 2014. (Finance Bill 2015)
2.208 Accelerated Payments group relief – As announced at Autumn Statement 2014, the government will introduce legislation to ensure that the Accelerated Payments legislation works effectively where avoidance arrangements give rise to losses surrendered as group relief. (Finance Bill 2015)
2.151 Miscellaneous loss relief – The government will legislate to counter the avoidance of Income Tax through miscellaneous loss relief by introducing anti-avoidance rules from 3 December 2014. From 6 April 2015 it will also limit the miscellaneous income against which a miscellaneous loss can be claimed. (Finance Bill 2015)
2.213 Special purpose share schemes – As announced at Autumn Statement 2014, the government will legislate to remove the unfair tax advantage provided by special purpose share schemes, commonly known as 'B share schemes'. From 6 April 2015 all returns made to shareholders through such a scheme will be taxed in the same way as dividends. (Finance Bill 2015)
2.79 Employment Intermediaries: travel and subsistence (umbrella companies) – The government will consult on detailed proposals to restrict tax relief for travel and subsistence for workers engaged through an employment intermediary, such as an umbrella company or a personal service company, and under the supervision, direction and control of the end user. This follows a discussion paper published shortly after Autumn Statement 2014 on employment intermediaries and travel and subsistence relief. The changes will take effect from 6 April 2016 and will be legislated for in a future Finance Bill.
2.96 Capital Gains Tax entrepreneurs' relief: contrived structures – The government will deny entrepreneurs' relief (ER) on the disposal of shares in a company that is not a trading company in its own right. The government will also prevent individuals from claiming ER on the disposal of personal assets used in a business carried on by a company or a partnership, unless they are disposed of in connection with a disposal of at least a 5% shareholding in the company, or a 5% share in the partnership assets. This affects disposals on or after 18 March 2015. (Finance Bill 2015)
2.103 Capital Gains Tax: wasting assets – The government will clarify that the CGT exemption for wasting assets only applies if the person selling the asset has used it in their own business. These changes have effect from 1 April 2015 for Corporation Tax on chargeable gains, and 6 April 2015 for CGT.

2.210 Corporation Tax loss refresh prevention – The government will introduce anti-avoidance legislation, effective from 18 March 2015, to prevent companies from obtaining a tax advantage by entering contrived arrangements to turn historic tax losses of restricted use into more versatile in-year deductions. (Finance Bill 2015)
2.211 Capital Allowances – As announced on 26 February 2015, the government will introduce legislation, with effect from 26 February 2015, to clarify the effect of capital allowances anti-avoidance rules where there are transactions between connected parties or sale and leaseback transactions. (Finance Bill 2015)
1.177 The government will stop investment fund managers from using tax loopholes to avoid paying the correct amount of capital gains tax (CGT) on the profits of the fund payable to them (known as carried interest). This measure will have immediate effect by requiring taxpayers who receive carried interest to pay the full 28% CGT charge on their award. Asset managers will no longer be able to use tax planning to reduce the value of the gain. The government continues to support the asset management industry in the UK, and considers that carried interest should be subject to CGT, as it reflects the underlying long term performance of a fund's investments.
2.136 VAT on services used and enjoyed in the UK – The government will apply VAT 'use and enjoyment' provisions so that from next year, it will be clear that all UK repairs made under UK insurance contracts will be subject to VAT in the UK. In addition, the government will consider a wider review of off-shore based avoidance in VAT exempt sectors, with a view to introducing additional use and enjoyment measures for services such as advertising in the following year.
2.177 Controlled Foreign Companies (CFC) loss relief restriction – The government will remove the ability for companies to use UK losses and reliefs against a CFC charge from 8 July 2015. This will improve the effectiveness of the CFC regime in both deterring the diversion of profits and in taxing any profits that are diverted. (Summer Finance Bill 2015)
2.178 Disposal of stock other than in trade – The government will amend legislation relating to trading stock and intangible assets, to ensure that disposals made other than in the normal course of business are brought into account for tax purposes at full open market value. This amendment will stop corporate groups from using a transfer pricing override to manipulate the value of assets in intergroup transfers. (Summer Finance Bill 2015)
2.179 Taxation of carried interest: Base cost shifting and cherry picking – The government will introduce legislation, effective from 8 July 2015, to ensure that sums which arise to investment fund managers by way of carried interest will be charged to the full rate of capital gains tax, with only limited deductions being permitted. The government will also launch a consultation to better understand the activities of collective investment schemes, to determine under what circumstances performance returns should be taxed as a capital gain. It is not anticipated this will alter the tax treatment of carried interest. (Summer Finance Bill 2015)
3.59 Stamp Duty and Stamp Duty Reserve Tax Deep In The Money Options (DITMOs) – Shares transferred to a clearance service or depositary receipt issuer as a result of the exercise of an option will now be charged the 1.5% higher rate of stamp duty based on either their market value or the option strike price, whichever is higher.

This will prevent avoidance using DITMOs, which are options with a strike price significantly below (for call options) or above (for put options) market value. Share transfers made other than to a clearance service or depositary receipt system as a result of exercising an option will be unaffected. The change will apply to options which are entered into on or after 25 November 2015 and exercised on or after Budget 2016. (Finance Bill 2016)
3.85 Company distributions – The government will publish a consultation on the rules concerning company distributions later in the year. The government will also amend the Transactions in Securities rules and introduce a Targeted Anti-Avoidance Rule in order to prevent opportunities for income to be converted to capital in order to gain a tax advantage. (Finance Bill 2016)
3.86 Capital allowances and leasing – With effect from 25 November 2015, the government will amend legislation to counter 2 types of avoidance involving capital allowances and leasing. These changes will prevent companies from artificially lowering the disposal value of plant and machinery for capital allowances purposes, and make any payment received for agreeing to take responsibility for tax deductible lease related payments subject to tax as income. (Finance Bill 2016)
2.118 Related party rules – partnerships and transfers of intangible assets – The government will amend the intangible fixed asset rules to clarify the tax treatment on transfers of assets to partnerships. It will ensure that partnerships cannot be used in arrangements that seek to obtain a tax relief for their corporate members in a way that is contrary to the intention of the regime. (Finance Bill 2016)
2.94 Offshore property developers – This measure ensures that profits from trading in UK land are always subject to UK tax by introducing specific rules to tax the full amount of such profits whether or not the person to whom they arise is UK resident. Legislation for this measure will be introduced at a later stage of Finance Bill 2016, following a brief consultation. (Finance Bill 2016)
2.97 Tax deductibility of corporate interest expenses – Following initial consultation, the government will introduce rules for addressing base erosion and profit shifting through interest expenses from 1 April 2017 in line with the OECD recommendations. The new rules will limit the tax relief that large multinational enterprises can claim for their interest expenses. More information is included in the government's Business Tax Roadmap published at Budget. (Finance Bill 2017)
2.106 Trading income received in non-monetary form – The government will introduce legislation to ensure that trading receipts in non-monetary form are brought into account for tax purposes at their full value. (Finance Bill 2016)
2.150 VAT: reverse charge on 'airtime' services – With effect from 1 February 2016, the government introduced an anti-fraud measure to prevent Missing Trader Intra-Community fraud on wholesale supplies of electronic communications services. This was done by Treasury Order which was laid before the House on 11 January 2016.
4.47 Disguised remuneration schemes: Further, the government will take steps to make it less attractive for employers to use disguised remuneration avoidance schemes, by denying tax relief for an employer's contributions to disguised remuneration schemes unless tax and National Insurance are paid within a specified period.

4.50 Tackling exploitation of the VAT relief on adapted cars for wheelchair users – The government will clarify the application of the VAT zero-rating for adapted motor vehicles to stop the abuse of this legislation, while continuing to provide help for disabled wheelchair users.
4.51 VAT Flat Rate Scheme – The government will introduce a new 16.5% rate from 1 April 2017 for businesses with limited costs, such as many labour-only businesses. This will help level the playing field, while maintaining the accounting simplification for the small businesses that use the scheme as intended. Guidance which has the force of law, published today, will introduce anti-forestalling provisions.
3.45 Tax treatment of appropriations to trading stock – The government will remove the ability for businesses to convert capital losses into trading losses from 8 March 2017. This will eliminate an unfairness in the tax code which is being exploited by certain businesses.
3.46 Qualifying recognised overseas pension schemes (QROPS): introduction of transfer charge – The government will introduce a 25% charge on transfers to QROPS. This charge is targeted at those seeking to reduce the tax payable by moving their pension wealth to another jurisdiction. Exceptions will apply to the charge allowing transfers to be made tax-free where people have a genuine need to transfer their pension, including when the individual and the pension are both located within the European Economic Area.
3.47 VAT: Use and enjoyment provisions for business to consumer mobile phone services – The government will remove the VAT use and enjoyment provisions for business to consumer mobile phone services to individuals. This will resolve the inconsistency where UK VAT is applied to mobile phone use by UK residents when in the EU, but not when outside the EU. It will also ensure mobile phone companies cannot use the inconsistency to avoid UK VAT. This will bring UK VAT rules into line with the internationally agreed approach.
3.73 Intangible fixed assets: related party step-up schemes – The Intangible Fixed Asset rules will be updated with immediate effect, so that a licence between a company and a related party in respect of intellectual property is subject to the market value rule, and to ensure that the tax value of any disposal of a company's intangible assets is correct, even if the consideration is in something other than cash.
3.74 Depreciatory Transactions – The government will remove the 6-year time limit within which companies must adjust for transactions that have reduced the value of shares being disposed of in a group company. This will ensure that any losses claimed are in line with the actual economic loss to the group. This change will take effect for disposals of shares or securities in a company made on or after 22 November 2017.
3.76 Double Taxation Relief – From 22 November 2017 a restriction will be introduced to the relief for foreign tax incurred by an overseas branch of a company, where the company has already received relief overseas for the losses of the branch against profits other than those of the branch. This ensures the company does not get tax

relief twice for the same loss. The Double Taxation Relief targeted anti-avoidance rule will also be amended to remove the requirement for HMRC to issue a counteraction notice, and extend the scope to ensure it is effective.
3.85 Regulation 38 – The government will introduce stricter rules for how and when adjustments to VAT should be made following a reduction in price. Secondary legislation will tighten definitions for Regulation 38 and ensure a credit note is issued to customers. This will guarantee businesses are transparent and do not benefit from VAT that is due to the consumer or the Exchequer.
2.97 Agreement between the UK and Switzerland – The Government is today reflecting the benefit of the UK-Switzerland agreement in the public finances following the passing of the agreement by both the Swiss and UK Parliaments. The additional revenues reflect reclaimed tax on money hidden in Switzerland.
2.197 Common Reporting Standard: new disclosure facility – In advance of the receipt of data under the Common Reporting Standard in 2017, the government will offer a new time limited disclosure facility from 2016 to mid-2017 on less generous terms than existing facilities.
Corporate Interest Restriction – now moved to main table
2.106 Trading income received in non-monetary form – The government will introduce legislation to ensure that trading receipts in non-monetary form are brought into account for tax purposes at their full value. (Finance Bill 2016)
Profit fragmentation – now moved to main table
VAT Mini-One-Stop-Shop – now moved to main table
Trust taxation reform – now moved to main table

8. Out of scope – structural reform to tax regime

2.177 VAT: reverse charge for gas and power – The government will introduce a reverse charge for gas and power to prevent missing trader intra-community fraud in relation to those commodities. The change will be introduced through secondary legislation and the government will discuss the timing of introduction with the relevant industry bodies.
3.72 VAT fraud in labour provision in the construction sector – As announced at Autumn Budget 2017, and following consultation, the government will introduce a VAT domestic reverse charge to prevent VAT losses through so-called 'Missing Trader' fraud. This occurs when traders collect VAT on their sales but go missing before passing that VAT on to HMRC. This will shift responsibility for paying VAT along the supply chain to remove the opportunity for it to be stolen by those traders. The new rules will have effect on and after 1 October 2019 and the government is publishing secondary legislation alongside the Budget to implement this change.
3.77 Capital gains tax: tackling misuse of Entrepreneurs' Relief – In addition to the current requirements on share capital and voting rights, from 29 October 2018 shareholders must also be entitled either to at least 5% of the distributable profits and net assets of a company or to at least 5% of the proceeds if the company was sold to claim the relief. This is to address an identified abuse of the current rules.
3.79 Reforming Stamp taxes on shares consideration rules – The government will consult on aligning the consideration rules of Stamp Duty and Stamp Duty Reserve Tax and introducing a general market value rule for transfers between connected persons. Reforming consideration rules will simplify Stamp taxes on shares and prevent contrived arrangements being used to avoid tax. From 29 October 2018, a targeted market value rule will be introduced for listed shares transferred to connected companies to prevent forestalling.
3.80 Preventing abuse of R&D tax relief for small and medium-sized enterprises (SMEs) – To help prevent abuse of the payable credit, from 1 April 2020, the amount of payable R&D tax credit that a qualifying loss-making company can receive in any tax year will be restricted to three times the company's total PAYE and NICs liability for that year. This will ensure the relief is robust against identified abuse, including fraud, following the prevention by HMRC of fraudulent claims worth £300 million. The government will consult on this change.
3.83 VAT Specified Supplies Order – As announced in July 2018, the government will legislate to prevent a version of VAT avoidance (known as 'looping') that involves UK insurers setting up associates in non-VAT territories and using these associates to supply their UK customers. This allows them to reclaim VAT on costs that UK based competitors are unable to reclaim.

3.81 VAT grouping – The government will legislate in Finance Bill 2018-19 to extend the eligibility to join a VAT group to certain non-corporate entities. In addition, revised VAT grouping guidance will be issued to: • amend the definition of 'bought in services' to ensure that such services are subject to UK VAT • provide clarity to businesses on HMRC's protection of revenue powers and treatment of UK fixed establishments These guidance changes will be published in draft and come into effect from 1 April 2019.
3.84 Unfulfilled supplies – The government will amend rules from 1 March 2019 to bring consistency to the VAT treatment of prepayments. This change will bring all prepayments for goods and services into the scope of VAT where customers have been charged VAT but have failed to collect what they have paid for and have not received a refund.
2.21. Inheritance tax - trusts settlement definition – As announced at Budget 2018, the government will introduce legislation in Finance Bill 2019-20 to reflect HMRC's established legal position in relation to the Inheritance Tax (IHT) treatment of additions to existing trusts. The legislation will confirm that additions of assets by UK-domiciled (or deemed domiciled) individuals to trusts made when they were non-domiciled are not excluded property. The legislation will apply to IHT charges arising on or after the date on which Finance Bill 2019-20 receives Royal Assent, whether or not the additions were made prior to this date. Legislative amendments will also be made to ensure that transfers between trusts made after the date on which Finance Bill 2019- 20 receives Royal Assent will be subject to additional excluded property tests.
1.29. Inheritance Tax: changes to residence nil rate band – As announced at Budget 2018, the government will introduce legislation in Finance Bill 2018-19 for amendments to the residence nil-rate band (RNRB) relating to downsizing provisions and the definition of 'inherited' for RNRB purposes. These amendments clarify the downsizing rules, and provide certainty over when a person is treated as 'inheriting' property. This will ensure the policy is working as originally intended. The government has not consulted on the changes. The changes will have effect from 29 October 2018.
Finance Act 19 – s.87(1) and (2) – put HMRC's longstanding policy of accepting customers tax returns delivered voluntarily as legally valid returns onto a statutory basis . The legislation did not create any new liabilities and will apply both retrospectively from April 1996 and with prospective effect.

9. **Out of scope – new charge/tax**
Diverted Profits Tax – now moved up to main table
3.32 Offshore receipts in respect of intangible property (previously Royalties Withholding Tax) – As announced at Autumn Budget 2017, the government is introducing legislation in Finance Bill 2018-19 to tax income from intangible property held in low-tax jurisdictions to the extent that it is referable to UK sales. This measure will come into effect from April 2019. Following consultation, the government is making changes to ensure that the measure is effective, appropriately targeted and robust against abuse. These include: • collecting the tax by directly taxing offshore entities that realise intangible property income in low-tax jurisdictions, rather than through applying a withholding tax • broadening the income in scope of the measure to include embedded royalties and income from the indirect exploitation of intangible property in the UK market through unrelated parties • introducing a de minimis UK sales threshold of £10 million, an exemption for income that is taxed at appropriate levels, and an exemption for income relating to intangible property that is supported by sufficient local substance • anti-avoidance provisions will apply from 29 October 2018 to counteract arrangements entered into with a main purpose of avoiding a charge under this measure

10. Out of scope – subject to a separate review
2.49 Disguised remuneration schemes – The government will introduce a package of measures to tackle the current and historic use of disguised remuneration schemes, which are used to avoid income tax and NICs. Legislation will be included in Finance Bill 2016 which will prevent a relief in the existing legislation from applying where it is used as part of a tax avoidance scheme from Budget day (16 March 2016). The government will hold a technical consultation on further changes to the legislation which will be included in a future Finance Bill. This will include a new charge on loans paid through disguised remuneration schemes which have not been taxed and are still outstanding on 5 April 2019. HMRC have published a technical note explaining these changes alongside Budget. (Finance Bill 2016 and Finance Bill 2017)
Recover debt directly from bank accounts – now moved to main table
Tackle VAT fraud by online marketplaces – now moved to main table

11. Out of scope – announced but not implemented
3.86 Electronic sales suppression (ESS) – The government will publish a call for evidence later in the year on ESS. ESS refers to the misuse of electronic point of sale functions (i.e. till systems), which is undertaken by a minority of businesses in order to hide or reduce the value of individual transactions and the corresponding tax liabilities.
2.55. Amending HMRC's Civil Information Powers – The government's consultation on proposed technical changes to Schedule 36 to Finance Act 2008 closed on 2 October 2018. The proposed changes aim to improve HMRC's processes for accessing third party information. A response to this consultation, including next steps for implementation, will be published in due course.
3.66 Requirement to notify HMRC of offshore structures – The government will publish a consultation response on the proposed requirement for designers of certain offshore structures that could be misused to evade taxes, to notify HMRC of these structures and the clients using them. This work will be taken forward in conjunction with the OECD and EU.
3.90 International tax enforcement: disclosable arrangements – The government is enacting new legislation to allow the introduction of international disclosure rules about offshore structures that could avoid tax, or could be misused to evade tax.
Legislation will be introduced in Finance Bill 2019-20 to make minor procedural and technical changes to the General Anti Abuse Rule (GAAR).

3.89 Conditionality: hidden economy – Following the consultation 'Tackling the hidden economy: public sector licensing' published in December 2017, the government will consider legislating at Finance Bill 2019-20 to introduce a tax registration check linked to licence renewal processes for some public sector licences. Applicants would need to provide proof they are correctly registered for tax in order to be granted licences. This would make it more difficult to operate in the hidden economy, helping to level the playing field for compliant businesses.
3.69 Hidden economy – conditionality – The government will consult further on how to make the provision of some public sector licences conditional on being properly registered for tax. This would make it more difficult to trade in the hidden economy, helping to level the playing field for compliant businesses.
3.86 Faster recovery of Self-Assessment Debt – HMRC will use new technology to recover additional Self-Assessment debts in closer to real-time by adjusting the tax codes of individuals with Pay As You Earn (PAYE) income. These changes will take effect from 6 April 2019.