

# Global Tax Update

## United Kingdom

Deloitte Tohmatsu Tax Co.

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### 1. Cash pooling: HMRC guidance

HMRC have published guidance on the transfer pricing aspects of cash pooling arrangements. The guidance covers, amongst other things, the setting of appropriate interest rates, the sharing of benefits and the consequences of netting balances. See our special bulletin for more detail [here](#).

### 2. Office of Tax Simplification progress report on stamp duty on paper transactions

The Office of Tax Simplification (OTS) has published a progress report on stamp duty on paper transactions following the Government's request that it look at how stamp duty is collected on share transactions. The paper concludes that the physical stamping process is significantly outdated. The report suggests that there could be a number of benefits if the system were digitised, including reducing costs for taxpayers and HMRC. The paper poses a number of alternative approaches and asks for detailed responses on several issues. Responses are invited by 31 May 2017. Those interested are also invited to arrange a meeting with the OTS project team, again before 31 May 2017. See <http://deloi.tt/2mPEz4u>

### 3. Upper Tribunal rules that recharge of insurance to taxi drivers is VAT exempt

Wheels Private Hire Ltd rented taxis to some of its drivers for £120 per week. It also obtained insurance which covered the drivers, and recharged the associated premium of £45 per week to any driver who did not arrange their own insurance. HMRC argued that a taxi management company could not supply exempt insurance (this was not a block policy as considered in Card Protection Plan) and viewed the insurance as being part of a single overall supply of the taxi. However, the Upper Tribunal has ruled in favour of Wheels. It viewed the case as being on all fours with the CJEU's judgment in BGZ Leasing (concerning optional insurance supplied with leased

goods) and the fact that Wheels made a small profit on the recharge of the insurance was not a significant distinction. See <http://deloi.tt/2lPFF3e> The decision suggests that HMRC's current guidance, which only recognises exemption for block policies, is too restrictive.

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## Contacts

### Deloitte LLP (London)

Yuki Konii, Partner [ykonii@deloitte.co.uk](mailto:ykonii@deloitte.co.uk)

Hiro Hidaka, Director [hhidaka@deloitte.co.uk](mailto:hhidaka@deloitte.co.uk)

## Issued by

### Deloitte Tohmatsu Tax Co.

#### Tokyo Office

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

Tel: +81 3 6213 3800

email: [tax.cs@tohmatsumax.co.jp](mailto:tax.cs@tohmatsumax.co.jp)

Corporate Info.: [www.deloitte.com/jp/en/tax](http://www.deloitte.com/jp/en/tax)

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