

We want a General Anti Avoidance Rule!

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I'm always pleased to find common ground with people.

On page 16 of this weeks [Accountancy Age](#) Richard Mannion, national tax director of [Smith and Williamson](#) (a firm of accountants that specialises in high net worth individuals if ever one did) calls for a General Anti Avoidance Rule (GAAR) for the UK.

Now, I admit I want a general anti avoidance principle (GAAP), not a rule (rules are right of fashion Richard - accountants abuse them) but that apart we're on a wavelength, even if our reasoning has little in common.

But let's be clear. Such a rule has to be clear. It would have to say:

If any step is inserted into a transaction with the sole or main intention of securing a tax advantage which would not otherwise be secured then that step in the transaction shall be ignored for taxation purposes and the desired benefit shall be denied.

And, to avoid the problems that Canada has encountered, in determining whether a tax advantage is being sought or not, the definition of such an advantage has to be internationally, and notionally based. Then we're onto a winner.

And I'd be 100% happy with the Revenue having to give clearances for transactions on this basis. Mind you, in my experience almost no one actually does the deal they seek clearance for, so they're not worth a lot. But published clearances would help all taxpayers work out what is, and is not acceptable. Pre-rulings would stop all the nonsense accountants come up with, like them asking whether paying into a pension is caught by a GAAR, which they raise purely to obstruct progress.

There's one final thing. Since the above rule is easy to work out for yourself (after all, you know your intentions) if you want a clearance you'd have to pay for, which would overcome the funding problem for this arrangement on the part of the Revenue. And it will probably be a lot cheaper and more reliable than counsel's opinion.

Bring it on, as I think some people say.