From the Chair

Jon Thompson
Chief Executive and Permanent Secretary
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Tax implications of BHS pension settlement

You will be aware that the Pensions Regulator recently came to an out-of-court settlement with Sir Philip Green regarding its anti-avoidance enforcement action on the BHS pension schemes. The agreement required Sir Philip to pay £363 million, including a £343 million payment to a new pension scheme which was reported by the scheme trustees as a "voluntary personal cash payment".

Over the course of our BHS inquiry, we learnt that while Sir Philip is a UK resident and taxpayer, the family companies and wealth are held offshore by Lady Green, who is domiciled in Monaco. For example, Lady Green was the beneficiary of £1.2 billion of a record £1.3 billion dividend paid by Taveta Investments Ltd in 2005. Sir Philip told us that he has no control over the offshore family companies and has never held an overseas bank account.¹

I would be grateful if you could please clarify:

1. Whether you are aware of any tax implications, covering both tax liability and residency status, arising from the BHS pensions settlement payment and the means by which it was made and, if so, what those implications are.
2. What steps you have taken, or intend to take, to establish whether the settlement has tax implications.
3. Whether the £363 million could be tax-deductible and, if so, in what circumstances.

If you cannot comment on any specifics of this individual case I would be grateful if you could set out the principles HMRC applies in circumstances such as these.

With thanks and best wishes,

Rt Hon Frank Field MP
Chair

¹ Oral evidence on 15 June, Qq1770-1772