

One minute with...

Simon Skinner

Travers Smith



Simon Skinner is a tax partner at Travers Smith LLP and has recently been appointed head of tax. He specialises in corporate and individual taxation, in particular focusing on the private equity sector. Simon regularly advises founders and management teams, in addition to institutional investors. He has also advised on debt and equity restructuring, public and private M&A, public-to-privates and IPOs. Email: simon.skinner@traverssmith.com; tel: 020 7295 3000.

What's keeping you busy at work?

My main focus is on the private equity sector, predominantly acting for our stable of PE clients and their investee companies. They remain very active and there is an excellent spread of work, from structuring their investments, whether by public-to-private transactions, private M&A or 'buy and build'; through mid-life refinancing and restructuring steps and managing incentivisation; to exits, including through sales or IPOs.

We are having to spend a significant amount of time guiding those clients through the various BEPS induced changes to the tax system, which follow fast on the heels of the fund-level tax charges over recent years and the (in my view, excessively broad) new DOTAS provisions relating to financial products. Delivering an efficient and appropriate structure for wholly commercial transactions remains an ongoing challenge.

Are there any proposed tax measures that are of particular concern?

The government has, fortunately, recognised that the disguised remuneration close companies' gateway proposal remains insufficiently targeted at disguised remuneration schemes, despite the addition of the close company 'relevant transaction' filter alongside the 'excluded transaction' exemption in the draft of the Finance Bill released last year. It is probably unrealistic to hope that the proposal will be scrapped altogether, so I welcomed the announcement, at Budget, to delay the implementation of this measure until April 2018. It remains to be seen whether further consultation on the targeting of this measure, which is expected later this year, will better exclude arrangements from scope which do not intend to incentivise employees or directors and which are entered into for purely commercial reasons.

If you could make one change to UK tax law or practice, what would it be?

I worry that the lack of understanding

of the tax system among politicians and journalists is reaching a troubling level. And that matters because measures make their way into law with little or no scrutiny, or the politicians feel forced into action on an unplanned, reactive basis. Contributing to this is the increasing complexity of the new measures – we invest in and take very seriously the training of our tax team, but it can be pretty daunting for the junior (and not so junior) members of that team to be faced with 300 pages of guidance, as was the case for the interest barrier. There is much talk of simplification of the tax system but precious little sight of it in practice.

I'd also get rid of the accrued income scheme – which almost never produces a sensible answer – and paper stamping for shares. No sensible tax system should require a trainee to travel to Birmingham to write up share registers.

What are your clients asking you about more frequently in 2017?

The emphasis on reputational aspects is very strong. Our clients tend to be pretty conservative in terms of tax risk, but even so, the proliferation of measures targeting – not always accurately – aggressive behaviour (including the extended DOTAS provisions, the failure to prevent offences, POTAS, enablers and followers notices), together with an ill-informed press, means we are frequently asked whether a transaction *should* be structured in a particular way, rather than could be. That is interesting work and likely to be a growing requirement of advisers with cautious reputations like Travers Smith.

If you had to give this up tomorrow, what would your next challenge be?

I'd love to win a World Series of Poker Bracelet – the ultimate accolade for any poker player. I'm not sure I would survive the lifestyle of a poker player, but it would be fascinating to try. However, given my ten year old son, who I am teaching to play, cleaned me out last weekend, maybe I should stick to the day job. ■

What's ahead

May

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Consultation: Comments close on the draft Corporate Interest Restriction (Financial Statements: Group Mismatches) Regulations 2017.

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Consultation: Comments close on further evidence on OTS report on stamp duty (see www.bit.ly/2lZSRAv); on updating the rules governing administrative co-operation in tackling cross-border VAT fraud in the EU (see www.bit.ly/2mlzdRZ).

Compliance: Employees at 5 April 2017 and from whose pay tax was deducted should have received form P60 from their employers; Companies House should have received accounts of private companies with 31 August 2016 year end; Companies House should have received accounts of public limited companies with 31 November 2016 year-end; HMRC should have received corporation tax self-assessment returns for companies with accounting periods ended 31 May 2016; Returns under the Foreign Accounts Tax Compliance Act reporting rules are due for calendar year 2016; Returns under the Crown Dependencies and Overseas Territories reporting rules due for calendar year 2016; Returns under the Common Reporting Standard/EU Directive on Administrative Cooperation reporting rules are due for calendar year 2016.

June

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Regulations: The Major Sporting Events (Income Tax Exemption) Regulations, SI 2017/614, provide exemptions for duties performed from 1 to 5 June during Champions League final.

Compliance: Payment of corporation tax liabilities for accounting periods ended 31 August 2016 for small and medium-sized companies where payment not required by instalments.

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Cases: UT scheduled to hear HMRC's appeal in *HMRC v Temple Finance and Temple Retail* (VAT: one business carried out by two companies).

OECD: First high-level signing ceremony for OECD multilateral instrument on tax treaties to close tax treaty loopholes and improve functioning of international tax system.

For a 'what's ahead' which looks further ahead, see taxjournal.com (under the 'trackers' tab).

Coming soon in Tax Journal:

- General election special.
- A heretical view of tax simplification.
- The UK tax system: increasingly unpredictable?