November 2023

evelyn PARTNERS

Tax Update

Contents

1. General 2

1.1 New Financial Secretary to the Treasury 2

1.2 Scottish and Welsh draft Budgets to be published on 19 December 2

2. Private client 2

2.1 Payment for informal help not deductible for CGT 2

2.2 Nudge letters for those claiming non-UK residence 2

2.3 Notice of enquiry not valid 3

2.4 Taxpayer loses appeal on share sale and purchase agreement 3

2.5 Private residence relief allowed for period before construction 3

2.6 Separating taxpayer wins appeal on CGT 4

2.7 Stays refused in information notice trust cases 4

2.8 Private residence relief case remitted back to FTT 4

2.9 HMRC wins discovery case 5

3. Trusts, estates and IHT 5

3.1 Wedding barn did not qualify for IHT relief 5

4. PAYE and employment 6

4.1 SC allows HMRC's appeal on employment-related securities 6

5. Business tax 7

5.1 CA dismisses appeal on UK partnership profits allocation case. 7

5.2 UT overturns decision on capital allowances on infrastructure project 7

5.3 Reconstruction scheme did not have tax avoidance as main purpose 8

6. VAT and Indirect taxes 8

6.1 Fields part of a residential property 8

6.2 Garage not suitable for use as a separate dwelling 8

7. Tax publications and webinars 9

7.1 Tax publications 9

7.2 Webinars 9

8. And finally 10

8.1 Tax: more effective than Guy Fawkes 10

1. General

1.1 New Financial Secretary to the Treasury

Nigel Huddleston MP replaces Victoria Atkins MP as the Treasury Minister chiefly responsible for dealing with HMRC and the tax system.

As part of the Government reshuffle, a new Financial Secretary to the Treasury has been appointed: Nigel Huddleston MP. We wish Mr Huddleston well in his new position.

www.gov.uk/government/people/nigel-huddleston

1.2 Scottish and Welsh draft Budgets to be published on 19 December

The Scottish and Welsh Governments are both due to publish their draft Budgets for 2024/25 on 19 December.

This will indicate spending and tax plans for the coming financial year.

www.gov.scot/budget/

https://research.senedd.wales/financial-scrutiny/welsh-government-draft-budget-2024-25/

2. Private client

2.1 Payment for informal help not deductible for CGT

The FTT found that a payment for help overseeing a property renovation was in the nature of a profit-sharing agreement rather than for professional services. No CGT deduction was therefore available.

An acquaintance (SB) of the taxpayers knew that they were interested in property development. In exchange for a fee, he told them about a suitable property. The fee was only payable if the purchase went ahead. After the purchase, the taxpayers were unable to oversee the planned renovations due to ill health. The agreement was changed such that SB would oversee the works in exchange for half of the eventual profit, which replaced the introduction fee agreement.

The taxpayers claimed a deduction for the half of the profit paid to SB when declaring a capital gain. They contended that his role was similar to that of a professional agent, whose fees would be deductible as incidental costs. HMRC argued that he was not acting in a professional capacity, and his small oversight and introduction were not professional services in the strict legislative definition for deductible costs for CGT.

The FTT agreed with HMRC. An informal introduction evolved into "something more in the nature of a shared business project". The money was paid as part of a profit-sharing agreement rather than for professional services, and no deduction was available.

Bottomer & Anor v HMRC [2023] UKFTT 893 (TC)

www.bailii.org/uk/cases/UKFTT/TC/2023/TC08968.html

2.2 Nudge letters for those claiming non-UK residence

HMRC is writing to a number of taxpayers whose 2021/22 self-assessment returns included a claim to be treated as non-UK resident, but also included other information that seemed to indicate that they were in fact resident in the UK.

The letter asks them to check their tax residency using the HMRC guidance, including the residence status checker, amend their 2021/22 return if necessary, and declare their residence correctly on their 2022/23 return.

www.tax.org.uk/hmrc-one-to-many-letters-and-non-uk-residence

2.3 Notice of enquiry not valid

The FTT has found that an enquiry had not been properly opened, as the letter arrived late.

HMRC sent an enquiry notice to a taxpayer two days before the enquiry window deadline. HMRC retained a copy of the receipt for first class post. The taxpayer stated that he had not received this until three days after the deadline, so argued that it was invalid.

It was argued for him that HMRC had not followed its own guidance by sending the notice less than seven days before the deadline, and that it had not used guaranteed delivery. The FTT accepted HMRC's rebuttal that this was not mandatory guidance, but found that though HMRC had proved that the letter was sent, the taxpayer had proved that he had not received it by the deadline. He had sent photos of the letter by Whatsapp on the day he said that he had received it, which supported his statement. An information notice, also appealed, was upheld.

This case demonstrates that taxpayers and their advisers should always check that enquiry notices are received within the statutory time limit, with particular attention for those that are issued by HMRC close to the deadline.

Monks v HMRC [2023] UKFTT 853 (TC)

www.bailii.org/uk/cases/UKFTT/TC/2023/TC08954.html

2.4 Taxpayer loses appeal on share sale and purchase agreement

The UT found that the taxpayers were taxable to CGT on the whole purchase price as stated in the sale and purchase agreement. The fact that part of that price went directly from the purchaser to repay a company loan did not alter the position.

The taxpayers held the entirety of the shares in the company between them. They agreed to sell to a third party, the purchase price including an upfront payment of £8m. The company had taken out a loan of over £1m, which was repaid by the purchaser on completion. The balance was taken off the upfront payment the taxpayers received. They argued that they should be taxed on the purchase price net of the loan, as the consideration was what they had received, and the loan repayment was just between the purchaser and the creditor. They had failed in a previous application to rectify the sale and purchase agreement, which listed the gross price as the consideration.

The FTT dismissed their appeal, as did the UT. The agreement could not be read as for the purchase and debt discharge, it all covered the purchase. Had the agreement been drafted differently, such that the price was £7m and the purchasers took over the debt with the company, then the tax position may have been different.

McEnroe v HMRC [2023] UKUT 255 (TCC)

www.bailii.org/uk/cases/UKUT/TCC/2023/255.html

2.5 Private residence relief allowed for period before construction

The UT has upheld an FTT decision that 'period of ownership' for private residence relief (PRR) means the period of ownership of the dwelling being sold. The period during which the taxpayers just owned the land, on which a house was subsequently built, was therefore not excluded from the relief.

The taxpayers bought a plot of land on which they built a house, moving in four days after the works were complete. The build took more than two years, and they sold the house after a year of residence. HMRC's interpretation of the legislation was that the period of ownership was the whole period they owned the land, and that PRR should only apply to the period they occupied the house.

The FTT had found for the taxpayer that the 'period of ownership' was the time for which they owned the dwelling, not just the land. Although there is no clear definition in the legislation, the judge noted that this was the natural meaning. 'Dwelling house' in the legislation could not be interpreted to include land with no house. An extra-statutory concession on property undergoing renovations did not affect the reading of the legislation. The UT agreed. The legislation was clear, so HMRC's arguments that the taxpayers' position would lead to anomalies and avoidance were irrelevant.

HMRC v Lee & Anor [2023] UKUT 242 (TCC)

www.bailii.org/uk/cases/UKUT/TCC/2023/242.html

2.6 Separating taxpayer wins appeal on CGT

The FTT agreed with a taxpayer that she had transferred her beneficial interest in a joint property to her former husband during the tax year of separation. Although there was no transfer of legal interest at the time, her evidence of the verbal agreement, supported by her solicitors, was sufficient.

The taxpayer married in 2012, when the property, R, in which she lived was in her sole name. In May 2015, the couple bought a new property, T in joint names, which was to be renovated before they moved in. Ultimately, they separated before this was complete, and her husband moved into T alone in September 2015. They provisionally agreed that she would retain R and he T in the divorce before the end of 2015, but the financial arrangements including a lump sum were not finalised until 2016. T was sold in September 2016, and the transaction was recorded as being in joint names. HMRC assessed the taxpayer on the sale on the grounds that she owned half and was entitled to no private residence relief.

The taxpayer argued that her beneficial interest in T was transferred to her former husband in the tax year of separation, before 5 April 2016, despite there being no transfer of legal interest. She had reached verbal agreement with her former husband, was unable to live there, had stopped contributing to the mortgage and had no influence in the renovations nor sale. She received none of the proceeds of sale. HMRC argued that it was later, as she had no independent evidence of the verbal agreement, the financial arrangements had not been fully sorted out, and transfers of land should be written. The FTT agreed that the transfer had happened as she said, partly as contemporaneous meeting notes from her solicitors supported her history of the transfer. The transfer to her then separated husband was exempt from CGT, and the sale of the property was not relevant to her as she had no beneficial interest.

Wilmore v HMRC [2023] UKFTT 858 (TC)

www.bailii.org/uk/cases/UKFTT/TC/2023/TC08959.html

2.7 Stays refused in information notice trust cases

In two very similar cases, the FTT has refused to stay proceedings. The grounds for the requested stays were that the trusts about which HMRC had requested information, and issued penalties when it was not received, were invalid. The FTT rules that the validity was irrelevant in each case.

In both cases, HMRC believed that the taxpayer was using a disguised remuneration scheme involving loans from BVI trusts. HMRC suspected that the loan charge should apply. Information notices were issued, and then penalties for non-compliance. The taxpayers applied for stays in proceedings on the ground that the trusts were not valid and that proceedings in the BVI and the UK were being taken to determine the beneficial ownership of the void trust.

The appellants argued that the trust was void because the three certainties, of subject, objects, and intention, were not met. The information notices, they argued, were therefore invalid as relating to non-existent trusts. The FTT in each case found that it did not matter whether or not the trusts were valid, the taxpayers should still have complied with the notices. The proceedings were not stayed.

Hosking v HMRC [2023] UKFTT 943 (TC)

www.bailii.org/uk/cases/UKFTT/TC/2023/TC08980.html

Wilson v HMRC [2023] UKFTT 944 (TC)

www.bailii.org/uk/cases/UKFTT/TC/2023/TC08981.html

2.8 Private residence relief case remitted back to FTT

The FTT had found that a taxpayer who bought, renovated, and sold four houses in five years, only living in one for a short period, was not entitled to private residence relief (PRR) though it accepted that he was not trading. The UT agreed that he was not trading, but remitted the question of PRR back to a differently constituted FTT.

The taxpayer purchased and sold four houses in five years. All were registered as empty for council tax, other than for one short period in one property. The taxpayer gave various reasons for not occupying each property after renovation, such as a more attractive property becoming available, and moving in with a relative who needed care. He claimed PRR on the grounds that he had intended to occupy each as a main residence, and his agents argued as an alternative that the gains should be charged to CGT rather than IT.

The FTT found that he was not trading, partly as there was no link to an existing trade. It did however deny his claims to PRR and upheld penalties for deliberate behaviour. Both HMRC and the taxpayer appealed.

The UT agreed with the FTT that he was not trading. It rejected HMRC's argument that that FTT had given too much weight to a particular badge of trade, but looked at a number of factors. Although the UT acknowledged that it might have approached the trading questions differently, as might a differently constituted FTT, there was no error of principle, so no grounds for the UT to go behind the decision. It was within the range of decisions open to the FTT.

On the PRR question the UT was much more critical of the FTT's decision. Its reasons included finding that the FTT had erred in law in finding that the accommodation the taxpayer occupied was not provided by reason of employment. The care was not just a family arrangement, but also provided under a contract with the local authority. In addition, the FTT had failed to make a finding in relation to whether or not the taxpayer had intended to occupy a property as his main residence. The error was material, and as fresh findings of fact were needed then the PRR point was remitted back to a differently constituted FTT.

The UT found that there was a valid discovery. It remitted the appeal against the penalty for failure to notify back to the FTT, as the FTT had not directed itself correctly and not considered the meaning of deliberate. Penalty mitigation was also remitted, as the FTT had not made the findings of fact needed to make a decision on the point.

Campbell v HMRC [2023] UKUT 265 (TCC)

www.bailii.org/uk/cases/UKFTT/GRC/2023/265.html

2.9 HMRC wins discovery case

The FTT found that HMRC had made a valid discovery after the end of the enquiry window, so could pursue its cases against a number of users of SDLT sub-sale schemes.

The taxpayers, who were a large group of people with joined appeals, had used an SDLT avoidance scheme. These involved sub-sales between couples, which the appellants accepted were ineffective for reducing SDLT. However, this appeal considered whether HMRC were shut out from issuing a 'discovery' assessment to collect the tax due based on disclosures made on the SDLT returns.

The taxpayers contended that their SDLT returns contained all the relevant facts, including that the purchases of properties were not for nil consideration. Discovery assessments had been issued after the expiry of the enquiry windows, so the taxpayers contended that there was no valid discovery, as HMRC had no real new information.

The FTT found for HMRC that a hypothetical officer could not have been reasonably be expected to be aware of the loss of tax from the initial returns, although it accepted that there was otherwise enough information to warrant HMRC opening an enquiry. A relevant discovery had taken place when HMRC had received challenge letters to the scheme drafted by counsel. The initial SDLT returns had not included any reference to the involvement of Cornerstone, the scheme promoter, and had not contained anything that might alert a hypothetical officer to the loss of tax. Only the disclosure note on each return noted that the consideration declared was not the purchase price, and there was not an explanation of how the legislation was believed to apply, nor to whom in each case the gift was made.

Brosch & Ors v HMRC [2023] UKFTT 945 (TC)

www.bailii.org/uk/cases/UKFTT/TC/2023/TC08982.html

3. Trusts, estates and IHT

3.1 Wedding barn did not qualify for IHT relief

The FTT has found that a wedding venue business was that of investment, not trading. Business property relief (BPR) was denied.

The late taxpayer was a member of an LLP, the other member being a trust in which she held a life interest, so was treated as part of her estate. Her executors claimed that the interest in the LLP qualified for BPR, which would have reduced the IHT bill by almost £1.7m.

The LLP owned a farm, which included a barn used as a wedding venue. Its other activities were farming and commercial lets. HMRC agreed that the LLP was carrying on a business, but argued that this was wholly or mainly of holding investments, rather than trading, so did not qualify for BPR. It was agreed that the lettings were investment and the farming trading, so the case hinged on how the wedding barn was treated.

The FTT considered the history of the wedding business, which the farm had diversified into and made its main business. Most of the farm land was sold. A relationship was established with a wedding venue company, which provided marketing, administration services, and introduced caterers for commission. The majority of weddings were booked after introduction of clients by this company. No services were provided by the farm at first, with clients hiring in their own suppliers, but the LLP gradually took more of a role in planning and helping to run the events, taking on staff. The FTT looked closely at the day to day running, but ultimately found that over the period it considered relevant, which was after a catering company had taken over most of the day to day work rather than looking further back, this was mainly an investment business. BPR was not available.

Butler & Ors v HMRC [2023] UKFTT 872 (TC)

www.bailii.org/uk/cases/UKFTT/TC/2023/TC08949.html

4. PAYE and employment

4.1 SC allows HMRC's appeal on employment-related securities

The SC ruled that the grant of an option by an employer was by reason of employment, on a straightforward reading of the legislation. This overturns the judgement of the Inner Court of Session (CSIH).

A company issued share options to an adviser to settle a debt that it could not afford to pay in cash. Later, as part of a rescue package, that adviser was appointed as a director, the original option was cancelled and he was granted a new option. The disputed issue was whether or not the new option was employment-related. If so, the exercise of that option was subject to IT and NICs.

The FTT found that the second option was granted as a replacement for the first option, rather than by reason of his employment. It then considered the deeming provision whereby share options must be treated as provided by reason of employment if they are issued by the employer. The FTT found that this deeming provision should not operate in this situation, so as to prevent, as they saw it, an absurd outcome.

The UT overturned this decision. It found that the grant of the second option was conditional on both the adviser becoming a director and the first option being cancelled or amended. It was sufficient that one of the reasons for the grant was the individual's employment, so the option was employment-related. The deeming provision therefore did not need to be considered.

The CSIH overturned the UT decision, finding that the second option was not employment related, though one judge dissented and the other two had different reasoning for their conclusions. One held that the second option was granted to secure the necessary financial investment in the struggling company. The other held that the second option was granted in return for the original option being given up. Both also both found that the deeming provision was not triggered.

The SC allowed HMRC's appeal, finding that the option was acquired by reason of employment. The legislation set out a straightforward rule that an option provided by an employer to an employee was treated as being granted by reason of employment unless granted in the course of a domestic, family, or personal relationship. This test was met, a more complex reading was unnecessary, and so this deeming provision applied.

This case is important because this deeming provision is wide ranging and applies in many scenarios. Care must be taken when giving shares or options to people who may in the future become employees.

HMRC v Vermilion Holdings Ltd [2023] UKSC 37

www.bailii.org/uk/cases/UKSC/2023/37.html

5. Business tax

5.1 CA dismisses appeal on UK partnership profits allocation case.

The CA has dismissed the appeal against the UT decision that a Cayman company was liable to UK corporation tax on its share in a UK limited partnership, to which it was indirectly entitled through a Cayman limited partnership.

This is a very complex case involving a detailed cross-border partnership structure. Broadly, a Cayman company was incorporated to acquire a 19% interest in a UK LP, and it incurred interest expenses on a loan to facilitate that acquisition. The company then restructured its interest in the UK LP through a Cayman LP, in which it was the general partner. The UT, agreeing with the FTT, ruled that the company alone, rather than all the partners of the Cayman LP, was subject to UK CT on the share of profits allocated to the Cayman sub-LP by the UK LP in line with the partnership agreement and letters of allocation. As a separate point, the CA was asked to consider if interest paid on the loan used to fund the acquisition of UK LP could be claimed as a trading deduction.

The appellant argued that as Cayman LP had become a partner in UK LP, all the partners in Cayman LP had become partners in UK LP too, and so the distribution of profits from UK LP went to all partners of Cayman LP. The CA found that:

- There is no mechanism of law that would make all the partners of Cayman LP partners in UK LP, and so it was Cayman LP's general partner, Cayman Ltd, that was subject to tax on the profits from UK LP.
- When looking at the arrangements, profits from UK LP, through several transactions, eventually flowed to Cayman Ltd, demonstrating that Cayman Ltd was the beneficial owner.

The appellant also argued that borrowing to acquire an interest in a trading partnership was borrowing for the purposes of that partnership's trade and so should be treated as a trading loan relationship. The CA agreed with the UT that the FTT were correct to draw a distinction between borrowings used to acquire an interest in a partnership and borrowing for the purposes of that entity's trade. The CA upheld the UT decision that the borrowings did not constitute a trading loan relationship and thus no trade deduction was available for interest expenses.

BCM Cayman LP v HMRC [2023] EWCA Civ 1179

www.bailii.org/ew/cases/EWCA/Civ/2023/1179.html

5.2 UT overturns decision on capital allowances on infrastructure project

The UT has overturned part of the decision made by the FTT that studies and project management costs relating to the construction of offshore windfarms partly qualified for capital allowances.

The taxpayers incurred expenditure of approximately £48m in relation to the construction of offshore windfarms. HMRC accepted that plant and machinery allowances were available on the construction and installation of the wind turbines and the electrical cabling which connected them but denied capital allowances on studies and project management costs. It argued these costs were too remote from, and not incurred on the provision of, the windfarm or the wind turbines themselves.

The FTT found that several of the studies related directly to the necessary design, construction or installation of the turbines and without such studies the turbines would not have been able to perform their function safely. Those costs qualified for plant and machinery allowances. They also found that allowances are also available on a proportion of the project management costs as preliminaries. Those costs that did not qualify for capital allowances could not be deducted from profits as pre-trading revenue expenditure as they were capital in nature.

The UT concluded that the 'necessity test' that the FTT had applied was not reflected in either legislation, or case law. They agreed with HMRC that the Barclay Curle case, on which the FTT had based their decision, was not saying that anything that needed to be done before a provision of plant and machinery could take place should be treated as being on the provision of that plant, and so qualifying. The UT therefore applied a much narrower definition of 'on the provision of', treating only those costs directly related to the construction, transport or installation of the plant as qualifying.

The FTT decision to allow part of the project management costs was not challenged and so that aspect of their decision was untouched.

This decision could have implications for any clients undertaking large scale construction projects. It is not yet known whether the case will be appealed to the CA.

Gunfleet Sands Limited v HMRC [2023] UKUT 00260 (TCC)

www.bailii.org/uk/cases/UKUT/TCC/2023/260.html

5.3 Reconstruction scheme did not have tax avoidance as main purpose

The CA upholds UT decision that tax avoidance was not the main purpose of share exchange.

The taxpayer company had entered into a commercial deal to transfer shares for ordinary shares and cash. As an afterthought, it renegotiated the deal so that it received some redeemable preference shares instead of cash, with the intention of claiming substantial shareholding exemption on the subsequent redemption of those shares. The late clearance for the reconstruction was refused.

In the circumstances of the case the FTT found that although this tweak was for the purpose of avoidance it was not a main purpose, which would be the reason to deny reconstruction relief. The UT confirmed that in considering the statutory test it was necessary to look at the totality of the arrangements, rather than just an individual constituent of them which was HMRC's first contention.

The main issued considered by the CA was whether the main purpose test should be applied to the transaction as a whole or applied to each separate element of the transaction. It found, in favour of the UT, that it was the entire transaction that should be considered. To apply the main purpose test to each individual element of a transaction would mean a minor tax driven step in the overall transaction would result in relief being denied, and this could never have been the intention of parliament.

As a separate point, the taxpayer had submitted that its claim for substantial shareholding exemption was not tax avoidance in any case, it was simply accepting the freedom from tax on such a transaction, as set out by Parliament in the legislation. This argument was dismissed by the CA who stated that if the scheme led to the non-payment of tax that would otherwise have been paid, even if deferred, then that is avoidance for these purposes.

Delinian Limited (formerly Euromoney Institutional Investor PLC) v HMRC [2023] EWCA Civ 1281

www.bailii.org/ew/cases/EWCA/Civ/2023/1281.html

6. VAT and Indirect taxes

6.1 Fields part of a residential property

The FTT has found that residential rate SDLT applied to a house with large grounds. The fields were not used for a separate purpose, so could not affect the rate.

The taxpayers purchased a large property consisting of a house, gardens, and fields. These were covered by five different land registry titles. After first paying SDLT at the residential rate they claimed a refund, arguing that the fields were non-residential so the mixed-use rate should apply to the whole property.

Evidence was given as to the previous use of the fields as agricultural land, but at the date of the transaction there was no evidence that they were in use. The FTT therefore found for HMRC. The land was a longstanding part of the estate attached to the house with no independent function. The footpaths on the land were also not proof that it was non-residential, as previously found in other FTT cases.

White & Anor v HMRC [2023] UKFTT 866 (TC)

www.bailii.org/uk/cases/UKFTT/TC/2023/TC08943.html

6.2 Garage not suitable for use as a separate dwelling

The FTT has denied SDLT relief, finding that a separate annexe did not qualify as a separate dwelling for multiple dwellings relief (MDR) at the time of purchase. It did not have a full kitchen at that point, though the taxpayer and his

family then spent the first six months at the property living in the annexe during renovation work and a kitchen was added after that.

The taxpayer claimed multiple dwellings relief on the purchase of his new home, on the initially filed SDLT return. The property consisted of a large house set in 40 acres of grounds, with a detached annexe which had a garage for three cars on the ground floor, and rooms over. The building was referred to as the "cottage" or the "gym". There was an additional building identical to this annexe, but the upper floor had not been fitted out so it was not contended that this was a separate dwelling.

The upper floor of the annexe in question was equipped with a full bathroom, heating, broadband, and a zone on the home alarm system. The utilities were not metered separately from the main house, and there was only one council tax registration. At the time of purchase, the kitchen was only a microwave, kettle and toaster, but a full kitchen was added later, with water and drainage connections put in. The taxpayer and his family actually lived in the annexe for the first six months after completion, as the main house was being renovated, which was before the full kitchen was added.

The FTT found that the annexe did not qualify as a separate dwelling at the time of purchase, so denied the MDR claim. Although the taxpayer lived there without a full kitchen or a washing machine, this was on a temporary basis rather than indicative of its suitability for longer term occupation. Drainage and water had to be added, so it was not very simple to add the kitchen. The taxpayer argued that if it were not for the pandemic, he would have carried out more works to the annexe between exchange and completion in 2020. But the FTT did not accept this as an exemption from the requirement for works to at least have been started.

Ralph v HMRC [2023] UKFTT 901 (TC)

www.bailii.org/uk/cases/UKFTT/TC/2023/TC08969.html

7. Tax publications and webinars

7.1 Tax publications

The following Tax publications have been published.

- Fraud by false representation – learnings from Bernie
- Tax at the party conferences and beyond
- Rural business tax talking points
- Opportunity to reclaim NIC on business mileage for employees receiving car allowances
- Update on common landfill tax issues

7.2 Webinars

The following client webinars are coming up soon.

- 29 November - Editions by Evelyn Partners - IPO: how to prepare and deliver long-term value

8. And finally

8.1 Tax: more effective than Guy Fawkes

Earlier in November, many readers may have happily celebrated the Houses of Parliament not burning down, despite the best efforts of the 1605 plotters. A lesser known piece of history is what actually succeeded in making the Houses of Parliament burn down, some 200 years later – and yes, the culprit was tax.

In a change quite as huge as Making Tax Digital, 1826 saw the abolition of the tally stick system as a key part of Exchequer accounting practices. Initially introduced as a form of receipt for payment of taxes in 1100, by 1834, 8 years post abolition, there were rather a lot of these obsolete sticks lying around Parliament. The decision to burn them in a furnace under the House of Lords, presumably their equivalent of shredding, resulted in the destruction of both Houses of Parliament, and a lot of the buildings around.

Bring on digitisation.

www.parliament.uk/about/living-heritage/building/palace/architecture/palacestructure/great-fire/

www.parliament.uk/about/living-heritage/building/palace/estatehistory/from-the-parliamentary-collections/fire-of-westminster/tallysticks/

Glossary				
Organisations		Courts	Taxes etc	
ATT – Association of Tax Technicians	ICAEW - The Institute of Chartered Accountants in England and Wales	CA – Court of Appeal	ATED – Annual Tax on Enveloped Dwellings	NIC – National Insurance Contribution
CIOT – Chartered Institute of Taxation	ICAS - The Institute of Chartered Accountants of Scotland	CJEU - Court of Justice of the European Union	CGT – Capital Gains Tax	PAYE – Pay As You Earn
EU – European Union	OECD - Organisation for Economic Co-operation and Development	FTT – First-tier Tribunal	CT – Corporation Tax	R&D – Research & Development
EC – European Commission	OTS – Office of Tax Simplification	HC – High Court	IHT – Inheritance Tax	SDLT – Stamp Duty Land Tax
HMRC – HM Revenue & Customs	RS – Revenue Scotland	SC – Supreme Court	IT – Income Tax	VAT – Value Added Tax
HMT – HM Treasury		UT – Upper Tribunal	LBTT – Land and Buildings Transaction Tax	

Evelyn.com

Offices: For details of all Evelyn Partners' offices, check our locations here.

Evelyn Partners LLP: Regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities. Evelyn Partners LLP is an independent network member of CLA Global Limited. See https://www.claglobal.com/disclaimer/

Tax legislation is that prevailing at the time, is subject to change without notice and depends on individual circumstances. You should always seek appropriate tax advice before making decisions. HMRC Tax Year 2023/24.
We have taken care to ensure the accuracy of this publication, which is based on material in the public domain at the time of issue. However, the publication is written in general terms for information purposes only and in no way constitutes specific advice. You are strongly recommended to seek specific advice before taking any action in relation to the matters referred to in this publication. No responsibility can be taken for any errors contained in the publication or for any loss arising from action taken or refrained from on the basis of this publication or its contents. © Evelyn Partners 2023.