Global Tax Update

United Kingdom

Deloitte Tohmatsu Tax Co.

February 2015

1. Strengthening Sanctions for Tax Avoidance: consultation; revised GAAR guidance

The Government is consulting on new measures targeting 'serial users of tax avoidance schemes' and on specific new penalties for cases where the General Anti-Abuse Rule (GAAR) applies. It is also proposed to introduce a new ‘threshold condition’ that would ensure that promoters fall within the Promoters of Tax Avoidance Schemes rules in Finance Act 2014 if a significant proportion of schemes which they notify under the Disclosure of Tax Avoidance Schemes (“DOTAS”) rules are found by the Courts to result in the users facing larger tax liabilities than claimed. Comments are invited by 12 March 2015.

2. Restricting share capital reductions in takeovers

The Government has published draft regulations to amend Companies Act 2006 in order to restrict share capital reductions in takeovers. Takeovers of UK public companies are increasingly being carried out via ‘cancellation’ schemes of arrangement, which do not incur a liability to stamp duty. The regulations will prohibit the use of these schemes of arrangement. The prohibition will not apply to share transfers ordered under a scheme of arrangement (since stamp duty will apply to the transfer), nor will it restrict cancellation schemes where there is no change in ultimate shareholders. The rules will apply to ‘firm offer’ announcements or, if not subject to the Takeover Code, takeovers agreed after the regulations come into force.

3. HMRC guidance on VAT and prompt payment discounts

HMRC have issued guidance for suppliers and customers issuing/ receiving VAT invoices offering a prompt payment discount after 1 April 2015, when a change to the rules takes effect. At present, suppliers offering a prompt payment discount are able to account for the VAT on the discounted price, even if the prompt payment discount is not taken up by the customer. Following the change, suppliers must account for VAT on the amount actually received. The change took effect from 1 May 2014 for supplies of broadcasting and telecommunication services where there is no obligation to provide a VAT invoice; for other supplies, the change takes effect on 1 April 2015. The guidance sets out the processes for accounting for and recovering VAT when a prompt payment discount is offered and taken up, and provides for an alternative to issuing credit notes. If suppliers do not wish to issue credit notes, certain information must be included on the invoice, including the terms of the prompt payment discount and a statement that the customer can only recover as input tax the VAT paid to the supplier – the HMRC guidance provides recommended wording. In addition, proof of receipt of the discounted amount will be required.

Newsletter Archives

To see past newsletters, please visit our website.

www.deloitte.com/jp/tax/nl/eu

Contacts

Deloitte LLP (London)

Yuki Konii, Partner ykonii@deloitte.co.uk

Hiro Hidaka, Director hhidaka@deloitte.co.uk

Issued by

Deloitte Tohmatsu Tax Co.

HQ･Tokyo Office

Shin-Tokyo Building 5F, 3-3-1, Marunouchi, Chiyoda-ku, Tokyo 100-8305, Japan

TEL： +81-3-6213-3800

email： tax.cs@tohmatsu.co.jp

URL： www.deloitte.com/jp/en/tax