

# Tax avoidance

## Settlement incentives

*Irish Revenue have recently provided a reprieve for a taxpayer who entered into a tax avoidance transaction on or before 23 October 2014.*

Section 811A (2A) TCA 1997, as amended by Finance Act 2014, provides an opportunity to persons who had engaged in unacceptable tax avoidance (i.e. entered into a transaction to avoid tax on or before 23 October 2014) to come forward to Revenue on or before 30 June 2015, and settle their affairs in such a way that no surcharge will apply and any interest payable will be capped at 80% of the interest otherwise so payable.

This settlement opportunity is available to persons who had entered into a transaction and either the Revenue had formed the opinion that the transaction was a tax avoidance transaction or the Revenue could have successfully challenged the transaction by forming an opinion under Section 811 TCA 1997 that it was a tax avoidance transaction.

To avail of this opportunity, the taxpayer must make a qualifying avoidance disclosure in writing, containing full details of the transaction and must be signed. It must also be accompanied by full payment of the tax and any interest due.

Where a taxpayer makes a qualifying avoidance disclosure:

- the interest that would otherwise be payable is reduced by 20%;
- the 10% or 20% surcharge (under Section 811A TCA 1997) will not apply; and
- no penalty will apply if Revenue accepts that a disclosure is a qualifying avoidance disclosure that relates to a tax avoidance transaction.

### Types of tax avoidance transactions

Provided they were in place on or before 23 October 2014, the following transactions may qualify for this Revenue settlement opportunity:

- 1 tax avoidance transactions within the meaning of Section 811 TCA 1997 (“general anti-avoidance

- rules”); that is transactions where a nominated officer of the Revenue has formed an opinion that a tax advantage ensued under that section;
- 2 transactions that, had the Revenue formed an opinion under Section 811 TCA 1997, would have led to a liability to tax under that section; and
- 3 VAT avoidance transactions that are being challenged or could be challenged by Revenue under the “Abuse of Rights” principle.

### Next steps

Please contact a member of our team if you wish to make a qualifying avoidance disclosure to Revenue before 30 June 2015 or wish to discuss if you can make a qualifying avoidance disclosure.

### Contact

If you have any questions on the above please contact your usual Grant Thornton staff member.

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