

TAXREP 42/00

LARGE BUSINESS CLOSER WORKING CUSTOMER SUPPORT

*Extract from a letter sent to Customs in December 2000 by the Tax Faculty of the
Institute of Chartered Accounts in England and Wales in response
to a paper issued in October 2000 by Customs and the Revenue*

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We welcome the opportunity to comment on the information paper issued in October.

We do support the idea of both departments having a specialist office to deal with large businesses; it is a sensible way forward.

Most of the conclusions in section 3 are what we would expect; in particular we would welcome the use of external emails with lead staff to improve communication and we definitely like the idea of a central contact provided direct access with existing contacts is maintained.

Some of the other consultation comments would benefit from greater explanation; for example it is not clear what is meant by 'reluctant to listen both at national and local levels' and 'facilitate business'.

In the light of the background note that states that the research was aimed at businesses and advisors, we would not have expected the conclusion which states: 'A need to understand better the difference between tax planning and tax avoidance'. We consider that tax planning and tax avoidance, both of which are within the law, are synonymous.

If there are considered to be differences then, as it would be helpful for business for the revenue departments to declare where they stand, we would welcome clarification of how avoidance is defined and the nature of the perceived differences between tax avoidance and tax planning.

The conclusions make no mention of tax evasion. We do consider that there is a need especially for policymakers to understand that there is a difference between tax avoidance and tax evasion. The difference is that tax avoidance is legal whilst tax evasion is illegal. We would therefore never condone evasion.

We therefore consider that in any customer support declaration such as this there is a need to clarify the distinction between tax planning/ avoidance and tax evasion.

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