



Law Society  
of Scotland

# Consultation response

## Tackling disguised remuneration tax avoidance

September 2020



## Introduction

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The Law Society of Scotland is the professional body for over 12,000 Scottish solicitors. With our overarching objective of leading legal excellence, we strive to excel and to be a world-class professional body, understanding and serving the needs of our members and the public. We set and uphold standards to ensure the provision of excellent legal services and ensure the public can have confidence in Scotland's solicitor profession.

We have a statutory duty to work in the public interest, a duty which we are strongly committed to achieving through our work to promote a strong, varied and effective solicitor profession working in the interests of the public and protecting and promoting the rule of law. We seek to influence the creation of a fairer and more just society through our active engagement with the Scottish and United Kingdom Governments, Parliaments, wider stakeholders and our membership.

We welcome the opportunity to respond to HMRC's consultation on *Tackling disguised remuneration tax avoidance*<sup>1</sup>. We have the following comments to put forward for consideration.

## General comments

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We note the overlap between this consultation, and recent consultations on *raising standards in the tax advice market*<sup>2</sup> and *tackling promoters of tax avoidance*<sup>3</sup>. We support strong action against the promoters of tax avoidance schemes and we refer to our comments in this regard in our earlier responses<sup>4</sup>.

Our earlier responses discuss actions which could be taken by HMRC to encourage reporting of schemes, to tackle misleading information provided to taxpayers, and to tackle promoters of aggressive tax avoidance schemes.

We suggest that action could be taken to prevent some employees being encouraged into disguised remuneration schemes, particularly in Government roles and public sector bodies. For example, where public funds are being used, we suggest that it could be a condition that workers are processed through an official payroll or that checks are carried out to ensure that no disguised remuneration scheme is being used.

<sup>1</sup> <https://www.gov.uk/government/consultations/call-for-evidence-tackling-disguised-remuneration-tax-avoidance>

<sup>2</sup> <https://www.gov.uk/government/consultations/call-for-evidence-raising-standards-in-the-tax-advice-market>

<sup>3</sup> <https://www.gov.uk/government/consultations/tackling-promoters-of-tax-avoidance>

<sup>4</sup> <https://www.lawscot.org.uk/media/369382/20-08-28-tax-reg-aml-raising-standards-in-the-tax-advice-market.pdf> and <https://www.lawscot.org.uk/media/369462/20-09-15-tax-consultation-tackling-promoters-of-tax-avoidance.pdf>



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