

## Appendix A - Summary: Intervention & Options

<b>Department /Agency:</b> <b>HM Revenue &amp; Customs</b>	<b>Title:</b> <b>Impact Assessment of Identifying Users of Disclosed Tax Avoidance Schemes</b>	
<b>Stage:</b> Consultation	<b>Version:</b> 1	<b>Date:</b> 10 November 2007
<b>Related Publications:</b> Consultation Document - The Tax Avoidance Disclosure Regime: Improving the Scheme Reference Number System		

### Available to view or download at:

<http://www.hmrc.gov.uk/better-regulation/index.htm>

**Contact for enquiries:** [Philippa.Staples@hmrc.gsi.gov.uk](mailto:Philippa.Staples@hmrc.gsi.gov.uk)

**Telephone:** 0207 147 2444

### What is the problem under consideration? Why is government intervention necessary?

Promoters of tax schemes falling within certain descriptions must provide information about ("disclose") the scheme to HMRC. Users of disclosed schemes are identified by a scheme reference number (SRN) issued by HMRC via promoters which the user reports on a tax return. HMRC has identified that a significant proportion of users of disclosed schemes are not reporting SRNs. Non-compliance impairs HMRC's ability to identify users and target its interventions at the greatest risks thereby inhibiting our ability to detect failed avoidance schemes, close legislative loopholes and, where appropriate, take forward for litigation.

### What are the policy objectives and the intended effects?

**Policy Objective:** to identify all persons who have used disclosed tax schemes in order for HMRC to target its compliance resources effectively and efficiently and at the greatest risks.

**Intended effects:** To reduce the incidence of users of disclosed schemes not reporting a SRN for tax periods ending after 30 September 2008 (although the first period to be affected will be a part year and the full effects will not be obtained until the following period).

### What policy options have been considered? Please justify any preferred option.

1. No intervention
  2. Non legislative option; e.g education campaign targeted at users
  3. Replace the SRN system with another legislative system (replacement)
  4. Legislation to remove the weaknesses and impose obligations on promoters and others to pass on SRNs and other information to users (repair)
- Option 4 is preferred. Options 1 and 2 (in isolation) would not cure the problem and Option 3 would be totally disproportionate to the problem being addressed.

### When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

Expected three years from the date the regulations come into force.

### **Ministerial Sign-off** For consultation stage Impact Assessments:

***I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.***

Signed by the responsible Minister:

Jane Kennedy.....Date: 10 November 2007

## Summary: Analysis & Evidence

Policy Option: 1

Description: Do Nothing

<b>COSTS</b>	<b>ANNUAL COSTS</b>		Description and scale of <b>key monetised costs</b> by 'main affected groups' Existing weaknesses would remain, creating a disadvantage for the majority. It would also encourage the use of avoidance schemes by allowing those weaknesses to be exploited thereby preserving the information gap and hindering HMRC's compliance activities.	
	<b>One-off</b> (Transition)	<b>Yrs</b>		
	£ Neg	-0		
	<b>Average Annual Cost</b> (excluding one-off)			
	£ Neg		<b>Total Cost (PV)</b>	£ Neg
Other <b>key non-monetised costs</b> by 'main affected groups' Possible decline in standards if it is perceived that there is no effective compliance.				

<b>BENEFITS</b>	<b>ANNUAL BENEFITS</b>		Description and scale of <b>key monetised benefits</b> by 'main affected groups' Doing nothing would retain and perhaps increase existing uncertainties and inequities. We estimate that the potential loss to the Exchequer if we do not act is £20m.	
	<b>One-off</b>	<b>Yrs</b>		
	£ Neg			
	<b>Average Annual Benefit</b> (excluding one-off)			
	£ Neg		<b>Total Benefit (PV)</b>	£ Neg
Other <b>key non-monetised benefits</b> by 'main affected groups'				

Key Assumptions/Sensitivities/Risks

Price Base Year 0	Time Period Years	<b>Net Benefit Range (NPV)</b> £ --	<b>NET BENEFIT (NPV Best estimate)</b> £ --
----------------------	----------------------	----------------------------------------	------------------------------------------------

What is the geographic coverage of the policy/option?	United Kingdom			
On what date will the policy be implemented?	1 October 2008			
Which organisation(s) will enforce the policy?	HMRC			
What is the total annual cost of enforcement for these organisations?	£			
Does enforcement comply with Hampton principles?	Yes			
Will implementation go beyond minimum EU requirements?	No			
What is the value of the proposed offsetting measure per year?	£ n/a			
What is the value of changes in greenhouse gas emissions?	£ n/a			
Will the proposal have a significant impact on competition?	No			
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	No	No	N/A	N/A

<b>Impact on Admin Burdens Baseline</b> (2005 Prices)		(Increase - Decrease)	
Increase of	£ Nil	Decrease of	£ Nil
		<b>Net Impact</b>	£ Nil

Key: Annual costs and benefits: Constant Prices (Net) Present Value

## Summary: Analysis & Evidence

Policy Option: 2

Description: Education Campaign targeting Users

<b>COSTS</b>	<b>ANNUAL COSTS</b>		Description and scale of <b>key monetised costs</b> by 'main affected groups' Although this option would improve the reporting of SRNs, it would not cure all of the loopholes identified. Many of the problems identified would remain. The cost of a small scale advertising campaign targeted at promoters in the specialist tax press – say £500,000.	
	<b>One-off</b> (Transition)	<b>Yrs</b>		
	<b>£ Neg</b>	1		
	<b>Average Annual Cost</b> (excluding one-off)			
	<b>£ Neg</b>		<b>Total Cost (PV)</b>	<b>£ Neg</b>
Other <b>key non-monetised costs</b> by 'main affected groups' None.				

<b>BENEFITS</b>	<b>ANNUAL BENEFITS</b>		Description and scale of <b>key monetised benefits</b> by 'main affected groups' Better education of users would result in some improvement in the reporting of SRNs. The cost to the promoter is expected to be minimal and may ease the burden by creating clarity. In future it may eliminate the need to produce in-house guidance. We expect the admin burden of this option to be negligible.	
	<b>One-off</b>	<b>Yrs</b>		
	<b>£ Neg</b>	1		
	<b>Average Annual Benefit</b> (excluding one-off)			
	<b>£ Neg</b>		<b>Total Benefit (PV)</b>	<b>£ Neg</b>
Other <b>key non-monetised benefits</b> by 'main affected groups' Value of education would diffuse into other taxes.				

Key Assumptions/Sensitivities/Risks

Price Base Year 2008	Time Period Years -13	<b>Net Benefit Range (NPV)</b> £ --	<b>NET BENEFIT (NPV Best estimate)</b> £ Neg
-------------------------	--------------------------	----------------------------------------	-------------------------------------------------

What is the geographic coverage of the policy/option?			United Kingdom	
On what date will the policy be implemented?			1 October 2008	
Which organisation(s) will enforce the policy?			HMRC	
What is the total annual cost of enforcement for these organisations?			£	
Does enforcement comply with Hampton principles?			Yes	
Will implementation go beyond minimum EU requirements?			No	
What is the value of the proposed offsetting measure per year?			£ n/a	
What is the value of changes in greenhouse gas emissions?			£ n/a	
Will the proposal have a significant impact on competition?			No	
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	No	No	N/A	N/A

<b>Impact on Admin Burdens Baseline</b> (2005 Prices)			(Increase - Decrease)		
Increase of	£ nil	Decrease of	£ nil	<b>Net Impact</b>	<b>£ Nil</b>

Key: Annual costs and benefits: Constant Prices (Net) Present Value

## Summary: Analysis & Evidence

Policy Option: 3

Description: Replace SRN system with another legislative option (replacement)

<b>COSTS</b>	<b>ANNUAL COSTS</b>		Description and scale of <b>key monetised costs</b> by 'main affected groups' This option would not be sufficient to address all the weaknesses identified. Replacing the existing system would require a fundamental restructuring of the Disclosure regime (e.g. listed scheme approach) and would be a disproportionate response to problems identified.	
	<b>One-off</b> (Transition)	<b>Yrs</b>		
	£			
	<b>Average Annual Cost</b> (excluding one-off)			
	£		<b>Total Cost (PV)</b>	<b>£ not defined</b>
Other <b>key non-monetised costs</b> by 'main affected groups' Substantial learning costs in tax profession could easily be £3m to £5m.				

<b>BENEFITS</b>	<b>ANNUAL BENEFITS</b>		Description and scale of <b>key monetised benefits</b> by 'main affected groups' Improved identification of users of known schemes. But negative effect on admin burden, although the structure for defining this is highly uncertain.	
	<b>One-off</b>	<b>Yrs</b>		
	£	-13		
	<b>Average Annual Benefit</b> (excluding one-off)			
	£		<b>Total Benefit (PV)</b>	<b>£ not defined</b>
Other <b>key non-monetised benefits</b> by 'main affected groups' Greater fairness for all taxpayers.				

**Key Assumptions/Sensitivities/Risks**, A new user regime would have to be designed to sit alongside the existing promoter regime. If that were to be a listed scheme system taxpayers would face a significant additional burden by having to familiarise themselves with the list of schemes inc the technical detail. There would be reliance upon HMRC to publish a regularly maintained list. This option may not capture the new and innovative schemes, a key objective of the Disclosure regime. Evidence indicates that the existing system works well and is far less burdensome.

Price Base Year 2008	Time Period Years 2	<b>Net Benefit Range (NPV)</b> <b>£ Not defined</b>	<b>NET BENEFIT (NPV Best estimate)</b> <b>£ Not defined</b>
-------------------------	------------------------	--------------------------------------------------------	----------------------------------------------------------------

What is the geographic coverage of the policy/option?			United Kingdom		
On what date will the policy be implemented?			1 October 2008		
Which organisation(s) will enforce the policy?			HMRC		
What is the total annual cost of enforcement for these organisations?			£ Negligible		
Does enforcement comply with Hampton principles?			Yes		
Will implementation go beyond minimum EU requirements?			No		
What is the value of the proposed offsetting measure per year?			£ n/a		
What is the value of changes in greenhouse gas emissions?			£ n/a		
Will the proposal have a significant impact on competition?			No		
Annual cost (£-£) per organisation (excluding one-off)		Micro	Small	Medium	Large
Are any of these organisations exempt?		No	No	N/A	N/A

<b>Impact on Admin Burdens Baseline</b> (2005 Prices)			(Increase - Decrease)		
Increase of	£ 2m	Decrease of	£ 0	<b>Net Impact</b>	<b>£</b>

Key: Annual costs and benefits: Constant Prices (Net) Present Value

## Summary: Analysis & Evidence

Policy Option: 4

Description: Legislation to remove weaknesses and impose obligations on promoters and others to pass SRN and other information to users (Repair).

<b>COSTS</b>	<b>ANNUAL COSTS</b>		Description and scale of <b>key monetised costs</b> by 'main affected groups' The expected impact is small as it affects only the limited number of tax advisory firms and taxpayers who are involved with disclosed schemes. Since this measure brings greater certainty, it will reduce the time taken to decide on whether to report using a scheme. The expected Exchequer impact is an increase of £20m.	
	<b>One-off</b> (Transition)	<b>Yrs</b>		
	<b>£ Negligible</b>			
	<b>Average Annual Cost</b> (excluding one-off)			
	<b>£ Negligible</b>		<b>Total Cost (PV)</b>	<b>£ Negligible</b>
Other <b>key non-monetised costs</b> by 'main affected groups' Fairness increased				

<b>BENEFITS</b>	<b>ANNUAL BENEFITS</b>		Description and scale of <b>key monetised benefits</b> by 'main affected groups' The expected Exchequer impact is an increase of £20m after a transitional period. The value of certainty to taxpayers would also apply but be difficult to quantify.	
	<b>One-off</b>	<b>Yrs</b>		
	<b>£ Negligible</b>			
	<b>Average Annual Benefit</b> (excluding one-off)			
	<b>£ Negligible</b>		<b>Total Benefit (PV)</b>	<b>£ Negligible</b>
Other <b>key non-monetised benefits</b> by 'main affected groups' fairness increased, generally thought of as a positive outcome in compliance terms through more consistent reporting.				

**Key Assumptions/Sensitivities/Risks** That there will be between an 80% and 90% compliance rate with the new rules by promoters and users. There is at present an estimated 40% non-compliance rate in terms of scheme users recording their scheme reference numbers as required.

Price Base Year 0	Time Period Years	<b>Net Benefit Range (NPV)</b> <b>£ Neg</b>	<b>NET BENEFIT (NPV Best estimate)</b> <b>£ Neg</b>
----------------------	----------------------	------------------------------------------------	--------------------------------------------------------

What is the geographic coverage of the policy/option?		United Kingdom			
On what date will the policy be implemented?		1 October 2008			
Which organisation(s) will enforce the policy?		HMRC			
What is the total annual cost of enforcement for these organisations?		£ Negligible			
Does enforcement comply with Hampton principles?		Yes			
Will implementation go beyond minimum EU requirements?		No			
What is the value of the proposed offsetting measure per year?		£ n/a			
What is the value of changes in greenhouse gas emissions?		£ n/a			
Will the proposal have a significant impact on competition?		No			
Annual cost (£-£) per organisation (excluding one-off)		Micro negligibl	Small negligibl	Medium negligibl	Large negligibl
Are any of these organisations exempt?		No	No	N/A	N/A

<b>Impact on Admin Burdens Baseline</b> (2005 Prices)		(Increase - Decrease)		
Increase of	£ --	Decrease of	£ --	<b>Net Impact</b> £ Negligible

Key: Annual costs and benefits: Constant Prices (Net) Present Value

## Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

### Introduction

This impact assessment, made by HM Revenue & Customs, examines the costs and benefits of modifying the Tax Avoidance Disclosure Regime (“Disclosure”) to enhance the identification of users of disclosed schemes.

The Disclosure regime is summarised in the **Annex**.

### Policy Objectives

The policy objectives of Disclosure are to counter tax avoidance by:

1. Getting early information about avoidance schemes and how they work - informing loophole blocking (legislation)
2. Getting information about who has used a scheme - informing HMRC’s compliance activities (risk assessment, enquiries into returns and challenge by litigation)

This Impact Assessment is concerned with the second of these objectives.

### The rationale for Government Intervention

HMRC risk profiles and project manages enquiries into the tax returns of individuals and companies who have reported a scheme reference number (SRN).

HMRC also risk profiles the returns of other taxpayers to identify users of avoidance schemes who have not reported a SRN.

Despite generally successful results, there is evidence that a significant proportion of users of disclosed schemes are not reporting SRNs. HMRC has identified a number of loopholes and weaknesses in the system that result in users not being identified as the existing legislation intended they should be.

### Evidence from Analysis

- There are currently around 7,500 known users of disclosed schemes that have been identified from SRNs declared.
- Profiling of income tax returns indicates around 60% of individuals with high income but low effective tax rates who do not report an SRN have used a loss scheme which HMRC considers to have been notifiable. The scheme may be undisclosed by the promoter, or disclosed but not reported by the user;
- Other profiling of returns as part of our operational activities has led to the discovery of both completely undisclosed schemes and schemes which have been disclosed by the promoter but which have not be notified, or properly notified, to HMRC by the user.
- Of schemes disclosed before May 2005 where no users were known to have reported a SRN, research has shown that around 25% of those schemes did in fact have users.

- Evidence from letters issued by promoters to their clients shows that they have not always explained the relevance of the SRN and the obligations to notify HMRC.
- Analysis in relation to Limited Liability Partnerships indicates that around 40% of individual partners who have been issued with a SRN by the promoter do not report it. In other cases the number is reported, but not in the specified box on the return so that it is not automatically captured by HMRC's systems. Other analysis indicates that SRN reporting failures are not confined to individuals and extend to corporate users.

## **The options**

### **1. Do Nothing**

The existing weaknesses and loopholes in the disclosure regime would remain, creating a disadvantage for the majority. It would also encourage the use of avoidance schemes by allowing those weaknesses and loopholes to be exploited thereby preserving the information gap and hindering HMRC's compliance activities.

### **2. Education Campaign Targeting Promoters and Users**

Education might be expected to improve the understanding of users of disclosed schemes about what to do with a SRN and lead to some improvement in compliance.

However, education alone is likely to have only marginal impact. HMRC does not know who scheme users are so it could target an education campaign at them only indirectly through promoters. Although mainstream promoters would co-operate with such a campaign, a minority would not, thereby creating a disadvantage for the majority.

Moreover, not all of the problems identified are knowledge related. Some arise from loopholes in the law which mean that a user may not be issued with a SRN in the first place.

### **3. Replace the SRN system with another legislative system (Replacement)**

In principle, it would be possible to devise another legislative system for identifying users of disclosed schemes that does not rely upon the transmission of a SRN through a chain of parties.

For example, it would be possible to copy the "Listed Scheme" system used for VAT whereby persons must notify HMRC if they have tax returns affected by using one or more schemes listed in regulations

A replacement system for identifying users would need careful design to ensure that it was more effective than the current system. It would also have to be carefully designed to fit with the promoter regime for disclosing schemes.

The main objection to Replacement is that it would be disproportionate. HMRC would have to devise and administer a new system. Promoters and taxpayers would face a significant additional burden by having to familiarise themselves with the new rules. This would not be justified given that the existing rules work reasonably well.

### **4 (Preferred Option) Legislation to improve the existing system (Repair).**

We consider modifying and extending the SRN system of identifying users to be by far the best course of action. It would require a mixture of changes to both primary and secondary legislation.

HMRC has issued a Consultation Document proposing 5 main changes:

#### Clarification around the use of the term “complies with” in Section 311 FA 2004

HMRC is aware that some promoters interpret the issue of the SRN by HMRC as signifying compliance with all obligations. This proposal would clarify the position by making the issue of the SRN conditional on compliance, or purported compliance, with a person’s disclosure obligation.

#### A new power for HMRC to withdraw the SRN

HMRC currently has no power to withdraw a SRN. There may be occasions where, having issued the SRN, we may decide that we do not want users to report that scheme or to continue to report that scheme indefinitely. This proposal would allow us to withdraw the obligation on promoters to pass the SRN to their clients and on users of schemes to report the SRN to us.

#### Clarification of the time when the promoter is required to pass the SRN on to a client;

Under current legislation HMRC notifies the promoter of the SRN following disclosure of a notifiable arrangement or a notifiable proposal. The promoter is then required to pass the SRN on to his client(s) only in relation to a notifiable arrangement, i.e. when the scheme has been implemented by the client. This proposal would make it standard practice for promoters to issue the SRN to their clients within 30 days whether or not the scheme has been implemented, thereby removing the need for the promoter to monitor client transactions.

#### New obligations for co-promoters and intermediaries

The purpose of the SRN system is to identify users of avoidance schemes, i.e. parties to the scheme who expect to obtain a tax advantage. The system envisages that a SRN will be passed from HMRC down the chain to the user(s). But in practice gaps may occur in the chain of transmission where:

- A **co-promoter** of a scheme provides a scheme to a client. Only one co-promoter of a scheme need disclose the scheme and only that co-promoter is issued with a SRN. Other co-promoters may have clients different from the promoter who discloses the scheme; and
- The client who is issued with a SRN by a promoter is an **intermediary** who is not the user, or the only user, of the scheme.

This proposal would require:

- A promoter who notifies a scheme to pass on the SRN received from HMRC to co-promoters of the scheme;
- Co-promoters to pass on the SRN to clients; and
- A client who is an intermediary to pass on the SRN to the user(s) or other user(s).

#### A system to inform users of schemes of their obligations

At present there is no obligation on promoters to provide information to their clients on what they must do with the SRN. This creates uncertainty for promoters as to what information they ought to provide and for users as to what they have to do. This proposal would introduce a standardised form for promoters to pass to users containing the SRN and relevant information for the user.

## Extension of the use of form AAG4

This proposal would extend the circumstances in which users are currently required to notify the SRN on Form AAG4 to include claims for setting off losses against personal income or gains associated with a disclosed scheme.

### **Further analysis of Option 4**

#### **Exchequer Effects**

It is estimated that HMRC currently identifies about 60% of users of notifiable schemes and that the changes will increase that proportion to at least a range of 80% to 90%.

It is estimated that increasing the proportion to a range of 80% to 90% would yield approximately an additional £20m a year, after a transitional period, through the detection of avoidance schemes that do not work under existing legislation.

For Impact Assessment purposes, yield is treated as a transfer cost rather than as a cost or benefit.

#### **Cost and benefits**

##### ***Impact on HMRC***

The main impact on HMRC will arise from:

- An increase in the notification of SRNs; and
- the issue of the new form for promoters to pass to clients **containing** the SRN
- The issue of guidance on how to comply with the obligations.

The increased costs associated with these impacts are not expected to be significant. There would be a corresponding reduction in the costs currently incurred in trying to identify users of disclosed schemes who fail to report SRNs.

##### ***Impact on promoters and users***

There would be changes to the administrative burden associated with:

- ***Promoters required to issue the SRN to the client on the new HMRC form***

The cost to the promoter of passing the form to his client is expected to be minimal. Compliant promoters already have systems in place to fulfil their obligations. The explanatory nature of the new form is expected to ease the burden on clients and promoters by reducing the need for users to seek clarification of their obligations.

- ***Promoters required to issue the SRN to all clients, whether or not the scheme is implemented***

The feedback from mainstream promoters is that they already tend to notify all clients of the SRN, whether or not the scheme has been implemented. Promoters say they find it burdensome to monitor clients' transaction and may not be aware that the client has implemented the scheme. For other promoters, increased certainty will reduce the amount of time previously spent in considering whether or not it is necessary to issue the SRN.

- ***Withdrawal of a SRN by HMRC***

The promoter would no longer have to issue the SRN to clients or clients to report it to HMRC. We expect that promoters would want to inform clients about a withdrawn SRN, but we do not propose to require them to do so.

- ***Promoters required to issue the SRN to co-promoters, co-promoters required to issue the SRN to clients, and users to notify the SRN to HMRC***
- ***Intermediaries to issue the SRN to end users and end users to notify the SRN to HMRC.***

We do not expect the number of such additional notifications or the associated costs to be significant.

Additionally, promoters and users will incur some transitional costs and costs associated with considering how they are affected by the changes.

To the extent that the changes create an obligation to issue or report a SRN where one did not exist before (e.g. for promoters to issue the SRN to co-promoters) it extends the scope of potential enforcement action by HMRC.

Overall, we expect the changes described above to amount to a negligible net increase in administrative burdens and a negligible net cost for this Option. We would welcome comments on the analysis and the conclusions.

## Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

**Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.**

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	No	No
Disability Equality	No	No
Gender Equality	No	No
Human Rights	No	No
Rural Proofing	No	No

## ANNEX

### Overview of Disclosure

Tax avoidance costs the Exchequer significant lost revenue each year. It also undermines government public spending objectives and brings unfairness into the tax system disadvantaging the compliant majority.

Disclosure was introduced in 2004 and covers income tax, corporation tax and capital gains tax (“the main regime”), stamp duty land tax on commercial property, National Insurance Contributions (NICs) and Value Added Tax (VAT).

The proposals in this impact assessment would only affect users of schemes falling within the main regime.

Disclosure is intended to provide HMRC with early information in order to identify and counteract avoidance schemes ensuring that the Government can legislate as quickly as possible to close any loopholes. Disclosure also provides information about users of disclosed schemes, which ensures HMRC has a consistent, effective and risk based approach to compliance activities.

The obligation to “disclose” (i.e. to provide information to HMRC about) a scheme (other than a VAT scheme) normally falls upon the promoter of the scheme. The time limit for the promoter to disclose is normally within 5 days of either making the scheme available for implementation or first becoming aware of a transaction forming part of the scheme.

Where a person (usually the promoter) complies with a duty to disclose HMRC may allocate a scheme reference number (SRN) to the scheme and pass that number to the person who has made the disclosure. If the person who has made the disclosure is the promoter they must pass the SRN on to the client. The user of the scheme must in turn notify HMRC of the SRN and the period in which the tax advantage is expected to be obtained.

There are penalties for promoters and users of schemes who fail to comply with their obligations.