

Written Ministerial Statement

Anti-Avoidance

The Exchequer Secretary to the Treasury (David Gauke): The Government is fully committed to tackling tax avoidance and will take necessary steps to protect the Exchequer and maintain fairness in the tax system.

The Government published *Tackling Tax Avoidance* at Budget 2011 which outlines a more strategic approach to addressing avoidance by placing the emphasis on preventing avoidance before it occurs. By building in sustainable defences to avoidance we will reduce the need for immediate changes to legislation once an avoidance risk has arisen, or for HMRC to challenge avoidance once it has happened.

In December 2010, I asked Graham Aaronson QC to lead a study that would consider whether a General Anti-Avoidance Rule (GAAR) could deter and counter tax avoidance, whilst providing certainty, retaining a tax regime that is attractive to businesses, and minimising costs for businesses and HMRC.

I have now received Mr Aaronson's report and have arranged for it to be published today on HM Treasury's website at:

http://www.hm-treasury.gov.uk/gaar_final_report_111111.PDF.

Mr Aaronson has recommended a narrowly focused GAAR which should initially apply to the main direct taxes – income tax, capital gains tax, corporation tax, and petroleum revenue tax, as well as national insurance contributions. The report sets out in detail how a GAAR could be introduced, and includes an illustrative draft rule. It also includes a summary of the views of representative bodies in the tax sector.

The Government will consider the report in detail and the extent to which the proposals could add to HMRC's existing legislative and administrative approaches and further reduce levels of tax avoidance. The Government will discuss the implications of the proposed rule with business and tax groups and respond fully at Budget 2012, setting out its plans for further, formal public consultation, if appropriate.

I will place a copy of the report in the Library of the House.

HM Treasury
21 November 2011