

Tricky Tax:

Two tax avoidance schemes explained

General readership

Institute of Scientific & Technical Communicators

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SUMMARY

Tax avoidance is a matter of increasing concern. Governments around the world lose billions of pounds each year to tax avoidance schemes. These financial losses have a direct human cost. Lost revenues mean reduced public services and an unfair burden on those paying their fair share of tax.

Yet despite its importance to everyday life, most of us are put off by the subject. Tax is boring; complicated; and something accountants do. The complexity and secrecy of the subject deter us even further. But we need to understand the subject — the consequences of not engaging in the debate and 'leaving it to the experts', are evident in the colossal economic crisis we are experiencing today.

There is a gap between the importance of tax avoidance to our everyday lives and the frosty attitude most of us have to the subject. This report takes a step towards bridging that gap. If you are concerned about the consequences of tax avoidance, but are instinctively repelled by numbers and balance sheets — this report is for you.

This report describes, in plain language, the technical processes and structures of two commonly used tax avoidance schemes – transfer pricing and outward domestication. Both involve multinational corporations shifting profits across borders.

Transfer pricing is the setting of prices for internal transactions between two subsidiaries of the same corporation. These transactions are estimated to constitute 60 per cent of all world trade. Outward domestication is a way of transferring assets across borders to countries with lower tax rates.

Tax avoidance is not illegal; it is a way of using complex structures and often secrecy to reduce a company's tax bill. By explaining some of these structures this report will help more of us engage in this important debate. It is all too easy for companies to hide behind arguments of complexity and secrecy, telling us that we 'just don't understand'. This report shows that — we can understand.

The difference between tax avoidance and tax evasion is the thickness of a prison wall.

DENIS HEALEY

INTRODUCTION

Tax avoidance is a matter of increasing concern. Governments around the world lose billions of pounds each year to tax avoidance schemes. The TUC estimates that the UK government alone, loses close to £12bn a year in potential tax revenue from corporations¹. The figures worldwide are staggering. Some tax avoidance schemes cost poor countries an estimated £80bn a year and, "Could have prevented an estimated 350,000 children under five from dying each year"², according to Christian Aid.

Tax avoidance affects us all. As Her Majesty's Revenue and Customs (HMRC) notes,

*In the UK the tax loss from avoidance is estimated to run into several billion pounds ... This directly affects the delivery of public services and long-term economic growth. Avoidance distorts markets, is economically unproductive and breaks the link between economic productivity and reward.*³

The debate on tax avoidance now includes many outside the narrow sphere of corporate accounting. This report is aimed at those non-tax professionals interested in the social and economic effects of tax avoidance on society. It is accounting for those who are not accountants.

If you are concerned about the consequences of tax avoidance, but are instinctively put off by numbers and balance sheets — this report is for you.

Tax avoidance is not illegal; it is a way of using complex structures and often secrecy to reduce a company's tax bill. This report describes two accounting principles commonly used in avoidance schemes – transfer pricing and outward domestication.

Transfer pricing is the setting of prices for internal transactions between two subsidiaries of the same corporation. Internal transactions are estimated to constitute 60 per cent all world trade⁴. Outward domestication is a way of transferring the assets of a company to another country which, often, has a lower tax rate.

Drawing on UK tax legislation and commentary on the legislation, this report describes the technical processes and structures used to operate the two schemes. In so doing, it offers another way of looking at tax avoidance schemes: one that explores complex organisational structures and 'creative' exploitation of tax laws by companies, at our expense.

What is tax avoidance?

Tax avoidance could be considered as much of a moral issue as a legal one. Therefore it is perhaps easiest to define tax avoidance by what it is not.

Tax avoidance is not tax evasion — "The illegal non payment or under-payment of taxes, usually by making a false declaration or no declaration to tax authorities"⁵. Nor is it tax compliance — paying the correct amount of tax. As the TUC's 'The Missing Billions' report states, "Tax avoidance is the grey area between tax compliance and tax evasion"⁶.

Avoidance is notoriously difficult to define. The HMRC's Anti-Avoidance Group admits that, "It is impossible to provide a comprehensive definition of [tax] avoidance." Instead it sets out a series of guidelines which may be indicative of avoidance⁷.

Tax avoidance schemes fall into a number of broad categories:

- Schemes involving financial transactions (e.g. debt buying, over payment, use of dividends);
- schemes involving geographical locations (e.g. tax havens, outward domestication); and
- schemes involving cost of goods (e.g. false invoicing, transfer pricing)⁸.

In practice, companies often use a combination of schemes to create complex structures and transactions.

The Anti-Avoidance Group was set up in 2004 by HMRC to deal with all issues relating to tax avoidance⁹. The group adopts a proactive attitude to monitoring avoidance risk on a company-by-company basis, using a list of common

transactions which have in the past been recognised as tax avoidance practices¹⁰.

A key factor when considering if an activity constitutes avoidance is the Ramsay Principle, which was set by the Ramsay case in 1981. The principle states that if a company carries out a series of transactions and the only purpose of these transactions is reducing its tax bill, the transactions are considered to be tax avoidance¹¹.

Importance and cost of tax avoidance

Governments around the world have promised to take action to stop the haemorrhaging of tax money from overstretch national budgets. A communiqué issued at the end of the G20 Summit this year famously declared that, "The era of banking secrecy is over". The G20 leaders also promised to "take action against non-cooperative jurisdictions, including tax havens"¹². One month later, President Obama announced a series of proposed measures to curb tax avoidance practices by multinationals based in the US¹³.

In the UK, the government announced a crackdown on a number of tax avoidance schemes in its 2009 budget. A statement accompanying the budget says,

*The Government is determined to continue to challenge tax evasion and avoidance, which undermine fiscal stability, damage the delivery of policy objectives, impose significant costs on society and shift a greater burden of tax onto ordinary taxpayers.*¹⁴

Tax avoidance is an issue which affects us all. The more we understand it, the more effectively we can participate in this important debate.

To companies, tax is a cost... As with any other cost, reducing it increases profits.

HMRC

TRANSFER PRICING

Transfer pricing is defined as, "The setting of prices for intra-group or company transfers of goods and services"¹⁵. In other words it is establishing the price for a transaction taking place between two entities (a company or subsidiary) that are owned by the same person or company. The transfer price is the price at which the goods or services are transferred or 'sold'.

Transfer pricing is inherently problematic. In the absence of two unconnected parties in a transaction it can be difficult to set a fair price. The price of a product or service sold between two unconnected companies is determined by the market. Factors such as supply and demand, tariffs or political conditions can all affect the final sale price. But when a sale takes place between two connected entities, such as two subsidiaries of the same multinational group, many of these factors can be set aside because of the common ownership¹⁶.

The Organisation for Economic Co-operation and Development (OECD) estimates that intra-group transfers constitute more than 60 per cent of all world trade¹⁷ — a fact which puts transfer pricing at the centre of global economic activity. In 1979 the OECD published general guidelines for dealing with transfer pricing, *The Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations*, which are revised regularly¹⁸. These guidelines form the basis for the transfer pricing legislation in the UK, ICTA88/SCH28AA¹⁹, which was put in place in 1999.

Transfer pricing in a global context

From a taxation point of view, the global nature of transfer pricing adds a further complication. If both subsidiaries operate in the same country they are likely to be subject to the same tax rules and rates. The effect of setting arbitrary prices for transactions within the group is relatively benign because ultimately they will have little effect on the overall tax bill of the group²⁰. If one subsidiary marks up the price of a product it sells to another subsidiary in the group, any gains made by the seller will be offset by the high cost to the buyer. As far as the group is concerned, it is a case of 'robbing Peter to pay Paul' — there are no extra gains for the group.

However, when the two subsidiaries are registered in different countries that have different tax rates and rules, intra-group price setting acquires a new significance. The potential then exists for the group as a whole to exploit the difference in tax rates and increase its overall profits. This is done by manipulating the transfer price to shift profits to the subsidiary which is subject to the lowest tax rate.

For this to occur, the subsidiary paying the higher tax rate needs to purchase from the one subject to the lower tax rate. Raising the transfer price raises the cost to the buyer, which means its profits are reduced and it pays less tax. The losses to the buyer are gains to the seller. These gains are now taxed at a lower tax rate where the selling subsidiary is registered. Although the overall profits before tax (pre-tax profits) for the group do not change, the overall net profits will increase. This is because it is now paying a lower tax rate on a greater portion of its profits.

Using transfer pricing to shift profits

The relationship between transfer pricing and taxation is demonstrated in the following example. The scenario focuses only on the effects of the transfer price and ignores all unrelated factors.

The **Wind Group** is a multinational company manufacturing wind turbines (see **Figure 1**). It has two subsidiaries: **Dutch Parts** which makes circuit boards for the turbines in The Netherlands and **Turbines UK** which assembles them in the UK. **Dutch Parts** is subject to 20 per cent tax in The Netherlands while **Turbines UK** is subject to 40 per cent tax in the UK. Each year **Dutch Parts** sells 10,000 circuit boards to **Turbines UK**. The sale is made at a transfer price of €1 per board, totalling €10,000.

In the first year both subsidiaries make a pre-tax profit of €800,000 each, earning the **Wind Group** a total pre-tax profit of €1.6 million (see **Table 1** on page 8). **Turbines UK** pays €320,000 tax at 40 per cent on its profits, while **Dutch Parts** only pays €160,000 because of the lower tax rate of 20 per cent in The Netherlands. As a result, the total net profit of **Wind Group** for the year is €1,120,000 and its tax bill is €480,000.

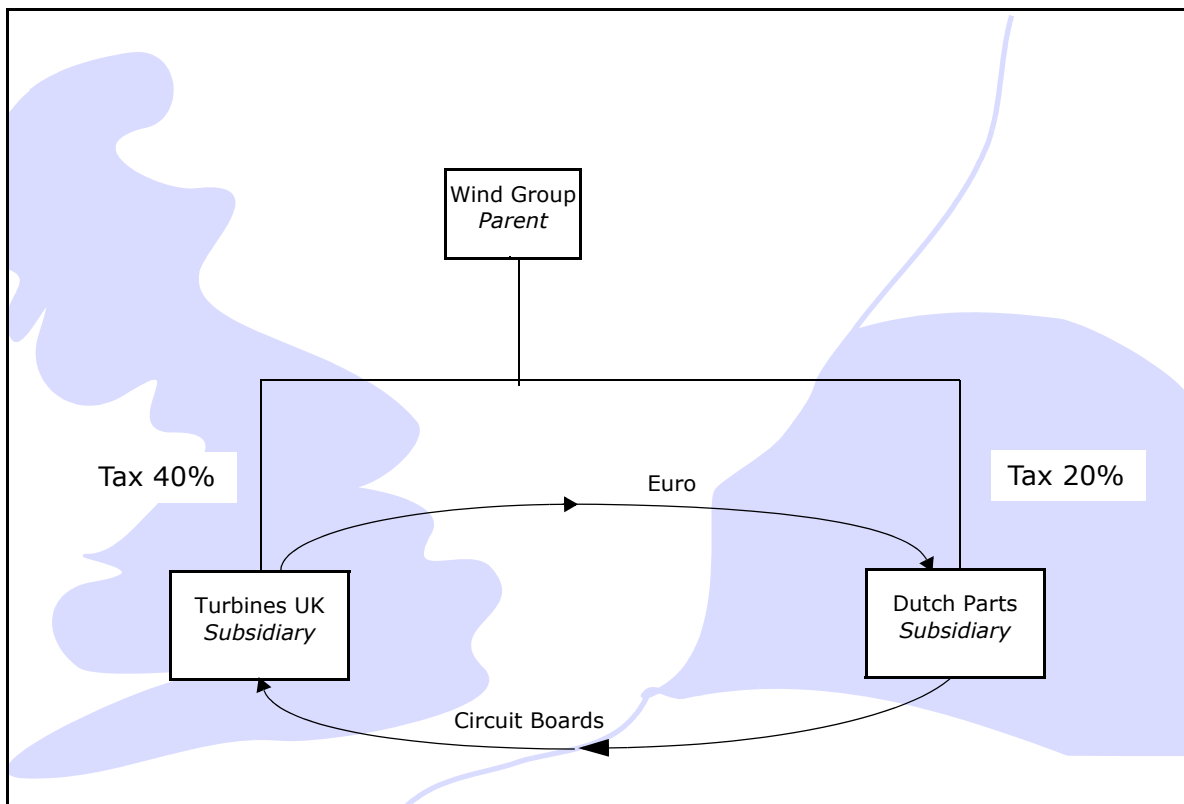
In the second year **Dutch Parts** raises the transfer price to €10 per board. Thus increasing the total cost of the sale to €100,000 (see **Table 2**).

The price increase raises **Turbines UK's** costs. At the end of the second year the balance sheet of **Turbines UK** shows a reduced pre-tax profit of €700,000 (reflecting the increased cost of the boards) while **Dutch Parts** enjoys a rise in pre-tax profits to €900,000. Note that the total pre-tax profits of the

Wind Group remain the same – €1.6 million. However, the tax bill of **Turbines UK** is reduced significantly because of the rise in the cost of the circuit boards, it now pays €40,000 less tax.

Although **Dutch Parts** pays €20,000 more in tax for the year, the overall tax bill for the group is reduced to €460,000. The group's net profit is €1,140,000 — a €20,000 increase on the previous year.

Figure 1 Wind Group company structure



The **Wind Group** is the parent company of a wind turbine manufacturer. The company has two subsidiaries: **Dutch Parts**, which manufactures circuit boards for the turbines in The Netherlands, and **Turbines UK**, which produces and assembles the turbines. **Turbines UK** purchases the circuit boards from **Dutch Parts** at a transfer price set by the parent company.

Table 1 Wind Group taxes year one

	Turbines UK	Dutch Parts	World Wind
Pre-tax Profit	€ 800,000	€ 800,000	€1,600,000
Tax Paid	€ 320,000	€ 160,000	€ 480,000
Net Gains	€ 480,000	€ 640,000	€1,120,000
Group Net Gain: € 1,120,000.00			
Group Tax Rate: 30.00%			

Table 2 Wind Group taxes year two

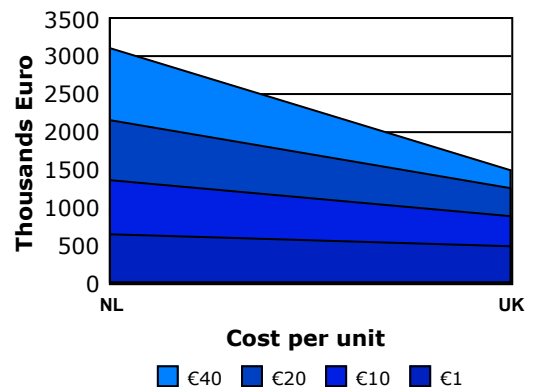
	Turbine UK	Dutch Parts	World Wind
Pre-tax Profit	€ 700,000	€ 900,000	€1,600,000
Tax Paid	€ 280,000	€ 180,000	€ 460,000
Net Gains	€ 420,000	€ 720,000	€1,140,000
Group Net Gain: € 1,140,000.00			
Group Tax Rate: 28.75%			

The increase in the transfer price causes more of the Wind Group's profits to be taxed at a lower rate through its Dutch Parts subsidiary. This reduces the group's overall tax rate from 30 per cent down to 28.75 per cent.

The direct correlation between an increase in the transfer price and a reduction in the group's overall tax rate is clearly visible when raising the transfer price of the circuit boards further, to €20 and €40 per unit. As the transfer price increases, the profits of Dutch Parts grow

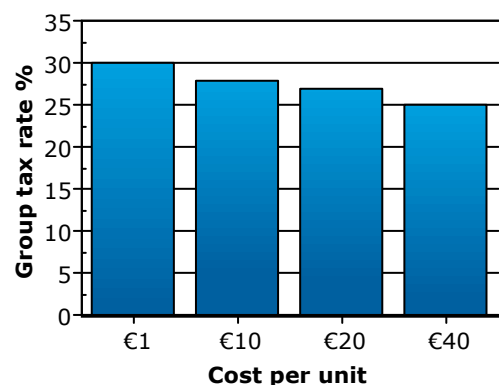
disproportionately higher to those of Turbines UK (see Figure 2).

Figure 2 Profit share by country



Plotting the transfer price against the group's overall tax rate demonstrates clearly the relation between the two (see Figure 3).

Figure 3 Transfer price and group tax



This example demonstrates how transfer pricing can be used to artificially shift profits and distort a company's tax liability. Under the Ramsay Principle and HMRC guidelines, such a distortion would be considered suspect because apart from reducing the tax it does not appear to have any other commercial value. The company would likely be asked to show what other benefits the price increase has. If it is only a reduction of its tax bill, it could well be considered tax avoidance.

The arm's length rule

Given the substantial effect that a transfer price can have on a company's tax liability, it is subject to much attention from multinational corporations and tax authorities alike. But even when companies have no intention of distorting the transfer price, they often encounter many objective difficulties when setting a transfer price. Operating complex company structures across a global network can make it difficult to assess global profits. Other factors such as local government restrictions or pressure to deliver high returns to shareholders can all contribute to the distortion of internal price setting^{21 22}.

To counter this genuine pricing problem, corporations and tax authorities around the world apply a principle known as the 'arm's length' rule. The rule, discussed at length in the OECD guidelines, states that when pricing the transfer of goods or services between companies with joint ownership, the companies should treat the transaction as if it was taking place between two unconnected parties. In other words, they should try to emulate the market conditions as closely as possible, thereby attaining what would be the market price²³. Furthermore, when setting the price, they should take into consideration all other factors which would affect the price if the transaction occurred between two unconnected entities²⁴.

The aim of the arm's length approach, according to the OECD guidelines, is to minimise as much as possible the creation of an unfair tax advantage which can be gained by setting prices arbitrarily. By detaching the tax consideration from economic considerations, the arm's length principle aims to promote, "The growth of international trade and investment"²⁵.

The OECD guidelines deal with two broad categories of the arm's length rule: products which have a comparable equivalent in the market and products which have no equivalent. The former include any products or services which are available on the market, while the latter includes ones which are unique to a particular company.

Even with comprehensive internationally recognised guidelines, it can often be difficult to set a fair arm's length price.

Applying the arm's length rule

The OECD guidelines recognise that applying the arm's length rule has been fairly successful. The rule has been found, "To work effectively in the vast majority of cases"²⁶. However there are instances when applying the rule can be difficult. For example, in complicated transactions, finding a comparable price may involve collecting pricing information from several companies. This may prove difficult and time consuming for both companies and tax authorities. Further more, companies may be unwilling to disclose information for reasons of confidentiality or a reluctance to jeopardise a competitive advantage.

Unique transactions - intangibles

Perhaps the most difficult area to apply the arm's length rule is in situations where the transactions are either unique to a specific company, or are unlikely to occur between independent businesses. These transactions usually involve intangible items such as licences and trademarks.

In these situations the problems centre on the future exploitation of the licence²⁷. In the case of a medicine, for example, it can be difficult to calculate how long a product will remain unique in the market, and therefore what its future value will be. Because the future profits derived from the use of a licence are unknown, a company is unlikely to sell it outright to an unconnected entity. Selling the licence to a subsidiary would allow both closer monitoring of its use and ensure all future profits remain within the group.

In cases of unique transactions, the company and tax authorities have to agree on a fair arm's length price for

the transaction — a fact which is recognised by the OECD guidelines,

*Transfer pricing is not an exact science but does require the exercise of judgment on the part of both the tax administration and taxpayer.*²⁸

HMRC guidance on transactions of such intangibles is that the case should be reviewed as if both parties were independent and acting to gain the most profit from it²⁹.

Setting a fair arm's length price has been described as more of an art than a science³⁰. It is an inevitable consequence of international trade which needs to be continually explored in order to prevent its misuse.

It is not the case that any structure is necessarily adopted to further mispricing. The reality is often more complex.

HMRC

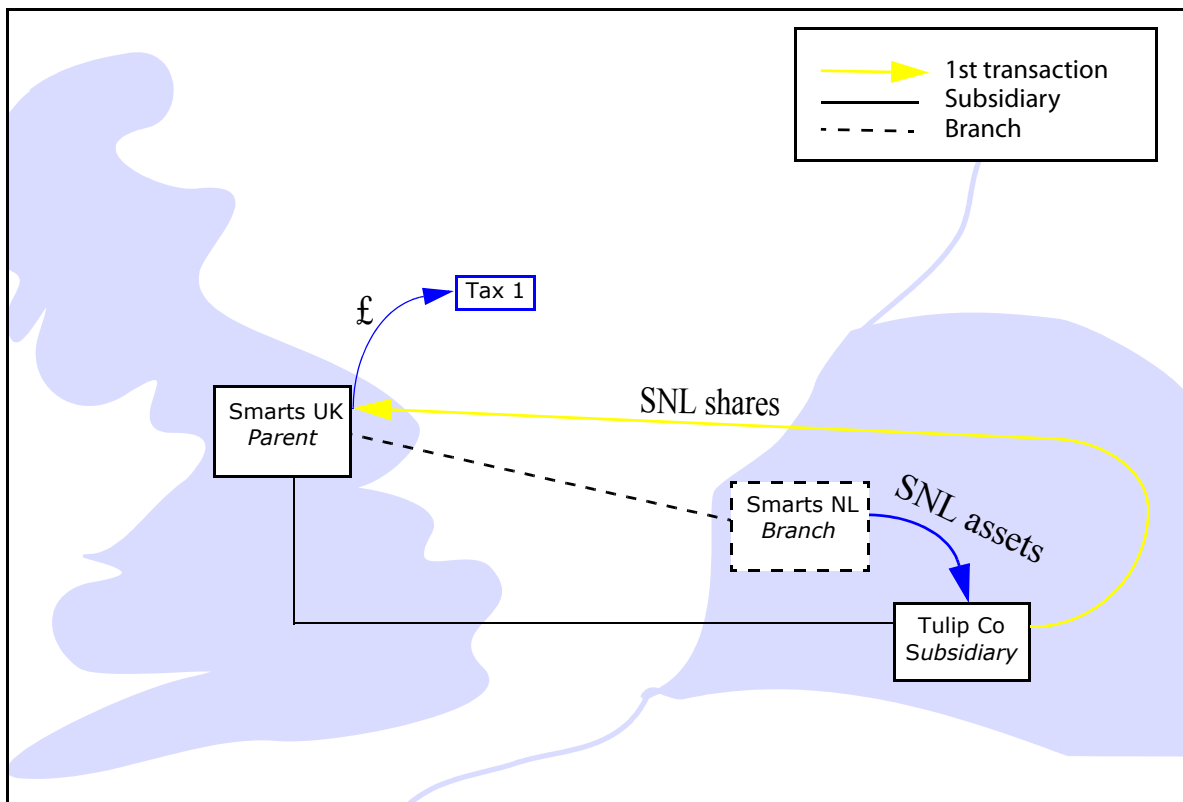
OUTWARD DOMESTICATION

Outward domestication is concerned with intra-group transfer or sale of assets rather than products. Domestication, as the term implies, is turning something foreign into something domestic or local. In corporation tax law, it generally means converting or transferring a foreign branch of a company into a foreign subsidiary of the same parent company. The parent company owns all the companies and subsidiaries in the group; it is often the 'brand name' of a large corporation³¹.

The difference between an overseas branch and a foreign subsidiary is in the form of ownership. Both are controlled by the parent company, but only the subsidiary is considered a separate legal entity. From a tax standpoint, the profits of the overseas branch are included in the parent company's profits while the subsidiary can be subject to tax in the country where it is located³².

Outward domestication is a way of looking at the domestication from the perspective of the country where the parent company resides (see **Figure 4**).

Figure 4 Outward domestication stage one



Smarts UK is a UK resident company with a branch in the Netherlands, **Smarts NL**. In outward domestication **Smarts NL** is transferred to **Tulip Co**, a foreign subsidiary of **Smarts UK**. The subsidiary **Tulip Co** pays its UK parent company for the branch with either shares or stock capital of **Smarts NL** (SNL). Under UK outward domestication rules, the tax owed on any gains (Tax 1) is deferred.

For a UK-resident company with a branch abroad, outward domestication means that the overseas branch is turned into an overseas subsidiary of the company³³.

The conversion is in effect a type of sale in which the overseas subsidiary 'pays' the parent company for the branch. The payment is made in the form of shares. In this example **Tulip Co**, the Dutch subsidiary of **Smarts UK** pays **Smarts UK** for the assets of the branch **Smarts NL**.

Any gains made from the sale by the parent company are subject to capital gains tax. But because the parent company is effectively selling to itself – both the branch and the subsidiary are owned by the parent company – the tax owed is deferred. The deferral is given under HMRC rule TCGA92/S140³⁴. The rule states that as long as the asset remains part of the group of companies, i.e. it belongs to the parent company, the tax (**Tax 1**) is deferred until the subsidiary or its shares are sold to an entity outside of the group³⁵.

No gain/no loss rule

Now that the branch has become a subsidiary of the UK company, its assets can be moved freely within the parent company group. Under rule TCGA92/S171 (1), also known as the 'no gain/no loss' rule, intra-group asset transfers do not incur capital gains tax³⁶. The idea is that a corporation should not be penalised for what are in effect internal transfers within one company. So as long as the assets remain within the group the tax on the original transfer of the foreign branch (**Tax 1**) is deferred. There is no time limit on the deferral³⁷.

The example can be extended to show how the rule operates in practice (see **Figure 5**). Under the 'no gain/no loss' rule the parent company, **Smarts UK** can transfer the shares of its foreign subsidiary, **SNL**, back to another subsidiary resident in the UK, **Rose UK**, without incurring a tax liability on the sale.

Tax is payable only when the shares, or the company, are sold out of the group. In that case, tax is owed on two counts. First, any gains from the sale are taxable. Second, the deferred tax from the original sale of the foreign branch falls due.

When, **Rose UK** sells its **Smarts NL** shares (**SNL**) out of the group to **Elasto**. The group is then liable for any taxable profits from the sale **Tax 2** as well as **Tax 1**, which was incurred when **Smarts NL** was sold.

Worldwide group transfers

On 1 April 2000, legislation was introduced expanding the definition of a company group. The legislation, FA2000/SCH29/Para1, removed the restriction limiting UK-residence as a condition for membership in a company group, allowing a company to be a member of a group, "Regardless of where it is resident"³⁸. Furthermore, it allows a UK-resident parent company to become a subsidiary of a foreign company group³⁹.

The implications for cross-border asset transfers is that the transfer of assets from a UK-resident company to a non-resident parent company would fall under the 'no gain/no loss' rule.

In the previous example, this would allow **Smarts UK** to become a member of a world wide group headed by a foreign parent company. All of its subsidiaries would then become members of the new company group.

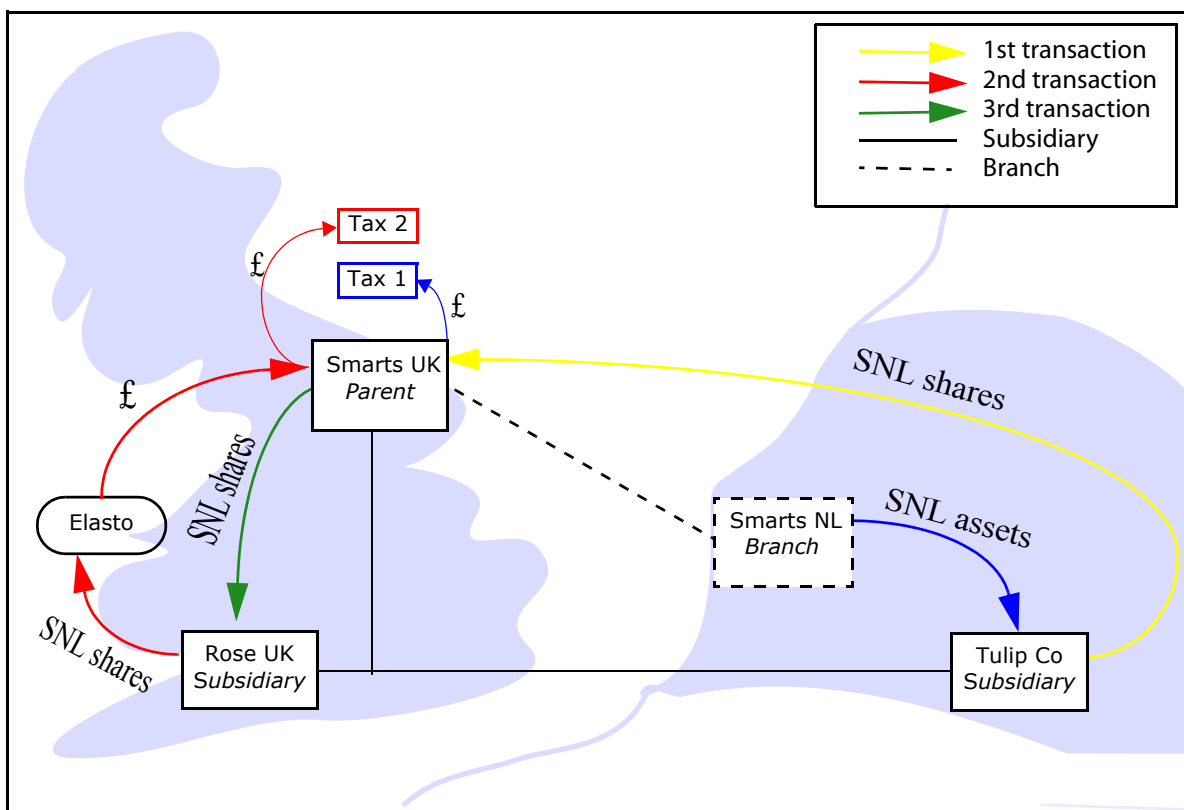
Example of misuse

The three rules described above — outward domestication, 'no gain/no loss', and the change to worldwide group membership — were designed with two purposes in mind. The rules allow companies to compete in a global market, and ensure they pay adequate taxes on their operations. As the HMRC Anti-avoidance Group outlines in its strategy,

*We want to provide our customers [the tax payers] with a level playing field while maintaining the UK's international competitiveness.*⁴⁰

Given the complexity of international business structures and taxation, it is possible that some companies would try to use these rules to gain an unfair tax advantage. The case of the drinks giant **Diageo** demonstrates how these

Figure 5 Outward domestication stage two



The parent company **Smarts UK** transfers its foreign subsidiary shares **SNL** to one of its local subsidiaries, **Rose UK**. No tax is due on the transaction under the 'no gain/no loss' rule. **Rose UK** then sells its **SNL** shares to a third unconnected company, **Elasto**, a company not of the group. The profits go to **Smarts UK** with a tax bill resulting from the sale (**Tax 2**). **Smarts UK** now has to pay this tax as well as the tax deferred from the sale of **Smarts NL** to **Tulip Co**.

rules can be used to such effect. The case was reported in some detail in the media earlier this year, but for reasons of confidentiality it is not possible to know all the facts. However, sufficient details have emerged to show how the rules described here can be applied in practice⁴¹. It should also be noted that the company has not been accused of any illegal activity.

As in the previous example (see **Figure 5**), **Diageo Plc** is a UK-resident parent company. One of its UK subsidiaries

was **Johnny Walker**, based in Edinburgh. The company was able to transfer its Edinburgh subsidiary to Dutch ownership without having to pay any (known) tax on the sale.

To do this, the subsidiary had to be turned into a foreign branch first. This was done in 2000 when the ownership of the **Johnny Walker** trademark was transferred to a Dutch branch of **Diageo Plc** called **UDV [SJ] Ltd**. Once **Johnny Walker** became a foreign branch (much like the

hypothetical company **Smarts NL** in **Figure 5**) **Diageo Plc** was able to transfer it to a foreign subsidiary under the outward domestication ruling. Ownership of **UDV [SJ] Ltd** was transferred to **UDV [SJ] BV**. It is assumed that the tax from the sale was deferred to the parent company **Diageo Plc**.

The newly incorporated **UDV [SJ] BV** was then transferred to another Dutch company **Guinness UDV BV** which was later renamed **Diageo Brands BV** (itself part of **Diageo Plc**). Because they were all members of a worldwide group, the 'no gain/no loss' rule applied to these transfers and no tax would have been charged on any gains from these transactions. The deferred tax from the outward domestication of the **UDV [JS] Ltd** – effectively the **Johnny Walker** plant in Scotland – would not be taxed unless it was sold outside the group. To date it is not known what agreement was reached between the group and HMRC.

Taxes are what we pay for a civilized society.

OLIVER WENDELL HOLMES

CONCLUSION

This report explained transfer pricing and outward domestication, and described how they are used in tax avoidance schemes.

Transfer pricing involves the complex problem of setting fair prices for internal company transfers across borders. Despite comprehensive guidelines set by the OECD, setting a fair price for such transactions can be difficult, particularly in transactions which have no market equivalent. This report demonstrated how exploiting the complexities of transfer pricing can be used to shift profits to countries with a lower tax rate and thus reduced the overall tax bill of a company group.

Outward domestication also involves cross-border transfers, but is concerned with the shifting of whole companies or assets. The rulings are designed to prevent companies from being penalised unfairly when moving assets globally. These moves are a necessity, born out of companies' need to expand or transform their base of operations to meet the demands of changing markets. However the report demonstrates how these rules can be used to transfer assets for tax gains.

Both schemes involve complex operations and the respective rules and guidelines governing them are open to interpretation. This highlights a core difficulty in the tax avoidance debate. It is easy to spot cases where the law is clearly broken or the legislation used for unreasonable purposes. But there are many cases that are more ambiguous. The report shows the potential for avoidance as the scale and complexity of global trade increases.

In explaining some of these complex processes this report is like another hand joining many others to push aside the veil of secrecy which shrouds the world of tax avoidance — a veil woven out of a tapestry of complex tax rules, ever expanding global corporate structures and company secrecy.

It is all too easy for companies to hide behind arguments of complexity telling us that we 'just don't understand'. This report shows that — we can understand.

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- 26 *ibid.* page I-4, para 1.8
- 27 *INTM464020 - Transfer pricing: types of transactions*, HMRC, available at <http://www.hmrc.gov.uk/manuals/intmanual/intm464020.htm> (April 2009)
- 28 OECD, *Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations*, 2001, OECD Publishing, page I-6, para 1.12
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Outward Domestication

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- 33 *CG45650 - Domestication*, HMRC, available at <http://www.hmrc.gov.uk/manuals/cg2manual/CG45650.htm> (accessed April 2009)
- 34 *CG45660 - Outward domestication: deferral of capital gains charge*, HMRC, available at <http://www.hmrc.gov.uk/manuals/cg2manual/CG45660.htm> (accessed April 2009)
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- 36 *CG45305 - Group asset transfers: no gain/loss disposals: outline*, HMRC, available at <http://www.hmrc.gov.uk/manuals/cg2manual/cg45305.htm> (accessed April 2009)
- 37 Conversation with HMRC tax advisor, 24 April 2009

- 38 *CG45100 - Groups of companies: CG definition: outline*, HMRC, available at <http://www.hmrc.gov.uk/manuals/cg2manual/CG45100.htm> (accessed April 2009)
- 39 *CG45130 - Groups of companies: CG definition: removal of UK residence condition*, HMRC, available at <http://www.hmrc.gov.uk/manuals/cg2manual/CG45130.htm> (accessed April 2009)
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Going Dutch, 2 February 2009, The Guardian, available at <http://www.guardian.co.uk/business/2009/feb/02/tax-gap-diageo-johnnie-walker> (accessed April 2009)
Diageo tax settlement - trebles all round?, Brooks R, 13 February 2009, The Guardian, available at <http://www.guardian.co.uk/business/tax-gap-blog/2009/feb/13/diageo-taxavoidance> (accessed April 2009)

Headlines

- Introduction — *Tax Evasion*, economic Expert.com, available at <http://www.economicexpert.com/a/Tax:evasion.html> (accessed May 2009)
- Transfer Pricing — *INTM465010 - Transfer pricing: tax-planning structures*, HMRC, available at <http://www.hmrc.gov.uk/manuals/intmanual/INTM465010.htm> (accessed May 2009)
- Outward Domestication — *INTM465010 - Transfer pricing: tax-planning structures*, HMRC, available at <http://www.hmrc.gov.uk/manuals/intmanual/INTM465010.htm> (accessed: May 2009)
- Conclusion — Oliver Wendell Holmes, former Justice of the United States Supreme Court, engraved on the front of the Internal Revenue Service building at 1,111 Constitution Avenue, Washington DC, available at <http://www.ustreas.gov/education/faq/taxes/taxes-society.shtml> (accessed May 2009)

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