Dear Mr Field,

Thank you for your letter of 8 March 2017 regarding the tax implications of the BHS pension settlement.

HMRC has a statutory duty of confidentiality to all taxpayers and therefore has a policy of not commenting on the tax affairs of individual taxpayers, which means I am unable to answer your specific questions.

Neither is it possible for me to accurately answer your more general question regarding the principles HMRC applies, as they will always be based on the specific circumstances in question.

However, the potential tax consequences of this, or any other particular transaction, can be numerous and will depend on the specific facts in question, and the relevant tax law as it applies to a transaction. Where it is deemed appropriate HMRC will seek to establish the full facts, if necessary through engagement with relevant individuals and entities, in order to determine the appropriate next steps and any risk to the Exchequer. The exact approach would always be tailored to the precise transaction and the risks around it.

I hope this goes some way towards addressing your concerns.

Yours sincerely,

JON THOMPSON
CHIEF EXECUTIVE