

Written Ministerial Statement

Anti-Avoidance

The Exchequer Secretary to the Treasury (David Gauke): The Government is committed to tackling tax avoidance to ensure the Exchequer is protected and fairness is maintained for the taxpayer.

HMRC have recently become aware of a contrived and aggressive avoidance scheme that seeks to generate post-cessation trade relief for set-off by users of the scheme against their other income or capital gains. This scheme relies on arrangements that have a tax avoidance purpose. The Government does not accept that these arrangements have the effect that is sought, but to remove any doubt, and to prevent scheme providers continuing to devise and operate even more contrived schemes, prompt and decisive action is being taken to protect the Exchequer.

I am today announcing that legislation will be introduced in Finance Bill 2012 to prevent post-cessation trade relief being given where a qualifying payment or qualifying event arises from arrangements entered into in which the main purpose, or one of the main purposes, is to obtain a tax reduction. The legislation will have effect from today and will protect significant amounts of revenue.

We have acted quickly to prevent the use of this particular scheme and we will not hesitate to close down other schemes representing a significant risk to the Exchequer as we become aware of them.

Draft legislation and further details of this measure are being published on HMRC's website today.

HM Treasury
12 January 2012