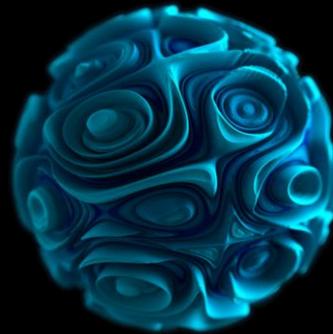


Deloitte Tax Controversy

May 2023



Deloitte Tax Controversy (“DTC”) is a specialist network of 70 Deloitte tax professionals, advising clients on tax governance through to litigation. The network includes ex-HMRC/HMT personnel, tax litigators and mediators. This newsletter provides a 10-minute snapshot of the current biggest stories in this area.



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In the News

[HMRC performance under scrutiny](#)

HMRC faced difficult questions from the Public Accounts Committee at their annual hearing.

The Committee recommended that HMRC reinstate annual revenue targets (£36bn for 2022/23, up c.£5bn from the latest statistics) and revert back within three months with the next three years’ worth of customer service targets. There was also scrutiny of HMRC’s debt collection processes, with questions raised about whether these have been focused on appropriate cases.



Controversy Trends

[Alternative Dispute Resolution](#)

The DTC team consists of a number of qualified mediators including, [Annis Lampard](#), [Glen Harling](#), [Matt Batham](#), [Karmjit Mader](#), [Paul Dennis](#) and [Samir Yahiaoui](#).

ADR is a useful mechanism to refine and resolve disputes outside a litigation process, with benefits including:

- Injecting momentum into a case that has stagnated;
- Avoiding the time and financial costs associate with lengthy litigation;
- Rebuilding relationships with HMRC; and

Taken together, these comments reflect a view that HMRC's enquiry activity is expected to rise sharply back to pre-pandemic revenue collection levels.

- Clarifying the parties' positions to facilitate meaningful negotiation.

The DTC team can help in multiple ways, including acting as a joint mediator with HMRC, with other members of the DTC team supporting clients and their tax advisory team.



HMRC News

[Off-payroll working \(IR35\)](#)

As part of their Tax Administration and Maintenance Day, HMRC have [launched a consultation](#) on the potential introduction of a statutory measure which could impact tax settlements with HMRC where liabilities arise under the off-payroll working (IR35) rules. The consultation proposes that in a settlement scenario, the liable deemed employer could take a credit for an amount of tax relating to amounts that the individual or their Personal Service Company (PSC) has already paid to HMRC in respect of the income they received under their contract.

The consultation will be of interest to any organisation engaging off-payroll workers 'outside IR35'/deemed self-employed, and in particular those where HMRC has already opened an enquiry into IR35, or where ongoing dialogue on employment status is in progress.

We welcome HMRC's commitment to explore a legislative solution to this problem, which we, along with professional bodies, have highlighted is required for some time. We strongly support the need to address the current position, which can lead to inequitable outcomes.

If you have any questions or would like to discuss, please contact [James Warwick](#).

HMRC News

[Transfer Pricing and Diverted Profits Tax statistics](#)

HMRC have released the Transfer Pricing and Diverted Profits Tax statistics for the period 2021 to 2022.

It is clear that Transfer Pricing and Diverted Profits remains a strategic priority area for HMRC. The time taken to resolve enquiries, MAPs and APAs is increasing. But against this background, APAs and MAPs remain effective ways of dealing with double taxation.

Please contact [Jamie Bedford](#) or [Eddie Morris](#) if you would like to discuss.

These statistics reveal that the number of transfer pricing enquiries and yield are increasing. It becomes more important than ever to track enquiries. DTC maintains an enquiry tracker which provides a strong and unique data set to help clients understand how their disputes fit with current trends.

If you have any questions in relation to the tracker, please contact [Tammy Arendse](#) to discuss.

Events and Publications

- On 29 March 2023, the DTC team held a Dbrief on Financial Services and HMRC. To watch this Dbrief on demand, click [here](#).
- On 19 April 2023, the DTC team hosted a Dbrief on Resolving Complex Tax Controversy. To watch this Dbrief on demand, click [here](#).
- To register and/or subscribe to future Dbriefs, click [here](#).

Have a question?

If you have any questions about the content in the DTC Newsletter, please email [Alisha Basi](#).

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