



The 100 Group

Taxation Committee

Ms Nalini Arora
HM Revenue and Customs
Counter Avoidance Directorate
100 Parliament Street
London
SW1A 2BQ

By email: ca.consultation@hmrc.gsi.gov.uk

12 October 2016

Dear Ms Arora

Strengthening Tax Avoidance Sanctions and Deterrents: A discussion document

We welcome the opportunity to comment on the above named consultation.

Who we are

The 100 Group of Finance Directors represents the views of the finance directors of FTSE 100 and several large UK private companies. Our member companies represent around 90% of the market capitalisation of the UK FTSE 100 Index, and in 2015 paid, or generated, taxes equivalent to 14% of total UK Government receipts. Our aim is to contribute positively to the development of UK and international policy and practice on matters that affect our businesses, including taxation, financial reporting, corporate governance and capital market regulation. Whilst this letter expresses the views of The 100 Group of Finance Directors as a whole, those views are not necessarily those of our individual members or their respective employers.

Our views

We agree with the Government's goal to act against those who use tax avoidance arrangements to attempt to pay less than their fair share of tax. We also support reasonable and proportionate actions against the promoters, advisors and other intermediaries of such tax avoidance arrangements ("enablers of tax avoidance").

We have not responded to the detailed questions in the consultation as the proposed measures are aimed at, and likely to have a greater impact on, professional service firms. However, we would like to bring to your attention possible unintended consequences and indirect impacts of the proposed measures that we believe will have a significant impact on our members.

- **Reference to "intentions of Parliament"** - as outlined in our response to HMRC's consultation on 'improving large business tax compliance' dated 13 October 2015, in our view the phrase "intentions of Parliament" is subjective and open to many interpretations. It also suggests a single and correct tax treatment, which is clearly not the case given the number of matters under dispute and in litigation. In our view, such a subjective phrase creates an element of uncertainty that does not foster an environment for investment or consistent with the Government's post-Brexit desire to present the UK as "open for business". We believe a better definition would be to have tax arrangements that are aligned to the commercial and economic activities of a business.

- **Indirect impact on normal services** - we engage with professional service firms for many services as part of normal business activities, including tax compliance and tax advisory services. The enactment of penalties (100% of economic/financial benefit) for enablers of tax avoidance compounded with the loose concepts used in the proposed measures may lead to excessive pricing, or even the cessation, of these services to large companies. At the very least, this is likely to inhibit the provision of professional advice with respect to complex and uncertain matters, which risks weakening the controls that our members are expected to maintain under Senior Accounting Officer and similar requirements.

We would also like to confirm that the provision of advice within a group by in-house tax professionals is specifically excluded from the enabler-penalty rules.

We would be very happy to discuss our submission with you in more detail. Please do get in touch if you wish to discuss this further with me and the Committee.

Yours sincerely



Andrew Bonfield
Chairman, Taxation Committee

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