

FINANCE ACT 2014

EXPLANATORY NOTES

INTRODUCTION

Sections 234-283 Promoters of Tax Avoidance Schemes

Details of the Sections

Allocation and distribution of promoter reference number

19. Section 250 requires HMRC to issue the monitored promoter with a promoter reference number. This can only be done after the promoter's right to appeal against the Tribunal's approval decision on an original monitoring notice is exhausted or if later the date that a replacement monitoring notice takes effect. The promoter reference number will enable HMRC to identify the monitored promoter's clients so that its compliance efforts can be suitably directed. If the monitored promoter is offshore HMRC must issue the promoter reference number to intermediaries of the monitored promoter.
20. Within thirty days of receipt of the promoter reference number from HMRC, section 251 requires the promoter to pass on the promoter reference number to their clients and relevant intermediaries. If the monitoring notice is an original monitoring notice then the definition of clients also includes those who, from the date that the conduct notice took effect, have entered into transactions which enable or are likely to enable the person to obtain a tax advantage during the time that the monitoring notice has effect. There are two time limits for passing on the promoter reference number to the client depending on whether or not the client is a current client or a new client of the promoter. The time limit for providing the promoter reference number to relevant intermediaries is 30 days beginning with the later of the date that the promoter is notified by HMRC of the promoter reference number and the date that monitored promoter could reasonably be expected to know that the person was a relevant intermediary.
21. Section 252 requires clients of a promoter, within thirty days of receiving the promoter reference number, to pass on the promoter reference number to anyone who they know, or might reasonably be expected to know, is likely to be a client of the monitored promoter. This obligation also applies to intermediaries. This requirement will ensure that as many clients or people likely to be clients as possible are given the promoter reference number.
22. Section 253 requires the person notified of the promoter reference number to report the number to HMRC if they expect to obtain a tax advantage from the monitored promoter's relevant arrangements. If the person makes a tax return then the promoter reference number should be included on the return. If the person does not make a tax return or the tax advantage arises in respect of stamp duty land tax, stamp duty reserve tax, inheritance tax or petroleum revenue tax then the promoter's reference number should be notified to HMRC in the form and manner prescribed in regulations. Notification of the promoter reference number will enable HMRC to track taxpayers who have used the monitored promoter's products and to target their compliance efforts accordingly.