ICAEW
REPRESENTATION 91/24

FINANCE BILL 2024-25, CLAUSES 21 AND 37 TO 46 AND SCHEDULES 8 TO 13 - REPLACEMENT OF SPECIAL RULES RELATED TO DOMICILE

Issued 20 December 2024

Technical note on the construction of the legislation in the Finance Bill by ICAEW's Tax Faculty.

Internationally recognised as a source of expertise, ICAEW Tax Faculty is a leading authority on taxation and is the voice of tax for ICAEW. It is responsible for making all submissions to the tax authorities on behalf of ICAEW, drawing upon the knowledge and experience of ICAEW's membership. The Tax Faculty's work is directly supported by over 130 active members, many of them well-known names in the tax world, who work across the complete spectrum of tax, both in practice and in business. ICAEW Tax Faculty's *Ten Tenets for a Better Tax System* are summarised in the Appendix.

ICAEW is a world-leading professional body established under a Royal Charter to serve the public interest. In pursuit of its vision of a world of strong economies, ICAEW works with governments, regulators and businesses and it leads, connects, supports and regulates more than 169,000 chartered accountant members in over 146 countries. ICAEW members work in all types of private and public organisations, including public practice firms, and are trained to provide clarity and rigour and apply the highest professional, technical and ethical standards.

ICAEW
Chartered Accountants' Hall Moorgate Place London EC2R 6EA UK
icaew.com

The Institute of Chartered Accountants in England and Wales (ICAEW) incorporated by Royal Charter (RC000246)
Registered office: Chartered Accountants' Hall Moorgate Place London EC2R 6EA UK

INTRODUCTION

1. ICAEW is concerned about the speed at which the legislation is being pushed through Parliament. The Finance Bill was published only six weeks ago, on 7 November 2024, which has given insufficient time for over 100 pages of highly technical legislation to be properly scrutinised. This gives rise to risk of future legislative amendments being required to fix 'unintended consequences'. When making extensive changes to existing legislation, it would greatly help reviewing and assessing the impact if HMRC could produce a marked-up copy of the amended legislation. This would help make omissions, etc, easier to spot. It is inefficient for everyone who is making comments to have to amend their own copies of the legislation.
2. ICAEW's Tax Faculty staff and active volunteers have had the benefit of attending the Legislation Sub-Group on 18 November 2024 and the Guidance Sub-Group on 3 December 2024. We had the opportunity of raising a number of our concerns directly at those meetings. We have made it clear that we have fundamental policy concerns (for example, that the temporary repatriation facility is only available to UK residents, thus excluding those who have previously been UK resident, but who will be non-resident in April 2025 and are likely to return to the UK in future years). These policy issues should have been addressed before the legislation was issued.
3. This note focuses on our concerns with the construction of the legislation. We will inevitably stray into policy and guidance matters, as in some places there is an overlap. We will submit a separate note to HMRC dealing specifically with guidance matters and our policy concerns will be raised in a separate briefing.
4. ICAEW notes that additional legislation is still required to remove domicile from the NIC legislation. For example, para 5, Part VIII, Sch 3, SSCR 2001 which refers to domicile and home leave.

CLAUSE 21 & SCHEDULE 8 - APPLICATION OF PAYE IN RELATION TO INTERNATIONALLY MOBILE EMPLOYEES ETC

5. By way of background, a determination under s690, ITEPA 2003, is an agreement between HMRC and a UK employer on the estimated percentage of duties that an internationally mobile employee expects to carry out in the UK in a tax year. The employer can then operate PAYE on only that percentage of the employee's salary.
6. Historically, HMRC has missed its four-month target to agree employers' applications and in some cases, it has taken up to a year to obtain HMRC's approval. In the absence of an agreement, PAYE must be operated on the whole salary, meaning the employee will be overtaxed and must claim relief after the year end. Ideally, the agreement would be in place before the employee's first pay date so that PAYE can be operated correctly.
7. The new s690 determination inserted by cl21 and Pt 2, Sch 8 (consequential amendments relating to PAYE) is a welcome step forward in dealing with the issues that HMRC has had with meeting its legal obligations under the current system.
8. The application for a determination is an employer application albeit in respect of the employee. HMRC's current systems assign the determination to the employee's self assessment record. This means that when agents with the correct authority (ie, the authority to act on behalf of the employer) query the record, HMRC refuses to deal with them and say they need an authority (64-8) from the employee. ICAEW considers that there should be a proper process, through legislation if that is necessary, to allow employers and employees (or their agents) to liaise with HMRC specifically about the s690 position.
9. ICAEW considers that the new legislation overlooks two scenarios where s690 determinations will be required. These scenarios are:
    a) treaty non-residents; and
    b) where all the UK tax on foreign employment income is covered by foreign tax credits.

10. The simplest approach would be to amend the new s690(2), so that the definition of an internationally mobile employee includes these two scenarios.
11. The proposed legislation (s690A(5) and s690D(5)) allows for a notice to given by the employer to HMRC, which has effect when it is "acknowledged by an officer of Revenue & Customs". ICAEW considers that this acknowledgement should be given automatically upon submission and not be dependent on a manual review by HMRC. There are corresponding safeguards at s690B and s690E, which allow HMRC to issue a direction if it does not consider that the correct percentage of salary is being subject to PAYE. Therefore, there appears to be no reason for delaying the acknowledgement of the employer's notice. It is important that resources are provided to ensure a functioning online process, as envisaged by s690D(7) is in place by 6 April 2025.
12. ICAEW advises that any solution cannot rely on a national insurance number, because many such expatriates are not allowed to have a national insurance number, typically because they won't have a liability to national insurance contributions. For example, the individual may remain liable to social security contributions in their home country under social security agreements, or because they come to the UK for less than 52 weeks. ICAEW notes that HMRC's guidance at PAYE81560 still incorrectly instructs staff to reject applications without a national insurance number.

CLAUSE 37 – CLAIM FOR RELIEF ON FOREIGN INCOME

13. Sub-clause 37(1) introduces various new sections into Ch 5, Pt 8, ITTOIA 2005. New s845A(2)(a) uses the word "reflects". This is used in a number of other places in the new legislation. It is not, however, a term that advisers are familiar with in tax legislation, and we are unclear as to why a more familiar term was not used. We feel that using a new term does not deliver clarity. ICAEW considers that a better phrase is, "which is an amount of". For example, at s845A(2) to state "…equal to so much of the total income of the individual for that year that is (a) an amount of qualifying foreign income (see section 845F), and".
14. The new ss845A(6), ITTOIA 2003 (consequential claims) should be withdrawn, as it prevents amendments to a claim, even where an underpayment is not due to a deliberate or careless error. This new legislation is too complicated and if a claim is not made for the correct amount within 12 months of filing a self assessment tax return, the income that would be exempt becomes taxable. Under s36A, TMA 1970 HMRC has up to 12 years to enquire into a taxpayer's affairs. In the interest of fairness, the taxpayer should have the same timeframe to correct any errors due to issues such as:
    a) disagreements about the exchange rate used;
    b) disagreements about the method of apportionment between the foreign tax years and the UK tax years. Ideally, HMRC should introduce foreign tax year reporting as suggested for bank interest in the consultation "Simplifying the Taxation of Offshore Interest";
    c) cases where it is impossible to report on a UK tax year basis and HMRC pragmatically accepts the reporting on the basis of the foreign tax year;
    d) cases where the foreign source does not correspond to the UK source, so that arguably the claim isn't valid even if the amount of income is clearly claimed;
    e) cases where the taxpayer has mistakenly claimed the net income due to an amount being deductible in the foreign country but not the UK (eg, depreciation).
    f) uncertainty about the treatment of foreign sources when HMRC has not published a stated position; and
    g) cases whereby the taxpayer's residence position is not known by the claim deadline.

    The above is list is not exhaustive.
15. The new s845B, ITTOIA 2005 defines a qualifying new resident as follows:

    "For the purposes of this Chapter, an individual is a qualifying new resident for a tax year if—

(a) the individual is UK resident for that tax year,

(b) the individual is not disqualified for that tax year, and

(c) for each of the 10 tax years before that tax year, the individual was not UK resident."

This reads as though you have to be a 'non-resident for ten years' rather than 'not be a UK resident' for ten years. The reason this distinction is important is because of children under 10 coming to the UK, whose residency position can only be considered for the time they are alive.

The inheritance tax amendments in the new s6A(6) and s6B, IHTA 1984 modify the residence condition for young persons. Why is there a different approach in the two Acts?

ICAEW considers that the new s854B, ITTOIA 2005 would be clearer if it stated:

"(c) for each of the 10 tax years before that tax year, the individual was not a UK resident". (ie, add the word "a").

16. Clause 37 adds a new s845F, ITTOIA 2005 and contains a table, which defines 'qualifying foreign income':

    i. In number 12 (which deals with charges under the settlements' legislation), the s633, ITTOIA 2005 charge (capital sums paid to settlor by trustees of the settlement) needs to be added. Although the charge under s631 (retained and accumulated income) is not specifically mentioned in this table, ICAEW notes that the charge is already covered because it arises from s629(6), however it could be added to the legislation for completeness.

    ii. Number 18 (which deals with income arising under regulation 17 of the Offshore Funds (Tax) Regulations 2009 (offshore income gains)) should be expanded to include regulation 18, as that is the provision that deems income to arise.

    iii. In number 19 (which covers the transfer of assets abroad regime), the legislation is insufficiently detailed and, therefore, does not cover what happens to unmatched benefits that arise in the four-year foreign income and gains (FIG) regime. Nothing says they are disregarded, so the inference is that they are carried forward which seems contrary to the policy intention. The capital gains tax (CGT) legislation within new Sch D1 makes it clear that unmatched capital payments are disregarded.

    iv. ICAEW considers that it is important that life assurance chargeable event gains and personal portfolio bond charges are added to the s845F list of qualifying foreign income. Otherwise, this could prove a serious trap and disincentive to those coming to the UK from countries where such arrangements are commonplace. ICAEW appreciates that this may be a policy decision, and we will refer to it in our later representations on policy.

CLAUSE 38 – CLAIM FOR RELIEF ON FOREIGN EMPLOYMENT INCOME

17. ICAEW appreciates that this was raised at the meeting on 18 November 2024 and that HMRC considers a separate legislative design as necessary as this relief is capped. While we understand that there is a cap for this relief in contrast to the two four-year FIG reliefs, we do not see why it should lead to such a complex design where both an election and a claim are needed. As the relief is only due when the employment income is chargeable (ie, when received or deemed received), there doesn't need to be both an election and a claim. We are concerned that unless the tax return and accompanying guidance clearly flag both requirements, mistakes will be made, and individuals will inadvertently not have correctly claimed the relief.

18. New s41Y, ITEPA 2003 (artificial arrangements to be disregarded) is very vaguely worded. ICAEW assumes that intention is for it to act as a targeted anti-avoidance rule, but it is not

immediately clear what it is aimed at. ICAEW would prefer that amendments are made to the legislation to make it more specific. We are concerned that as currently written it could catch genuine commercial arrangements. At the least, guidance with examples of the mischief that HMRC is looking to prevent should be provided.

19. New s41Z (limit on qualifying foreign employment income from associated employments) appears to be unnecessary. We are not clear why the mischief is not already catered for by the "just and reasonable" provision in the new s41T, etc. Has HMRC had any difficulties with the current legislation? In practice workday apportionment is acceptable to HMRC. It would be helpful if HMRC can please explain why this clause is necessary.

CLAUSE 39 – CLAIM FOR RELIEF ON FOREIGN GAINS

20. ICAEW is very concerned that the new provisions (specifically para 4, new Sch D1) do not appear to apply to the matching of offshore income gains (OIGs). Following the problems concerning OIGs and the trust protection legislation (see ICAEW's TAXguide 03/21), it is crucial that there is no doubt that offshore income gains are covered by these provisions.

CLAUSE 40 & SCHEDULE 9 – REMITTANCE BASIS NOT AVAILABLE AFTER TAX YEAR 2024-25

21. As was said at the meeting on 18 November, it is difficult to comment on how cl40(3)(b) is worded in a way that does not stray into policy, as we do not know what the policy is. All we do know for certain is that the scope of the changes is concerning in its breadth. The use of the word "clarifying" should, therefore, be amended to "changing" unless it was not the intention to extend the meaning of remitted to the UK, in which case the legislation at para 5, Sch 9, needs to be significantly amended or, preferably, deleted in its entirety.
22. Paragraph 5(8), Sch 9, inserts new sub-section 9A into section 809L, ITA 2007. The effect of this provision is that the CGT situs rules apply for non-tangible assets. This is a considerable extension of the meaning of 'remitted to the UK'. It could mean that any loan made by a UK resident for their unremitted FIG is a remittance, even if that loan is to a non-UK resident who uses it entirely for foreign purposes. The current Finance Bill provision should be amended to avoid such a situation.
23. HMRC has very recently (28 August 2024) re-affirmed its view on the construction of s809L, ITA 2007 with respect to remittances to the UK made pursuant to and following a divorce. ICAEW is concerned that the changes made to the legislation by para 10, Sch 9 mean that there could, from 6 April 2025, be a remittance on divorce in the scenario set out for HMRC to consider in the CIOT letter dated 15 June 2012. This is a fundamental point, and the legislation should be amended to make it clear there is no remittance in a divorce scenario. Taxing by statute and untaxing by guidance is not sufficient, since guidance has no statutory force.
24. ICAEW is not clear what HMRC was intending to catch by the changes that para 5(11), Sch 9, makes to s809P(12), ITA 2007. It is drawn up in wide terms. We are particularly concerned by its retrospective nature, as it can catch funds/property already in the UK. As it stands, unless a transitional provision, relief or exemption applies, anything that has ever been remitted to the UK upon which there was no tax charge (as the rules then stood), will be treated as remitted immediately after this change is implemented, as at that point it will be used or received in the UK. This could mean that individuals are deemed to have made taxable remittances on 6 April 2025 in the following scenario where there would have been no previous tax:
    a) during a non-resident period the individual made remittances to the UK of remittance basis foreign income and gains;
    b) the individual returned to the UK after six tax years (so was not within the temporary non-UK resident anti-avoidance provisions); and

c) the funds are still in the UK (possibly in the form of non-personal property that has been here too long for the temporary importation rule to apply).

25. ICAEW is concerned that this is an unacceptable extension of the meaning of "remitted to the UK". ICAEW considers that the provision at para 5(11), Sch 9 should be deleted. At a minimum, it needs to be amended to catch just the mischief HMRC intended. It is undesirable to use the guidance to set out what HMRC will not look to tax as a remittance as this does not provide statutory certainty.

CLAUSE 41 AND SCHEDULE 10 – TEMPORARY REPATRIATION FACILITY (TRF)

26. The unremitted income and gains that will be designated are not likely to have been brought to the UK before (the exception being when a relief or exemption applied previously). As such, while ICAEW appreciates that the name has now become well known, calling the facility the temporary repatriation facility is a misnomer. The name could perhaps be changed to something like the special remittance facility.
27. ICAEW appreciates that the use of the word 'capital' within Sch 10 was considered carefully by Parliamentary Counsel. We would though ask that the use of the word is reconsidered. In the remittance basis context 'capital' means something very specific. This can be seen in the mixed fund statutory matching legislation at s809Q, ITA 2007, when it refers to "the kinds of income and capital".
28. Using the term 'capital' in Sch 10 in a context where it is supposed to cover 'income' will only cause confusion. We would prefer that 'capital' is replaced by a new term that is not used in the remittance basis provisions and can be specifically defined. If the term capital is retained, then it should at least be defined to make clear that it is being used in a far wider sense than either the dictionary definition of the word or its usage in the remittance basis legislation.
29. ICAEW is unclear why at the end of para 1(7), Sch 10 it refers to the individual being present in the UK for the purposes "of income tax or capital gains tax". Under the statutory residence test it is not possible to be resident for the purposes of income tax but not capital gains tax, or vice versa. As such, we assume this is an error and it should read "of income tax and capital gains tax".
30. It seems to us that paras 2 and 3, Sch 10 need further finessing to:
    a) make the interaction between the TRF and the various anti-avoidance provisions clearer; and
    b) clarify that the TRF can be used for income in the hands of a relevant person other than the taxpayer.

    ICAEW therefore recommends that the changes below are made to Sch 10:

    i. For s87, TCGA 1992, the draft legislation amends the matching provisions to make it easier for capital payments in 2025/26 to 2027/28 to be matched to pre-6 April 2025 capital gains. ICAEW assumes that inadvertently the same has not been done for the income tax anti-avoidance provisions, which should be adjusted. ICAEW also thinks that greater clarity is required with respect to the TRF applying to trust pre-6 April 2025 OIGs that are matched and how the rules work, given the complex interaction between the s87, TCGA 1992 legislation and the transfer of assets abroad (TOAA) code.

    ii. Where the funds are non-sterling, the exchange rate to use for the designation needs to be made clear.

    iii. In para 2(8), we are not clear why the "capital" must:

        a. be held by the individual immediately before 6 April 2025; and

        b. have been situated outside the United Kingdom as specified at para 2(8)(c).

These requirements are not found within para 2(2) and 2(5) and we do not see why para 2(8) should be more restrictive.

iv. Paragraph 11, Sch 10 only disapplies the ordering rules in s809I, ITA 2007 for tax years 2025/26 to 2027/28 ("the TRF period"). Since the designated "capital" does not have to be remitted in the TRF period, it seems to us that the rules need to be disapplied permanently.

v. Given the perceived low risk we would ask that the designated account rules in Pt 3, Sch 10 are simplified.

vi. ICAEW is puzzled as to why Sch 10 includes provisions (para 16(2)) that mean that qualifying business investment relief investments cannot be made after the end of the TRF window. We do not understand what the connection is. It will be possible to make remittances from unremitted income and gains that have not been designated under the TRF after 5 April 2028 so there is no reason to remove the ability to make qualifying business investment relief investments.

vii. ICAEW would like to request confirmation from HMRC on how it sees the interaction working between s809R(6), ITA 2007 and the rules for designation under the TRF. It appears that if you are going to designate an amount, then s809R(6), ITA 2007 applies.

viii. There has been a long outstanding query (of over four years) at HMRC's Expat Forum on split payrolls and the remittance basis rules. If there is no agreement about the meaning of the current law, it is difficult to see how we can reach a consensus on how the law should be simplified.

ix. This uncertainty in the law is another reason why the new subsections that deny consequential claims to a taxpayer, namely s845A(6), ITTOIA 2005, s41M(9) and s41P(7), ITEPA 2003, should be reconsidered. There needs to be some protection for taxpayers when they cannot know what the claim should be, because HMRC has not explained how it interprets the law. Please see section 13. above for more details.

SCHEDULE 8 – PART 1 GENERAL CONSEQUENTIAL AMENDMENTS

31. Paragraph 1(14), Sch 8, regarding ITEPA 2003, states "omit section 375". However, the legislation doesn't remove the cross references to s375 in s373(3) and s374(3), ITEPA 2003. ICAEW considers that a new paragraph is required to delete these sections.
32. Sections 373 and 374, ITEPA 2003, as amended by paras 12 and 13, Sch 8, will apply to a "Non-resident or qualifying new resident for the purposes of Chapter 5C of part 2". This appears to produce unintended consequences when the interaction of the transitional provisions in Pt 3, Sch 8 are considered. The aim of the new home leave provisions (which give a deduction for certain travel costs of an employee and their immediate family) appears to reduce the period for which a home leave claim can be made from five years to four years, (ie, to align the period of home leave claim with the period of the FIG exemption).
33. However, from the way the legislation is drafted, certain employees who were UK resident prior to 5 April 2025, appear to only be able to claim three years of home leave. This is because para 1(4), Sch 8, which can only apply when the concept of a 'qualifying new resident' comes into force on 6 April 2025. The legislation fails to allow them to aggregate their time in the UK prior to 6 April 2025.
34. ICAEW considers that the amendments to s373 and s374, ITEPA 2003 should refer to the new Ch 5, ITTOIA 2005 definition of a 'qualifying new resident', as inserted by cl37.

SCHEDULE 12 – TRUSTS, CONNECTED AMENDMENTS, TRANSITIONAL PROVISIONS ETC.

35. In para 17, Sch 12, (onward gifts from non-residents or qualifying new residents), the income tax and CGT legislation has the same intentions but there is divergence in the provisions that will lead to different results. The provisions should be aligned. There is a similar divergence of the income tax and CGT provisions for the close family rules (para 61). Again, the provisions should be aligned.
36. The legislation introduces s725A (para 31) and s729B, ITA 2007 (para 36). We think there should be a statement that the amount recovered from the trust is not a capital payment/benefit for s97, TCGA 1992 purposes etc.
37. ICAEW is concerned that the deletion of the old provisions about protected foreign source income (PFSI) by para 41 go too far, in that there will no longer be a link between the TOAA provisions (in ITA 2007) and the settlements regime (in ITTOIA 2005). This is because the existing TOAA provision (s734A, ITA 2007), which reduces relevant income if there is matching under s643A, ITTOIA 2005, is being deleted and has not been replicated anywhere else. Without such a provision, PFSI will be caught under both sets of legislation and be doubly taxed.
38. Paragraph 70(4) inserts new para 5C, Sch 5, TCGA 1992. However, new para 5C is missing sub-paragraph 5C(1)(b). If the current sub-paragraph 5C(1)(c) should be 5C(1)(b), then the reference to the definition of B at sub-para 3 will also need to be updated.

CLAUSE 44 – EXCLUDED PROPERTY: DOMICILE TEST REPLACED WITH LONG TERM RESIDENCE TEST

39. Clause 44(3) inserts the new s6A, IHTA 1984. In the table at s6A(3), in order to make it clear that full tax years are in point, ICAEW suggests that “13 or less” is amended to read “13 or fewer”.

CLAUSE 45 – CORRESPONDING CHANGE FOR SETTLED PROPERTY

40. ICAEW understands that provided the settlor had died on or before 30 October 2024, the intention is that every trust – whether it was a qualifying interest in possession trust, or a discretionary trust – would be covered by the transitional provisions, such that the trust property would remain excluded provided it contained foreign situs property, a holding in an authorised unit trust or a holding in an open-ended investment company.
41. New s48ZA(4), IHTA 1984 (inserted by paragraph 42) appears to achieve this. However, the section is in Ch 1 of the settled property section of IHTA 1984. The qualifying interest in possession legislation is in Ch 2 and it is not clear, as it stands, that new s48ZA(4) reads across, such that the life tenant’s position will not be taken into account even where the settlor was already deceased by 30 October 2024.

SCHEDULE 13 - INHERITANCE TAX

42. Paragraph 15, Sch 13, amends s81, IHTA 1984 (property moving between settlements). ICAEW does not consider that the words that are suggested to be added to s81(1)(b) are helpful. Rather than clarifying the meaning, they are likely to confuse. We therefore recommended that they should be omitted, because they offer no benefit.
43. ICAEW’s interpretation of new s102(7A), FA 1986 (gifts with reservation), (at para 30(3)) is that the transitional provision will still apply to a pre-30 October 2024 trust where there is a transfer between settlements that comes within s81 on or after 30 October 2024. It would be helpful for HMRC to confirm this, as it is an important point where, for example, there is

dynastic planning, and the new generation may reach adulthood, and trustees want to move property to specific settlements for each adult member of the new generation.

44. Paragraph 1, Sch A1, IHTA 1984 (non-excluded overseas property) requires a reference to s48ZA, IHTA 1984, rather than to s48(3)(a), with effect from 6 April 2025.

45. For the commencement provisions at para 45(1)(c)(ii), ICAEW recommends that the word ‘not’ is moved as follows: “was resident in the UK for not more than 14 of the 20 tax years immediately preceding the relevant tax year.”

FURTHER INFORMATION

46. As part of ICAEW’s Royal Charter, we have a duty to inform policy in the public interest.

APPENDIX

ICAEW TAX FACULTY'S TEN TENETS FOR A BETTER TAX SYSTEM

The tax system should be:

1. Statutory: tax legislation should be enacted by statute and subject to proper democratic scrutiny by Parliament.
2. Certain: in virtually all circumstances the application of the tax rules should be certain. It should not normally be necessary for anyone to resort to the courts in order to resolve how the rules operate in relation to his or her tax affairs.
3. Simple: the tax rules should aim to be simple, understandable and clear in their objectives.
4. Easy to collect and to calculate: a person's tax liability should be easy to calculate and straightforward and cheap to collect.
5. Properly targeted: when anti-avoidance legislation is passed, due regard should be had to maintaining the simplicity and certainty of the tax system by targeting it to close specific loopholes.
6. Constant: Changes to the underlying rules should be kept to a minimum. There should be a justifiable economic and/or social basis for any change to the tax rules and this justification should be made public and the underlying policy made clear.
7. Subject to proper consultation: other than in exceptional circumstances, the Government should allow adequate time for both the drafting of tax legislation and full consultation on it.
8. Regularly reviewed: the tax rules should be subject to a regular public review to determine their continuing relevance and whether their original justification has been realised. If a tax rule is no longer relevant, then it should be repealed.
9. Fair and reasonable: the revenue authorities have a duty to exercise their powers reasonably. There should be a right of appeal to an independent tribunal against all their decisions.
10. Competitive: tax rules and rates should be framed so as to encourage investment, capital and trade in and with the UK.

These are explained in more detail in our discussion document published in October 1999 as TAXGUIDE 4/99 (see https://goo.gl/x6UjJ5).