Strengthening Tax Avoidance Sanctions and Deterrents

I am writing to you on behalf of the IFS’ Tax Law Review Committee to bring to your attention the Committee’s response to this consultation. The TLRC was set up by the IFS in 1994 and its role is to keep under review the state and operation of UK tax law. It does not seek to question Government policy as such but to look at whether existing legislation and particular proposals achieve the policy in a satisfactory and efficient way. Edward Troup was a member of the TLRC.

In your Foreword to the present Consultation Document you refer to a “small minority” who seek to exploit tax laws in a way parliament never intended. As we note in paragraph (5) of our response, however, the present proposals fail to distinguish the “small minority” from the vast majority of responsible tax professionals without whom the tax system, commercial business activity and the organisation of individual financial affairs could not function satisfactorily.

The present proposals are, in the Committee’s view, seriously flawed. We draw attention in paragraph (8) to some of the issues they raise and in paragraph (9) to some of the potential detrimental and unwanted effects that we believe they could have if enacted in anything approximating their current form.

We recognise public concern with avoidance and we do not question the Government’s wish to deal in particular with the small minority who have little regard to whether their arrangements work or not. These proposals, however, tar the whole tax profession with the same brush. As we note in paragraph (11), they require fundamental reconsideration to identify properly their need, their target and their potential effects.

Malcolm Gammie CBE QC
Chairman, Tax Law Review Committee

Cc Edward Troup