

FINANCE ACT 2014

EXPLANATORY NOTES

INTRODUCTION

Sections 199 to 233 and Schedules 30-33: Follower Notices and Accelerated Payments

Summary

1. These sections and Schedules introduce two new consequences for certain users of tax arrangements.
2. The first is a power for HMRC to issue a ‘follower notice’ where those tax arrangements have been shown in a relevant judicial ruling not to give the asserted tax advantage. The legislation sets out the steps that a taxpayer should take to settle their dispute with HMRC in response to the ‘follower notice’, and what happens if a taxpayer elects not to take those steps, including the possibility of a penalty. The taxpayer has a right of appeal against any penalty charged under these provisions.
3. The second is a requirement to pay the amount of the asserted tax advantage to HMRC on receipt of an ‘accelerated payment notice’. This notice can be given in three cases:
 - i. Where a follower notice is issued, as described above.
 - ii. Where the tax arrangements are discloseable under the Disclosure of Tax Avoidance Scheme (DOTAS) rules; or
 - iii. where HMRC is taking counteraction under the General Anti-Abuse Rule (GAAR).
4. The measure applies to Income Tax (IT); Capital Gains Tax (CGT); Corporation Tax (CT), including amounts chargeable as or treated as CT; Inheritance Tax (IHT); Stamp Duty Land Tax (SDLT); and the Annual Tax on Enveloped Dwellings (ATED). The legislation provides for further taxes to be added to the measure by Treasury Order.