

**Tax arbitrage**

***Summary***

1. This paper presents draft clauses which rewrite sections 24 to 28, 30 and 31 of, and Schedule 3 to, F(No.2)A 2005 (avoidance involving tax arbitrage).
2. The paper contains:
  - the draft clauses, with origins;
  - draft explanatory notes; and
  - draft notes outlining two proposed changes in the law.
3. The opportunity has been taken to restructure the provisions to make them easier for users to understand.
4. There are two proposed Changes. One of these concerns references to “officer of Revenue and Customs” and is a proposed change that replicates a change made in ITA 2007. It has therefore already been consulted on and scrutinised by the Joint Committee as that Bill was being considered by Parliament. The second is a new proposed change which clarifies an exception to one of the conditions which may cause the tax arbitrage legislation to apply; it is a change in the taxpayer’s favour.

***Questions for the committee***

5. We would be grateful for any comments you may have on these draft clauses, particularly on the proposed restructuring of the provisions.
6. We would also be grateful for comments on the proposed changes, especially the new proposed change.

***Closing date for comments***

7. We would welcome any comments by 31 March 2008. If possible, they should be sent by email to:

[jackie.bartlett@hmrc.gsi.gov.uk](mailto:jackie.bartlett@hmrc.gsi.gov.uk)

Written comments should be sent to:

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8. Please note that the names of respondents may be published unless they ask for their comments to be treated in confidence.

13 December 2007