

HMRC challenge to VAT avoidance schemes

HMRC have selected six avoidance schemes that they consider ineffective in order to discourage potential users by giving warning that use of these schemes will probably be challenged. VAT artificial leasing, which makes use of different rules in Member States about the interpretation of leases with an option to purchase is included as one of the six schemes. Previously in the RBS GmbH Tribunal case, the Tribunal concluded that the way to tackle such issues (where a VAT benefit arose from different rules in different Member States) was not to disallow VAT, but to harmonise the rules, in line with the Directive.

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