

KPMG in the Isle of Man admits the island may be used f...

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The [Isle of Man Today](#) website noted last week:

MOVES by the UK Treasury to introduce a general anti-avoidance tax rule could impact negatively on the Isle of Man.

KPMG island director Greg Jones said it was by no means a foregone conclusion that we would get a general tax anti-avoidance rule (GAAR) in the near future.

But he added: 'If we did, however, there's no doubt that it would impact negatively on places like the Isle of Man.

'Even if the GAAR were targeted as narrowly as the working party report recommends, in my view it would strike out a number of (what has to be admitted are) fairly contrived tax planning arrangements I am aware are promoted from the island.

'There may be some work for tax practitioners in advising whether a particular planning idea falls within the GAAR's scope, but on the whole I think we'd lose a certain amount of the business currently being undertaken by some niche service providers.'

As he also explained:

Last year a working party under Graham Aaronson QC was established to look at the scope for introducing such a rule and what form it should take. The working party was comprised mostly of judges and tax academics.

The report produced by the group last November concluded that a GAAR would be a good idea but it should be targeted at situations in which people undertake what are obviously highly artificial arrangements with no real purpose other than to avoid tax — and not at situations in which a taxpayer simply exercises a choice to do something in a more tax-efficient manner.

Good to see that KPMG admit that the Isle of Man is used for such schemes. And remember the GAAR as drafted only tackles the most egregious - or abusive - of

schemes.

And they should be worried. The [GAAR includes as one of its trigger events:](#)

(g) that the arrangement includes the location of an asset or a transaction, or of the place of residence of a person, which would not be so located if the arrangement were not designed to achieve an abusive tax result

That might be targeted straight at tax havens.

Disclosure: I represented the TUC in discussions with Graham Aaranson on the GAAR's drafting including detailed discussions of its scope.