

# Professional Development Division

## Tax Training Consortium (TTC)

## The Programme

## TAX TRAINING CONSORTIUM

### The Programme

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## Introduction

A structured programme of 14 modules which is offered through a consortium, or in-house at your firm on request.

The programme is aimed at lawyers from 0 – 4 years PQE who are specialising in taxation (although various modules might also be relevant to practitioners in other areas who want to understand the tax issues in their particular field).

The course covers the basic principles of the UK corporate tax legislation and applies these to common corporate transactions by using case studies and discussing current business issues. Delegates are encouraged to provide input from their own experience and the course is inter- active throughout.

Comparative examples from non UK jurisdictions are also used where relevant. Delegates will obtain a broad understanding of the framework of UK corporate tax legislation which will enable them to feel confident with a wide range of tax issues as well as familiarising themselves with the relevant legislation and related current leading case law.

Listed below are the 11 modules which make up the Structured Tax Programme for junior tax lawyers:

## The framework of UK corporation tax

### Subjects covered in this module include:

- Different ways of levying taxation : direct vs indirect tax
- Which income is subject to UK tax? Source rules
- How is that income taxed? Income vs capital; the schedules in the UK tax code.
- Other ways of assessing income – accounting based legislation – Loan relationships etc.
- Who pays the tax – different levels of taxation (companies, individuals, agents, trustees).
- Case study – Quoted Eurobond issuance (Issues; interest income, source, accounting basis, withholding agents, EU taxing rights).

## The UK Company as a Taxpayer – Part 1

### Subjects covered in this module include:

- Why tax companies at all? Imputation systems, participation exemptions.
- The UK approach - ACT (briefly); current regime on taxation of dividends
- Corporation tax rules – submission of returns, groups etc.
- Trading income – definitions of trading, same trade problems.
- Non trading income for companies – investment groups.
- Definition of group for CT purposes – cf other taxes and EU rules
- UK group relief rules – including degrouping issues (equity holders etc)

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- Case Study – International group structuring (Issues; cross border planning, tax on repatriation of dividends; group relief rules).

## The UK Company as a Taxpayer – Part 2

### Subjects covered in this module include:

- UK CGT groups: intra-group transfers, degrouping charges
- Substantial Shareholdings Exemption
- Capital transactions for companies: Reorganisations
- QCBs and Non-QCBs: Tax treatment for shareholders
- Brief introduction to CGT reliefs – entrepreneurs' relief etc.
- Capital allowances – plant and machinery, fixtures, enhanced capital allowances.
- Patent box
- Case Study – UK corporate acquisition of UK target with offshore group, (Issues; same trade, loss preservation, re- organisations, SSE).

## Cross Border Tax Issues

### Subjects covered in this module include:

- Tax as a territorial issue – examples of “global” approach (US), limitations of UK tax code (corporate residence, offshore activities)
- Permanent establishments.
- International planning – offshore companies, tax havens, transfer pricing
- Controlled foreign companies.
- Case Study – International pharmaceuticals group, intellectual property and licensing agreements, (Issues; withholding tax, transfer pricing, CFC rules)

## Corporate Transactions – Tax Issues

### Subjects covered in this module include:

- Information required from the company/group in order to do full tax analysis.
- The accounts/the terms of this deal/the target company's history.
- The relevant tax legislation;
- Tax Warranties. – The important warranties;
- Tax Indemnity. – Legal analysis
- Taxation of Consideration – including earn-outs

## Taxing Real Property in the UK

### Subjects covered in this module include:

- Real property as a separate source of income.
- Definitions of income from real property. Capital vs trading.

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- Treatment of rental streams (rental stripping).
  - Offshore aspects (offshore landlords scheme), double tax treaty approach to real property.
  - Incentives available. Re- packaging land – real estate trusts, REITS, property derivatives.
  - Land specific taxes – SDLT, VAT on property, landfill tax, construction industry scheme.

## VAT

### Subjects covered in this module include:

- Basic application of VAT legislation – EU directives and UK legislation.
- Definitions of “supply” and “consideration”.
- Different types of supply – the categories of exempt, taxable and zero rated supplies.
- The administration and collection of VAT, including the penalty provisions.
- Special VAT regimes in the UK – Property transactions, Financial transactions, TOGC, Capital Goods Scheme.
- Anti avoidance rules, including VAT disclosure rules.

## Insolvency – Tax Issues

### Subjects covered in this module include:

- Preserving tax assets –(trading losses, capital losses)
- The impact of insolvency/administration on a tax group (CT, CGT, VAT and Stamp Duty)
- The impact of insolvency/administration on a company’s trade – cessation of trade. Who is carrying on the company’s business?
- Timing issues – when has an accounting period ended?
- Planning around insolvency – timing is everything. [25 minutes]
- Group re-structurings as part of insolvency
- Exit charges – CGT, SDLT, Derivatives, Intangibles.
- Pricing issues
- Dealing with HMRC in insolvency situations

## Stamp Duty – SDRT & SDLT

### Subjects covered in this module include:

- Basic application of stamp duty in the UK – scope and extent.
- Reliefs and anti-avoidance rules.
- SDRT – Basic definitions, exemptions, capital markets transactions.
- DLT – basic application, meaning of “land transaction” “transfer”, special situations (sub-sale, sale and build), anti-avoidance legislation, including the disclosure regime.

## Tax Avoidance

### Subjects covered in this module include:

- What is avoidance – UK courts' definitions, UK legislation definitions.
- Approaches of different countries (US, NZ, Australia, Canada).
- The UK GAAR
- Types of avoidance – income washing, timing differences, income to capital, offshore planning, accelerated deductions, double-dip (international).
- UK legislation aimed at avoidance – s 703, s775, s776, "sole or main benefit" tests – para 13 Schedule 9 and similar.
- UK disclosure regime (direct and indirect tax).
- UK courts attitude to anti avoidance – Ramsay, Mcniven et al..
- Case study – Cross border "hybrid" financing (Issues; purpose test, increased deductions, international arbitrage, WHT issues).

## Taxing Financial Transactions 1 – Tax for Banking Lawyers

### Subjects covered in this module include:

- Importance of tax and how it interacts with lending transactions.
- What withholding tax is and when and how it applies as a tax.
- Tax considerations for a borrower when entering into a lending transaction.- deductibility, late payment of interest etc
- Implications of using a margin ratchet on the tax treatment of a loan.
- Stamp duty and SDRT in relation to the transfer or assignment of a loan.
- VAT issues for banks on lending transactions.
- How tax clauses in a standard loan facility agreement operate and how they may potentially impact on the borrower

## Taxing Financial Transactions 2 – Debt and Structured Debt

### Subjects covered in this module include:

- Plain vanilla loan – loan relationship rules
- Intra group issues and connected party debt rules
- Hybrid/Tier I capital issues – Interaction of tax and regulatory rules.
- Debt:equity considerations: transfer pricing, results dependent interest, de grouping, stamp duty issues.
- Securitisation – Income flows from underlying assets, accounting treatment, special securitisation regime. SPVs – international issues.
- Other special types of financing - Islamic financing. Repo markets. CDOs.
- Case study – Corporate refinancing (Issues: interest deductibility; connected party debt transfer; transfer pricing; stamp duty)

## Taxing Financial Transactions – Equity and Structured Equity

### Subjects covered in this module include:

- Recap on taxation of dividends – for UK corporate payers and recipients
- Stock lending – capital gains tax, dividend treatment, dividend capture transactions.
- Equity derivatives (including contracts for difference) – ISDA standard documentation, allocation of tax risk, stamp duty, withholding tax.
- Demergers and Schemes of Reconstruction – capital distributions
- Case study – Demerger of UK corporate group (Issues; taxation of dividends; taxation of return of capital; taxation of fees etc).

### Final Wrap Up Session

This module will be a final review and case study (provided to delegates in advance) and it may vary from programme to programme