

## Editorial News

### Budget 1999

The problem with the Budget for the *Business Law Review* is that the material issued by the Chancellor (35 Press Releases from the Inland Revenue and yet more from Customs and Excise) have been analysed and criticised by the media long before it is possible to bring the information to our readers. However, there will be some coverage in the May issue of the Review.

One press Release which is of interest to all tax payers is "Securing the Tax Base" (CW3) which details a substantial package of measures designed to attack avoidance and safeguard future revenue. The Chancellor said that the general anti-avoidance rules (GAAR) for corporate direct taxes remained an option for the future if more targeted legislation proved ineffective in dealing with the problem of avoidance, but that the government would not be proceeding with a GAAR in this Budget or with a mini-GAAR for VAT on construction services.

The package in the Budget re-emphasises the government's commitment to creating a fairer tax system. It covers a range of loopholes and abuses where exploitation is reducing tax revenues at the expense of compliant taxpayers.

The main elements of the package involve action on:

#### *Corporation Tax*

- reverse premiums (IR 32);
- controlled foreign companies (IR 34);
- capital gains on certain company sales (IR29).

#### *VAT*

- grouping (C&E 1 & 7);
- assignment of debts (C&E 7);
- land and property (C&E7);
- construction services (C&E 7);
- capital goods scheme (C&E 7);
- repayment supplement (C&E 7).

#### *Inheritance Tax*

- gifts with reservation (IR 28).

Measures to protect the Stamp Duty Reserve Tax revenue base in relation to non-sterling bearer shares were announced in an Inland Revenue Press Release on 29 January and measures to tackle avoidance of the deep discount security rules were announced in an Inland Revenue Press Release on 15 February.

The Chancellor has also announced that he intends to act against disguised employment arrangements where intermediary vehicles such as companies and partnerships are used to avoid tax and national insurance contributions. Legislation will be introduced to deal with this problem in Finance Bill 2000.

The Chancellor also intends to bring forward in Finance Bill 2000 measures to modernise the Inland Revenue's powers for the criminal investigation of suspected serious tax fraud, in particular to obtain evidence from third parties. Draft clauses will be issued which will form the basis for consultation for the proposals.

To offset the above measures, the government intends to make it easier for taxpayers to meet their obligations by offering improved guidance and support and making provision for increased electronic communication (CW1).

### Health and Safety

The Health and Safety Executive (HSE) has announced plans for inspection and publicity initiatives during 1999 to bring the potential risks to health and safety from the Year 2000 "millennium bug" to the attention of UK businesses.

These initiatives involve both HSE and local authority inspectors. They will discuss the Year 2000 problems with employers and give them copies of both the *Health and Safety and the Year 2000 problem* and the *Year 2000 Risk Assessment* leaflets at most visits on workplace health and safety during the early part of 1999. Inspectors and other staff will raise the problem with trade bodies and advisory committees and also hand out or send out leaflets at every appropriate opportunity. There will also be other visits by inspectors targeting particular equipment and processes.

The main weapon inspectors are likely to use is the Improvement Notice, which spells out what needs to be done by a specified date. There are legal penalties for not complying.

Employers should already have carried out a general health and safety risk assessment in their workplace. The Year 2000 risk assessment guide sets out the additional steps that employers need to take to assess risks to safety caused by the problem:

To seek out the problem by making a list of all the equipment which operates using a computer program or which contains a microprocessor;

To identify date-dependent equipment affecting health and safety;

To evaluate the risks and decide what needs to be done;

To record the findings and the action that is to be taken (a legal requirement if there are more than 5 employees);

To review and revise the Year 2000 risk assessment to take account of any changes that introduce new risks into the workplace, eg installation of new equipment.

Copies of the HSE free leaflet Year 2000 Risk Assessment can be ordered on freephone 08007 31 12 99. Bulk copies may be ordered from HSE Books, PO Box 1999, Sudbury, Suffolk, CO10 6FS.

*Susan Nicholas*