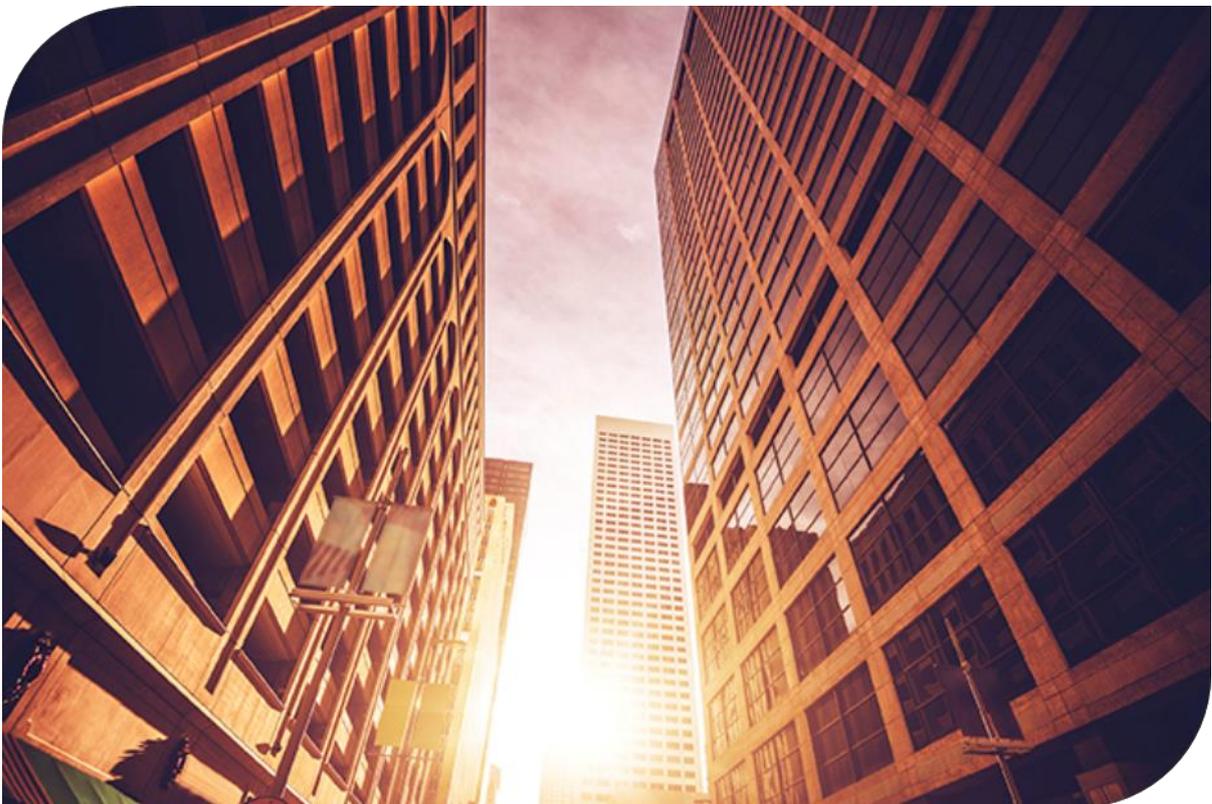


DAC6: Disclosure of cross-border arrangements

HM Revenue and Customs Research Report 592

December 2019





The views in this report are the authors' own and do not necessarily reflect those of HM Revenue & Customs.

© Crown Copyright 2020

Copyright in the typographical arrangement and design rests with the Crown. This publication may be reported free of charge in any format or medium provided that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright with the title and source of the publication specified.

Published by HM Revenue and Customs, August 2020

www.hmrc.gov.uk

OFFICIAL

Contents

1	Executive Summary	4
2	Introduction	9
3	Size and profile of the UK intermediary population	13
4	Nature of intermediary and client involvement in cross border arrangements	21
5	Awareness of DAC6	34
6	DAC6 impacts on the intermediary population and client behaviour	37
7	Conclusions	43
8	Appendix A: Survey questionnaire	44
9	Appendix B: Qualitative topic guide	65

1 Executive Summary

Introduction

- 1.1 As part of an increased focus on tax transparency, in 2018 the EU introduced a new Directive known as DAC6. This Directive requires 'intermediaries' to report details of certain types of cross-border tax arrangements to tax authorities. The UK is currently working on the implementation of this Directive, and alongside formal industry consultation, HMRC commissioned external independent research to deepen its understanding of:
- The profile of the UK intermediary population (for the purposes of this research: accountants / tax advisers; banks; lawyers and wealth managers) in the context of cross-border arrangements;
 - The possible impact of the new regulations on tax planning and avoidance related activity, particularly among High Net Worth Individuals (HNWIs) and Multinational corporates (MNCs); and
 - The potential impact of the new regulations on the intermediary population and awareness of the new regulations.
- 1.2 Shortly before the fieldwork for this research commenced, the UK government published draft regulations for the implementation of DAC6. A formal consultation to seek views on the draft regulations ran from 22 July 2019 to 11 October 2019.
- 1.3 This was a multi-methodology study comprising of 798 quantitative survey interviews and 33 face-to-face qualitative follow-up interviews across the four audiences. The survey was conducted between 29th July and 4th September 2019, using computer-assisted telephone interviewing (CATI), with interviews lasting an average of 16 minutes. Qualitative face-to-face interviews took place between 27th August and 16th September, with each interview lasting around an hour.

Intermediary involvement in cross-border arrangements

- 1.4 The UK accountant and tax advisor population involved in cross-border arrangements was mostly at the smaller end of the scale, with the majority employing fewer than 10 staff (76%) and being involved in less than 10 cross-border arrangements per year (69%). The accountant and tax advisor population also tended to have a small number of clients (median average of 4), which tended to be made up mostly of other individuals and businesses (85%). However, the proportion of HNWI and MNC clients among accountants and tax advisers rose to 25% and 14%, respectively, when looking at businesses with greater than 50 employees.
- 1.5 UK law firms involved in cross-border arrangements also commonly employed fewer than 10 staff (43% did so) and were typically involved in less than 10 cross-border arrangements per year (58%). As with accountants, their client base tended to be made up mostly of other individuals and businesses (75%), though the average proportion of MNC clients doubled to 16% among law firms with more than 50 employees.

- 1.6 Most accountants and law firms said the number of cross-border arrangements they were involved in had not changed in the past 2 years. Nonetheless, accountants with clients that were MNCs or HNWI were more likely to have seen a decrease in the number of arrangements (21% and 16% respectively vs. 10% on average), suggesting a possible change in their behaviour.
- 1.7 The banks that were interviewed were involved in a high volume of cross-border arrangements per year (a median average of 60 arrangements), with 41% saying that cross-border arrangements comprised most of their annual turnover. The majority of banks (96%) employed more than 10 people across the UK and had a median average of 100 cross-border clients, with multinational corporates (MNCs) making up 25% of their client base.
- 1.8 Not surprisingly, High Net Worth Individual (HNWI) clients were very common among wealth managers, making up close to two-thirds (62%) of their cross-border client base. The wealth managers that were interviewed were most likely to employ fewer than 10 employees (43%), and to be involved in fewer than 50 cross-border arrangements each year (84%). Wealth management firms (44%) often had fewer than 10 cross-border clients, however a small proportion (11%) of wealth management firms acted as an intermediary in cross-border arrangements for more than 250 clients.

Intermediary role in cross-border arrangements

- 1.9 For all groups, the most common types of arrangements were those where participants were tax residents in different tax jurisdictions, mentioned by around seven in ten accountants (70%) and wealth managers (73%), and by around nine in ten banks (87%) and law firms (85%).
- 1.10 The most common types of specific transaction or arrangement varied by intermediary type.¹ Accountants and tax advisors were most likely to say they were involved in tax planning, mentioned by 59% of businesses, and lawyers were most likely to be involved in helping foreign firms establish a presence in the UK (30%). Trusts and establishing a business presence in the UK or overseas were also among the top five arrangements for both groups. The most common types of transaction for banks and wealth managers were specific to their area of work: banking services for banks (mentioned by 96%), and investments and funds for wealth managers (mentioned by 88%).
- 1.11 For all groups it was most common to act as an intermediary in arrangements including countries from both inside and outside the EU. Intermediaries most commonly said their role within cross-border arrangements was to provide advice or assistance on them, which was the case for around three-quarters of accountants (74%) and lawyers (73%), and for 84% of wealth managers.² Banks were the exception to this who mostly managed (56%) or designed (38%) arrangements.

¹ The prompted list of cross-border arrangements included banking services; tax planning; mergers and acquisitions; foreign firms establishing a presence in the UK; UK firms establishing a presence overseas; trusts; insurance; and investments and funds.

² The prompted list of roles included designing cross-border arrangements; managing arrangements; marketing arrangements; and providing advice or assistance to clients on arrangements.

- 1.12 Only a minority of intermediaries believed clients enter cross-border arrangements to gain a tax benefit. A minority (38%) of accountants felt this about MNCs, while just over one fifth (22%) agreed this was true of HNWI. Amongst lawyers, HNWI and MNCs were considered the main groups seeking to gain a tax benefit via cross-border arrangements (17% agreed this was the case for each of these groups).
- 1.13 Qualitatively, intermediaries suggested subtle differences between HNWI and other individuals. HNWI were usually seen as more financially-savvy and tended to have a firmer idea about the type of arrangements they wanted to enter, and in some cases were more likely to have tax objectives. Contrasting this, other individuals tended to become involved due to personal circumstances or through work and tended to seek professional help to remain compliant.
- 1.14 Qualitatively, there were few differences between multinational corporates and other businesses as both were mainly perceived to have used cross-border arrangements for commercial reasons, such as business growth.

Awareness of DAC6 and potential impacts of DAC6

- 1.15 Awareness of DAC6 was generally low; a large proportion of lawyers (59%), accountants and tax advisors (47%), and wealth managers (43%) had not heard of the regulations at all. Most banks, on the other hand, had some level of awareness at the time they were interviewed (76%).
- 1.16 Around half of each group that were aware of DAC6 were confident of what would constitute a reporting requirement under the regulations. However, qualitatively, most intermediaries who were aware, tended to have a fairly superficial overview of the regulations by checking the internet or checking the GOV.UK website and were not familiar with the finer details of the regulations.
- 1.17 Intermediaries tended to think that reporting would only be required if the arrangement was linked to 'aggressive' tax planning or avoidance, and therefore did not feel the arrangements would impact them or their clients, for whom tax was not the primary consideration.
- 1.18 However, some acknowledged they would need more information on the finer details of DAC6 and their obligations to assess the practical implications. Some speculated that the regulations could be a burden to their business, however a few intermediaries felt prepared because of existing reporting obligations.
- 1.19 It was very rare for intermediaries to have received enquiries from their clients about DAC6, with qualitative respondents attributing this mostly to a general lack of awareness or a lack of concern about the implications of DAC6 for them personally.
- 1.20 Further, there were mixed views about whether they would engage with clients about DAC6 with some planning to notify their clients about the regulations, while others would be hesitant to inform customers in case it alarmed them, especially if they felt it would not affect the client's arrangements.

- 1.21 Most intermediaries expected that there will be no impact on client behaviour as they were not using aggressive tax structures anyway, however there was speculation from some intermediaries that clients may stop using tax structures that would be under scrutiny under DAC6.

Glossary

Term	Definition
Accountant/Tax adviser	An accountant is a professional who performs accounting functions such as audits or financial statement analysis. A tax advisor is a financial expert with advanced training and knowledge of tax law.
Bank	A financial institution licensed to receive deposits and make loans. Banks may also provide financial services, such as wealth management, currency exchange, and safe deposit boxes.
BEPS	Base erosion and profit shifting – referring to tax planning strategies used by multinational enterprises that exploit gaps and mismatches in tax rules to avoid paying tax.
Cross border arrangement	<p>Arrangements which concern either more than one EU country, or an EU country and a non-EU country where one of the following is true:</p> <ul style="list-style-type: none"> • Participants in the arrangement are tax residents from different jurisdictions • Participants are tax residents in more than one jurisdiction • Participants are tax resident in one jurisdiction, but carry on a business in another jurisdiction, and the arrangement is part of the business in that other jurisdiction • Participants conduct an activity in another jurisdiction without being a tax resident or creating a permanent establishment in that jurisdiction <p>The arrangement has a possible impact on the identification of beneficial ownership or on the automatic exchange of information between tax authorities.</p>
DAC6 / Council Directive (EU) 2018/822	New EU Mandatory Disclosure rules requiring intermediaries to report certain cross-border arrangements to HMRC if they fall within one of several ‘hallmarks’ – these are characteristics identified as potentially indicative of aggressive tax-planning, where the main or expected benefit of the arrangement is a tax advantage.
HNWI(s)	High Net Worth Individual(s) - Respondents to the research were not prompted with a definition for HNWIs. This meant that there were differing views on what counted as ‘high net worth’. For instance, some generalised these as ‘millionaires’, while others gave specific values based on either their net assets (with figures ranging from £500,000 to £5m+), income (many mentioning £100,000 per year) or investable wealth (many mentioning £500,000 or more).
Intermediary	For the purpose of this research, an intermediary was defined as any organisation that is involved in advising on international arrangements or providing services for international clients. The intermediaries we spoke to were either banks, accountants/tax advisers, law firms or wealth managers (defined below)
Lawyer	A professional who is qualified to offer advice about the law or represent someone in legal matters.
MBT	“Main benefit” test - some of the DAC6 hallmark categories only apply if a threshold “main benefit” test is met i.e. where one of the main benefits expected from an arrangement is a tax advantage.
MNC(s)	Multinational corporations – a business that is registered and operates in more than one country.
OECD	The Organisation for Economic Cooperation and Development (OECD) is a forum where the governments of 34 democracies with market economies work with each other, as well as with more than 70 non-member economies to promote economic growth, prosperity, and sustainable development.
Wealth Manager	A subset of financial advisor that primarily serves high-net-worth and ultra-high-net-worth individuals – blending a range of financial disciplines (e.g. investment management, financial planning, accounting and tax services, retirement planning, estate planning) to service this niche customer base.

2 Introduction

Background and objectives

- 2.1 Over recent years, governments around the world have increasingly focused on tax transparency to counter tax avoidance and evasion. For example, the EU has introduced various tax transparency and anti-avoidance measures, several in direct response to the OECD's final BEPS (Base Erosion and Profit Shifting) reports and the Panama Papers revelations.
- 2.2 As part of this increased focus, the EU introduced Council Directive (EU) 2018/822 (commonly known as DAC6), which is an amendment to the EU Directive on Administrative Cooperation. This Directive requires Member States to introduce reporting requirements for intermediaries (such as accountants / tax advisers, banks, lawyers and wealth managers) involved in cross-border arrangements. An arrangement is "cross-border" where it concerns either more than one Member State or a Member State and a third country where at least one of the following conditions is met:
- Not all the participants in the arrangement are resident for tax purposes in the same jurisdiction;
 - One or more of the participants is resident for tax purposes in more than one jurisdiction;
 - One or more of the participants carries on a business in another jurisdiction through a permanent establishment situated in that jurisdiction and the arrangement forms part or all the business of that permanent establishment;
 - One or more of the participants carries on an activity in another jurisdiction without being resident for tax purposes or creating a permanent establishment in that jurisdiction;
 - The arrangement has a possible impact on the automatic exchange of information or the identification of beneficial ownership.
- 2.3 The new rules require intermediaries to report information on certain cross-border tax arrangements if they fall within one of five 'hallmarks'. These hallmarks are broad categories setting out characteristics identified as potentially indicative of aggressive tax planning. Some of the hallmark categories only apply if a threshold "main benefit" test (MBT) is met. This MBT is met where one of the main benefits expected from an arrangement is a tax advantage. The introduction of DAC6 aligns with HMRC's strategic objective (SO1) to maximise revenues due and bear down on avoidance and evasion.
- 2.4 Alongside formal industry consultation, HMRC commissioned external independent research to deepen its understanding of:
- The profile of the UK intermediary population (for the purposes of this research: accountants / tax advisers; banks; lawyers and wealth managers) in the context of cross-border arrangements;
 - The possible impact of the new regulations on tax planning and avoidance related activity, particularly among High Net Worth Individuals (HNWIs) and Multinational corporates (MNCs); and

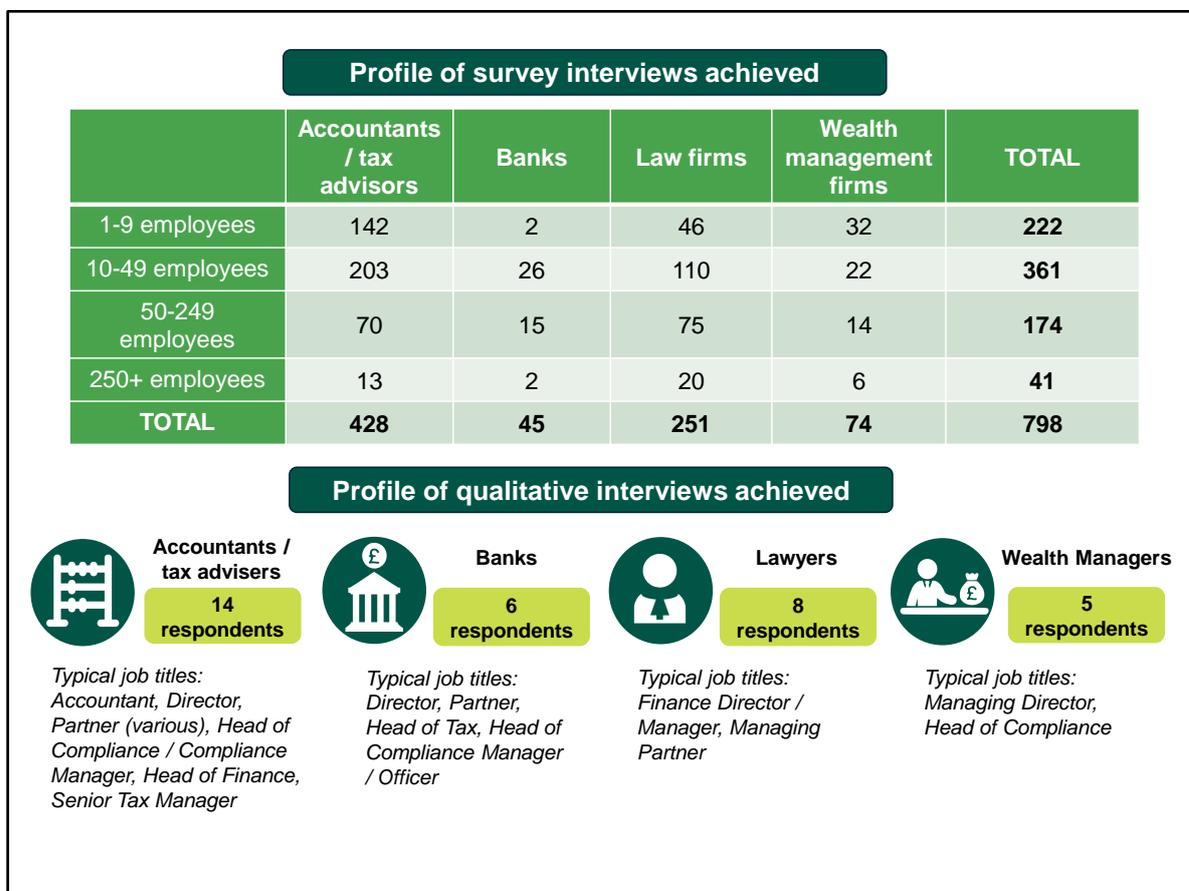
- The potential impact of the new regulations on the intermediary population and awareness of the new regulations.

Methodology

2.5 This was a multi-methodology study comprising of 798 quantitative survey interviews and 33 face-to-face qualitative follow-up interviews across the four audiences. A full breakdown of the profile of interviews achieved is shown in Figure 2.1.

2.6 The sample for this study came from various sources. Accountants / tax advisers and lawyers were sampled solely from a commercial sample provider. The wealth manager sample was sourced via the Financial Conduct Authority’s (FCA) Financial Services Register. While the bank sample was also sourced from the same commercial sample provider as accountants and lawyers, this was cross-checked against a list of Prudential Regulation Authority (PRA) regulated banks, published on the Bank of England’s website and supplemented with free-found sample information from the FCA Financial Services Register and company websites.

Figure 2.1 Profile of interviews achieved



- 2.7 The quantitative survey provided a robust base for examining the profile of the population for each intermediary group in terms of incidence of cross-border arrangements, client composition and the types of cross-border arrangements intermediaries are involved in.³ In addition, the survey explored high-level findings on awareness of DAC6 and business impacts.
- 2.8 The survey was conducted between 29th July and 4th September 2019, using computer-assisted telephone interviewing (CATI), with interviews lasting an average of 16 minutes. Initially, a pilot phase was undertaken between 22nd and 23rd July 2019 to test: the length of each survey; respondent understanding of the questions; and whether the questionnaire flowed smoothly and logically from the perspective of respondents (with refinements made prior to launching the mainstage survey). The final questionnaire can be found in Appendix A.
- 2.9 The survey was also used for sampling the qualitative follow-up interviews; at the end of the survey each respondent was asked if they would like to participate in these interviews, and those who consented were contacted again. Survey data was also used for monitoring purposes to ensure a spread of experiences in terms of awareness, differing client types and whether or not intermediaries agreed their clients sought a tax benefit from entering cross-border arrangements.
- 2.10 In contrast to the quantitative survey, qualitative follow-up interviews allowed more in-depth exploration of the nature of cross-border arrangements and intermediaries' involvement, client behaviours and motivations for entering cross-border arrangements, as well as qualitative exploration of potential impacts for intermediaries and their clients. Due to the small number of qualitative interviews, the findings are not intended to be representative of the wider population but provide deeper insight into the range of experiences among the four intermediary groups.
- 2.11 Qualitative face-to-face interviews took place between 27th August and 16th September, with each interview lasting around an hour. The topic guide used for these interviews can be found in Appendix B.
- 2.12 Shortly before the fieldwork for this research commenced, the UK government published draft regulations for the implementation of DAC6. A formal consultation to seek views on the draft regulations ran from 22 July 2019 to 11 October 2019.

Survey weighting

- 2.13 Although there was no known cross-border intermediary population data source prior to the research, this was derived for accountants / tax advisers and lawyers by applying incidence data collected in the survey to 2018 Business Population Estimates. The weighting factors used for these audiences is shown in Table 2.1. Weighting the data ensured the results were representative of the accountant/tax advisor and lawyer cross-border intermediary populations.
- 2.14 Due to sample limitations, it was not possible to derive population statistics for the banks and wealth manager cross-border intermediary population. Their data is unweighted throughout and therefore should be treated as indicative rather than representative of the population.

³ In some cases, where sample sizes were lower than 30 for particular survey questions, findings are reported qualitatively. Where base sizes are smaller than 50, findings are indicative and therefore should be treated with caution.

Table 2.1 Weighting factors for accountants/ tax advisers and lawyers based on the calculated population profile of those involved in cross-border arrangements

	Accountants & tax advisers				Lawyers			
	Interviews completed	%	Weighting target from calculated population	Weighting factor	Interviews completed	%	Weighting target from calculated population	Weighting factor
1-9 emps	142	33.2%	76.1%	2.29	46	18.3%	42.7%	2.33
10-49 emps	203	47.4%	18.9%	0.40	110	43.8%	33.1%	0.76
50-249 emps	70	16.4%	3.9%	0.24	75	29.9%	17.9%	0.60
250+ emps	13	3.0%	1.1%	0.36	20	8.0%	6.3%	0.79
TOTAL	428	100.0%	100.0%		251	100.0%	100.0%	

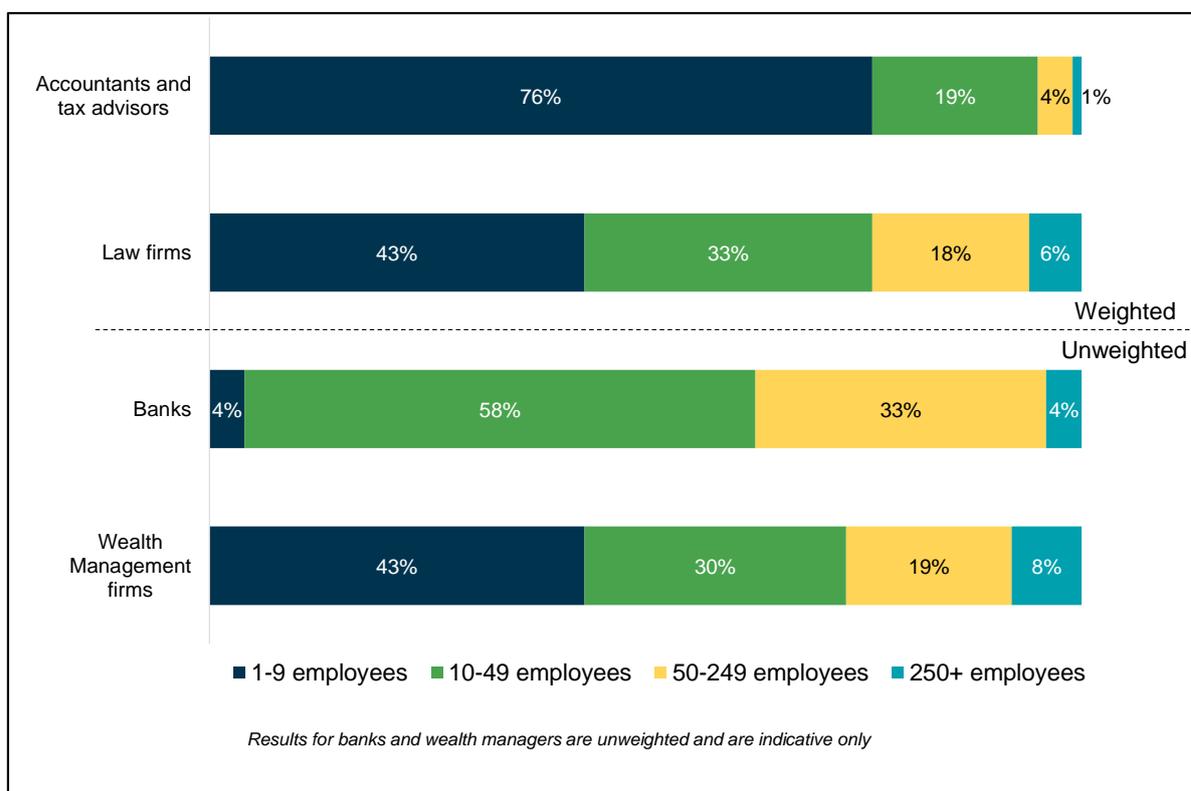
2.15 Throughout the report, survey data may not always sum to 100% due to rounding (meaning that some totals may add to slightly higher or lower than 100%).

3 Size and profile of the UK intermediary population

Profile of the UK intermediary population

- 3.1 Figure 3.1 illustrates the size of the UK intermediary population involved in cross-border arrangements. Accountants and tax advisors were mostly at the smaller end of the scale, with the majority employing fewer than 10 staff (76%), and all had their head office based in the UK. Law firms were also most likely to employ fewer than 10 staff (43%), with most headquartered in the UK (99%).
- 3.2 The majority of banks that were interviewed employed more than 10 people across the UK, with 58% of banks having 10 to 49 employees and a further 38% having more than 50 employees. Two fifths (40%) of banks that participated in the research had a UK-based head office. The wealth managers that were interviewed were most likely to employ fewer than 10 employees (43%), with a smaller proportion employing between 10 and 49 employees (30%), and all had their head office based in the UK.

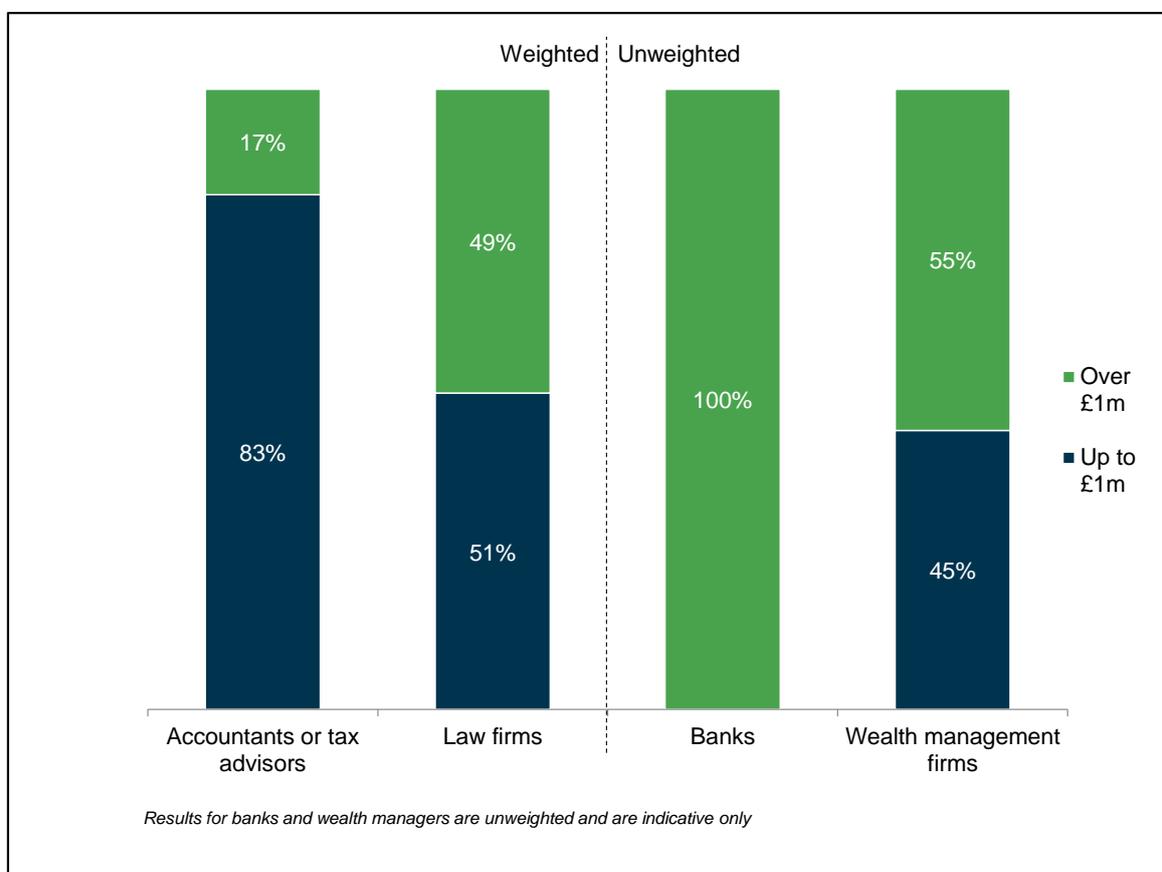
Figure 3.1 Size of intermediaries



S4: Approximately how many people work in your organisation across the UK as a whole? Base: All intermediaries: Accountants / tax advisers (428); Banks (45); Law firms (251); Wealth Management firms (74).

- 3.3 In terms of the turnover of each intermediary type in the last financial year (2018-19), most accountants and tax advisers turned over less than £1m (83%), compared with 17% who earned more than £1m (as shown in Figure 3.2), with only 2% of this audience making more than £10m in the last financial year. In contrast, among law firms there was a fairly equal split between those turning over more than and less than £1m in the last financial year (49% and 51% respectively).
- 3.4 Accountants and tax advisers (54%), were mainly private limited companies, while only three in ten law firms (30%) were private limited companies. By contrast, law firms were most commonly partnerships (51%). Similar proportions of accountants / tax advisers and law firms had been trading for more than 20 years (47% and 53% respectively).
- 3.5 All banks interviewed made over £1 million in turnover, with 69% turning over more than £10m, whereas among wealth management firms interviewed there was a fairly even split between those with a turnover of more than or less than £1m (45% and 55% respectively). Both banks (64%) and wealth management firms (73%) were mainly private limited companies, and the proportion of wealth management firms that had been trading for more than 20 years was comparatively low at 22%, compared with 69% of banks.

Figure 3.2 Turnover of intermediaries last financial year



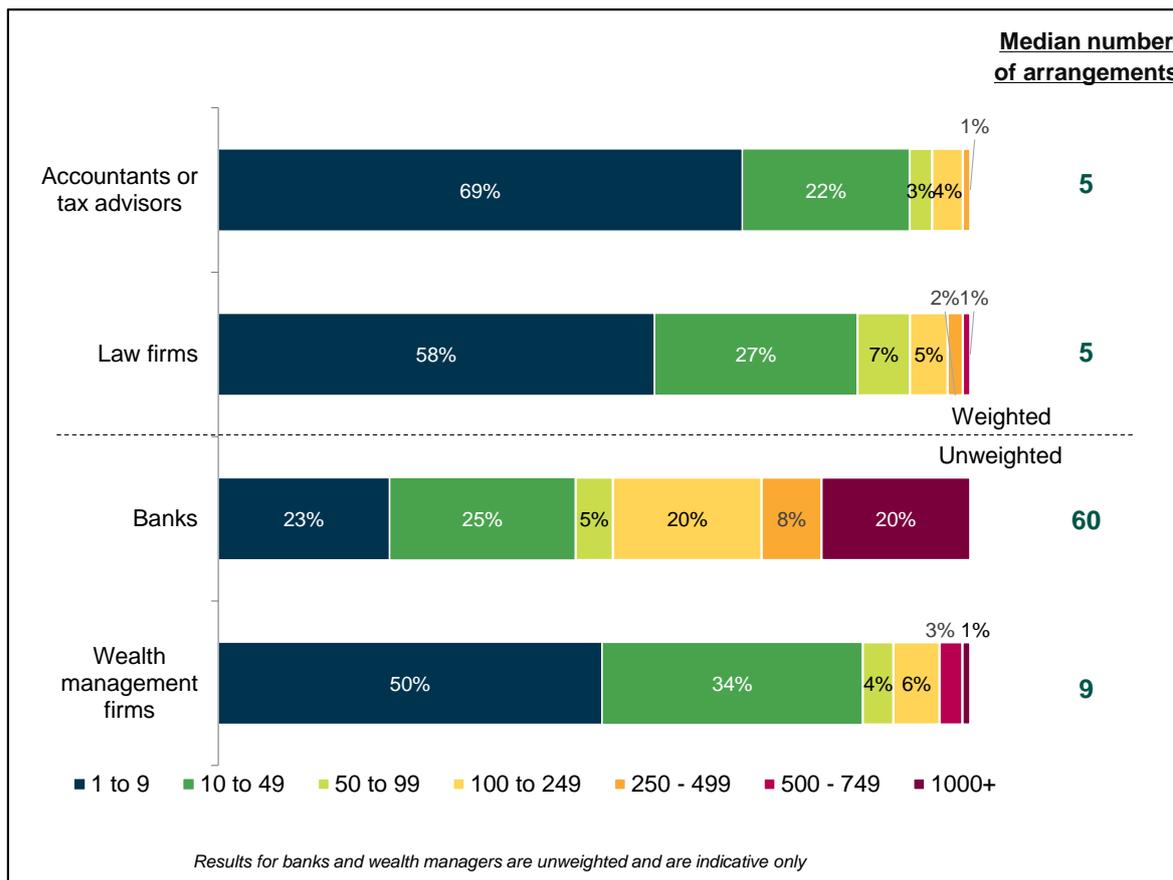
D1: Approximately what was the turnover of your business in your last financial year? Base: All intermediaries who knew their annual turnover: Accountants and tax advisors (325); Banks (32); Law firms (197); Wealth Management firms (65).

Extent of intermediaries' involvement in cross-border arrangements

Number of cross-border arrangements

- 3.6 Intermediaries were asked how many cross-border arrangements they were typically involved in, in any capacity, each year. As Figure 3.3 shows, accountants and tax advisers (91%) and law firms (85%) were mainly involved in fewer than 50 cross-border arrangements every year. The number they were typically involved in was between 1 and 9 arrangements, which was the case for 69% of accountants and tax advisers and 58% of law firms. Both intermediary groups were involved in a median average of 5 cross-border arrangements per year.
- 3.7 Unsurprisingly, larger firms in accountancy and law were more likely to be involved in a greater number of cross-border arrangements. Accountants and tax advisers with 50 or more employees were involved in a median average of 15 cross-border arrangements per year, compared with 5 arrangements per year among those with fewer than 50 employees. A similar pattern was also true for lawyers with more than 50 employees, who were involved in a median average of 20 arrangements per year, compared with 5 arrangements per year among those with fewer than 50 staff.
- 3.8 Results indicate that the interviewed banks were involved in a high volume of cross border arrangements, with them reporting an even split between the proportion with more than or fewer than 50 cross-border arrangements per year (53% and 48% respectively). Wealth management firms (84%) were mainly involved in fewer than 50 cross-border arrangements each year. Furthermore, 20% of banks were involved in 1000 or more cross-border arrangements a year, compared with just 1% of wealth managers. The median average number of cross-border arrangements banks were involved in (60) was also much higher than that of wealth management firms (9).

Figure 3.3 Number of cross-border arrangements

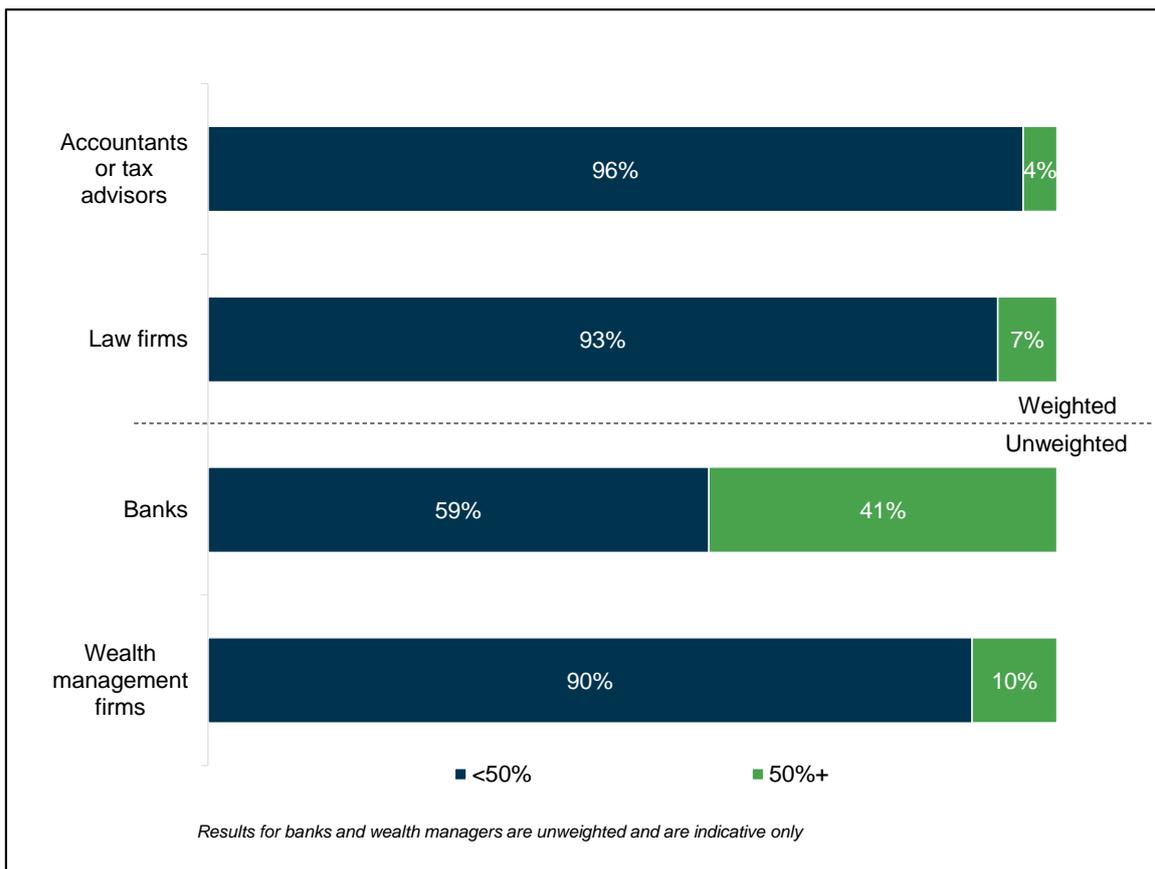


A2: Roughly how many cross-border arrangements would you say your organisation is typically involved in, in any capacity, each year? Base: All intermediaries who knew/estimated no of cross-border arrangements per year: Accountants and tax advisors (412); Banks (40); Law firms (235); Wealth Management firms (68)

Proportion of annual turnover that comes from cross-border arrangements

- 3.9 As Figure 3.4 illustrates, most accountants (96%) and law firms (93%) earned less than half of their annual turnover from cross-border arrangements. In most cases the proportion of turnover that cross-border arrangements contributed to was less than 10%, this being the case for 86% of accountants and 75% of law firms.
- 3.10 Of the banks that were interviewed, a low proportion earned less than half of their annual turnover from cross-border arrangements (59%). In total, 8% of banks stated that all of their annual turnover came from work involving cross-border arrangements. 90% of wealth management firms that were interviewed earned less than half of their annual turnover from cross-border arrangements, and for 82% the proportion of turnover that cross-border arrangements contributed to was less than 10%.

Figure 3.4 Proportion of annual turnover from cross-border arrangements

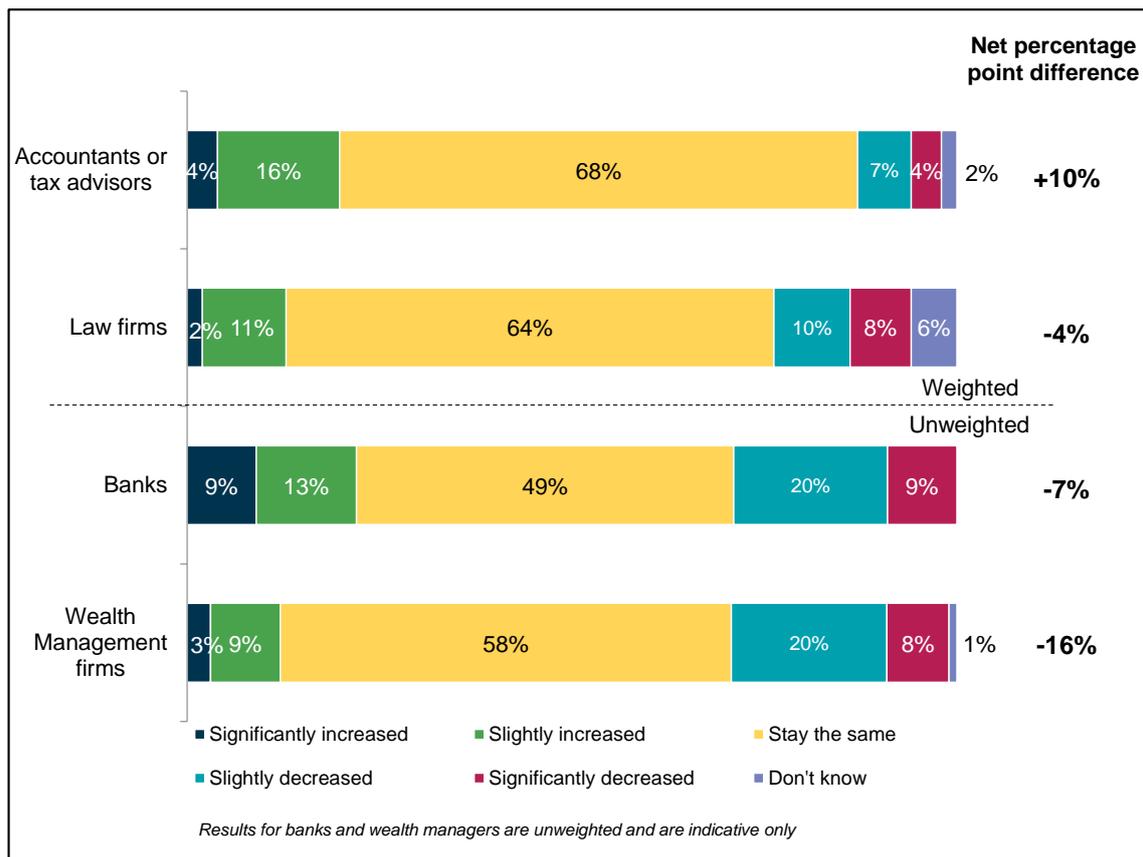


A8: Thinking about your annual turnover for the last financial year, roughly what proportion of this came from work involving cross-border arrangements? Base: All intermediaries who knew/estimated proportion of annual turnover cross-border work: Accountants and tax advisors (405); Banks (37); Law firms (237); Wealth Management firms (68).

Changes in the number of cross-border arrangements involved in

- 3.11 Intermediaries were asked to what extent the number of cross-border arrangements they have been involved with has changed over the past 2 years. As Figure 3.5 illustrates, accountants/tax advisers and law firms have mostly experienced no change in the number of cross-border arrangements in the last 2 years. Accountants and tax advisers were the only type of intermediary that had more businesses experiencing an increase than a decrease (20% vs. 10%).
- 3.12 Accountants with clients that were MNCs or HNWIs were more likely than average to have seen a decrease in the number of arrangements (21% and 16% respectively vs. 10% on average), suggesting a change in their behaviour with accountants and tax advisers.
- 3.13 22% of banks interviewed had experienced an increase and 29% had experienced a decrease in the number of cross border arrangements. The wealth managers interviewed mostly experienced no change in the number of cross-border arrangements in the last 2 years, although more had experienced a decrease than an increase (28% and 12% respectively).

Figure 3.5 Change in number of cross-border arrangements in the past 2 years



A7:

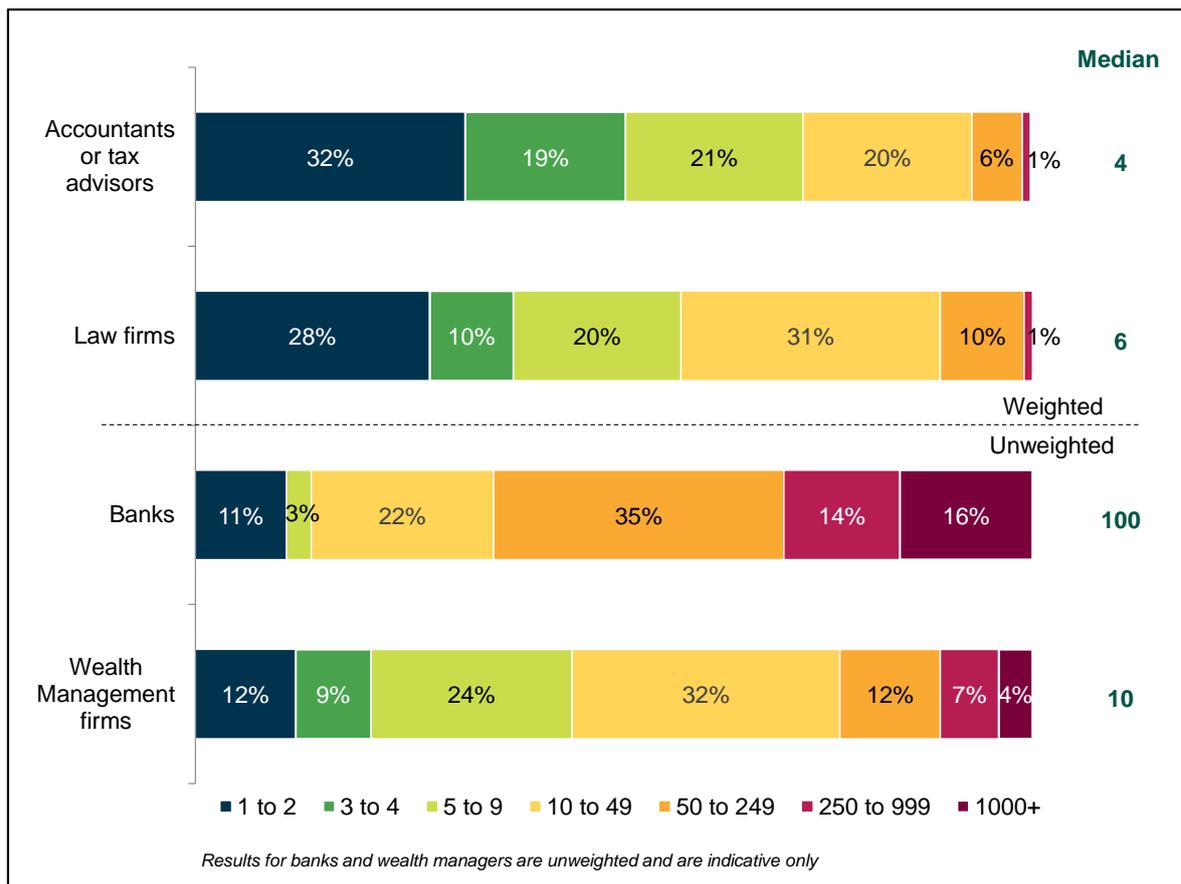
Over the past two years, has the number of cross-border arrangements your organisation has been involved with...? Base: All intermediaries: Accountants and tax advisors (428); Banks (45); Law firms (251); Wealth Management firms (74)

Cross-border clients

3.14 In terms of the number of cross-border clients that intermediaries act for in cross-border arrangements (shown in Figure 3.6), accountants and tax advisers (73%) and law firms (58%) tended to have fewer than 10 cross-border clients and had a median average of 4 and 6 cross-border clients respectively.

3.15 The banks that were interviewed mostly had more than 50 cross border clients (65%), and a median average of 100 cross-border clients. Wealth management firms (44%) tended to have fewer than 10 cross-border clients, and had a median average of 10 cross-border clients.

Figure 3.6 Number of cross-border clients



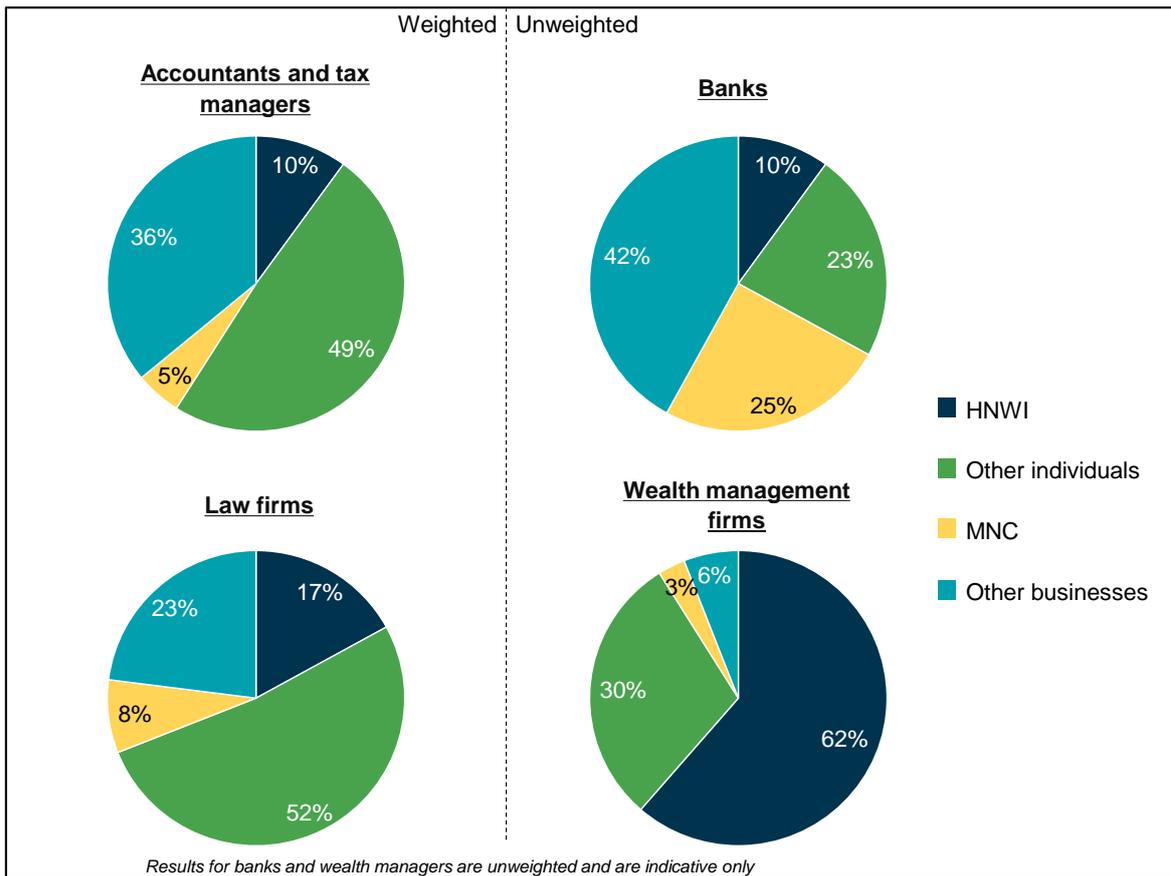
A10: Could you provide an estimate of how many clients your organisation acts as an intermediary for cross-border arrangements? Base: All intermediaries who knew / estimated their current number of cross-border clients: Accountants and tax advisors (411); Banks (37); Law firms (223); Wealth Management firms (68).

3.16 Intermediaries were asked what proportion of their cross-border client base belong to each client type – HNWI, other individuals, MNCs, and other businesses. **Error! Reference source not found.** shows the client profile for each intermediary group (based on the mean average proportion each client group made up of their client base).

3.17 Accountants and tax advisers and law firms had a relatively low proportion of HNWI or MNCs among their cross-border clients. Their client base tended to be made up mostly of other individuals and businesses (85% of accountants’ cross-border client base and 75% of law firms’ cross-border client base). However, the proportion of HNWI and MNC clients among accountants and tax advisers rises to 25% and 14%, respectively, when looking at businesses with greater than 50 employees. Similarly, the average proportion of MNC clients doubles to 16% among lawyers with more than 50 employees.

3.18 HNWI clients made up close to two-thirds (62%) of wealth management firms’ cross-border client base, whilst the largest cross-border clients groups for banks were other businesses and MNC clients (42% and 25% of banks’ cross-border client base respectively).

Figure 3.7 Cross-border client profile for each intermediary group



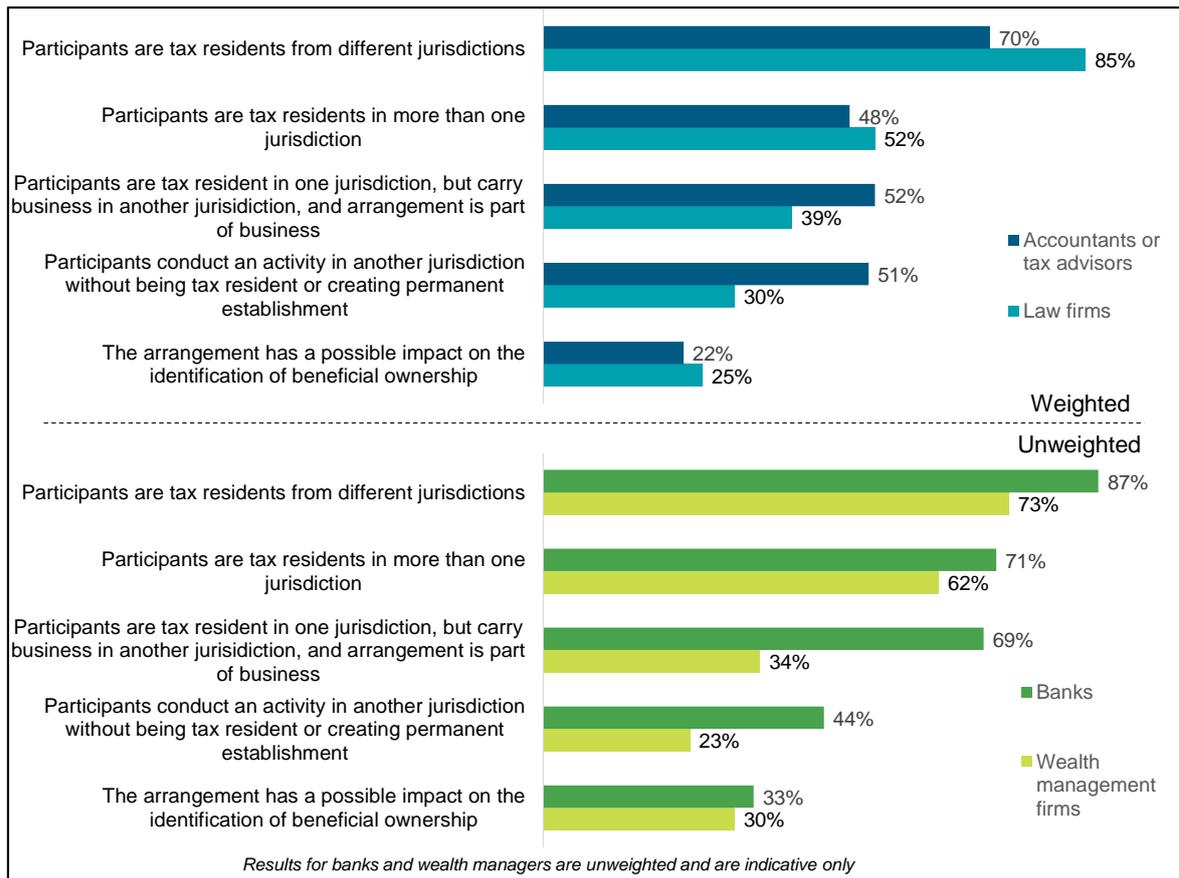
A12: Roughly what percentage of your organisation's clients that are involved in cross-border arrangements are in each of these groups? Base: All intermediaries providing full data: Banks (42); Accountants and tax advisors (41); Law firms (225); Wealth Management firms (73);

4 Nature of intermediary and client involvement in cross border arrangements

Nature of the cross-border arrangements intermediaries are involved in

- 4.1 Intermediaries were asked to select from a prompted list (outlined in Figure 4.1) what the nature of the cross-border arrangements was where they acted as an intermediary. The list was based on the EU Council Directive's specification of what constitutes a cross-border arrangement. Participants in the survey had to select at least one of these options to be considered an intermediary in cross-border arrangements and eligible for the research.
- 4.2 The most common arrangements chosen by intermediaries were those where the participants involved were tax residents from different jurisdictions; this was mentioned by at least seven in ten participants among each intermediary group (as shown in Figure 4.1).
- 4.3 Most of the banks interviewed were also involved in arrangements where participants were tax residents in more than one jurisdiction (71%), or where participants were tax residents in one jurisdiction but carried on a business in another jurisdiction, where the arrangement was part of the business (69%).
- 4.4 Wealth managers in the survey were also involved in a relatively high proportion of arrangements in which participants were tax residents in more than one jurisdiction (62%). Wealth managers were least likely to act as an intermediary in arrangements where participants conducted activities in another jurisdiction without being a tax resident or creating a permanent establishment (23%).

Figure 4.1 Nature of the cross-border arrangements that intermediaries are involved in



S3: Just to check you're eligible for the research, can you confirm that your organisation currently acts as an intermediary in arrangements where...? Base: All intermediaries answering: Accountants / tax advisers (420); Banks (45); Law firms (250); Wealth Management firms (73)

4.5 These different examples of cross-border arrangements were explored in greater depth in qualitative interviews. While many intermediaries agreed that the list was comprehensive, some intermediaries were unsure about using the term 'arrangement' when referring to cross-border activity, as they felt this was less appropriate for describing activities which involved solely providing advice or one-off transactions, or where they were just dealing with a client who happened to live overseas. Some intermediaries associated the term 'arrangement' with something taking place over a longer period of time, or to describe an ongoing relationship.

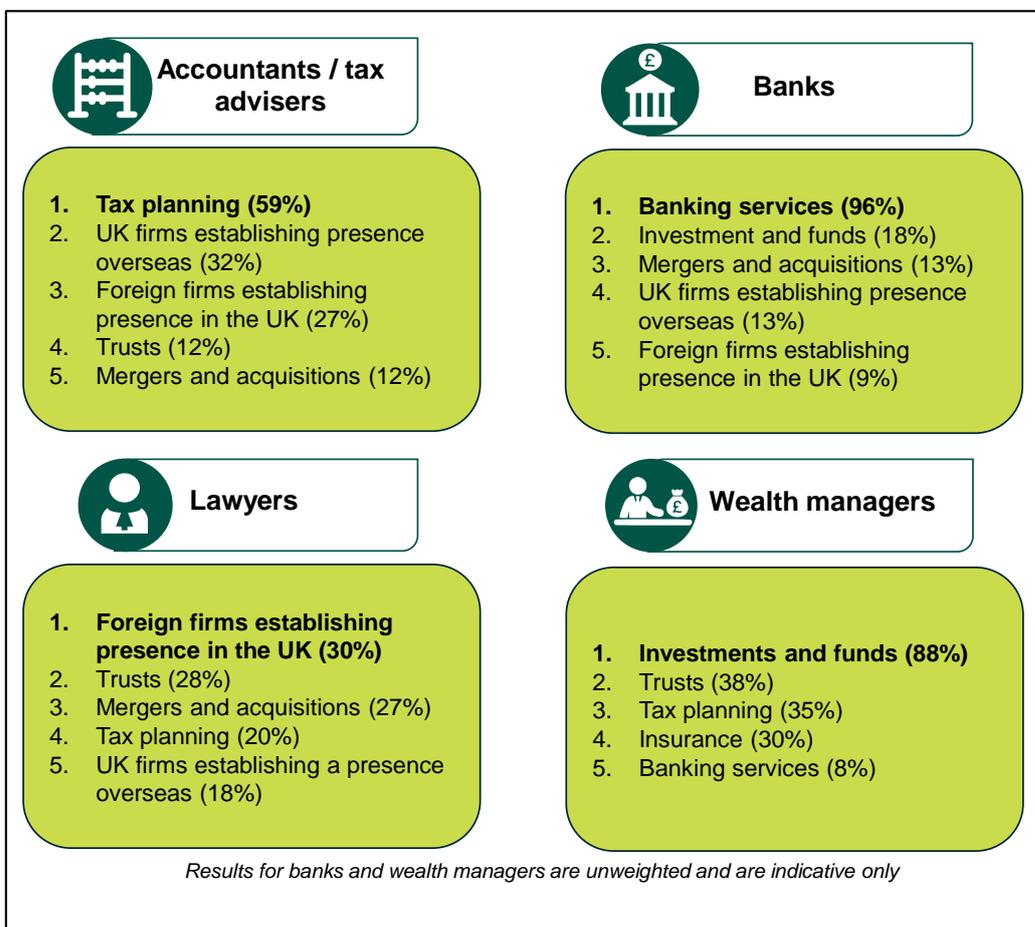
"The vast majority of our clients have cross border things which I wouldn't necessarily class as an arrangement. They may live in another country and have some UK assets or income but it's not an arrangement as such. That's how their life has evolved."

Accountant / tax adviser

Types of cross-border arrangements involved in

4.6 Intermediaries were also asked which specific cross-border activities they were involved with, as an intermediary. Figure 4.2 shows the five most common responses for each intermediary group.⁴

Figure 4.2 Top 5 types of cross-border arrangements intermediaries are involved in (prompted)



A3: Which of the following types of cross-border arrangements is your organisation involved with, in any capacity, as an intermediary? Base: All intermediaries: Accountants / tax advisers (428); Banks (45); Law firms (251); Wealth Management firms (74)

4.7 Accountants and tax advisers were most likely to be involved in tax planning arrangements (59%), and lawyers were most likely to be involved in helping foreign firms establish a presence in the UK (30%). Trusts and establishing a business presence in the UK or overseas were among the top five arrangements for both groups. The types of specific cross-border activity these groups of intermediaries were involved with varied depending on the client groups they worked with. Accountants and lawyers with HNWI or MNCs were more likely than average to be involved in most of the prompted arrangements, with the exception of banking services and insurance which were more niche among both groups. These results are shown in Table 4.1.

⁴ The full list of prompted cross-border activities included banking services; tax planning; mergers and acquisitions; foreign firms establishing a presence in the UK; UK firms establishing a presence overseas; trusts; insurance; and investments and funds (unprompted responses were also recorded).

Table 4.1 Cross-border arrangements by client type among accountants/ tax advisers and lawyers

	Accountants/ tax advisers			Lawyers		
	All	HNWIs	MNCs	All	HNWIs	MNCs
Base (n)	428	146	87	251	102	57
Tax planning	59%	85%	68%*	20%	30%	27%*
UK firms establishing presence overseas	32%	50%	56%	18%	24%	47%
Foreign firms establishing presence in the UK	27%	54%	73%	30%	44%	70%
Trusts	12%	42%	33%	28%	43%	39%
Mergers and acquisitions	12%	34%	44%	27%	35%	61%
Investments and funds	9%	17%	16%	17%	28%	28%

All prompted results shown, except for 'banking services' and 'insurance'

Banks and wealth managers not shown due to low base sizes.

*The differences between these results and the average for all client types are not statistically significant. For all other results shown, the differences are statistically significant.

4.8 For banks, unsurprisingly, the most common involvement was in the provision of banking services (96%); and wealth managers were most likely to be involved in investments and funds (88%).

Intermediaries' roles in cross-border arrangements

4.9 Among accountants and law firms, by far the most common role undertaken as an intermediary was providing advice or other assistance on arrangements; this was mentioned by around three-quarters or more of each of these two groups, as is illustrated in Figure 4.3.

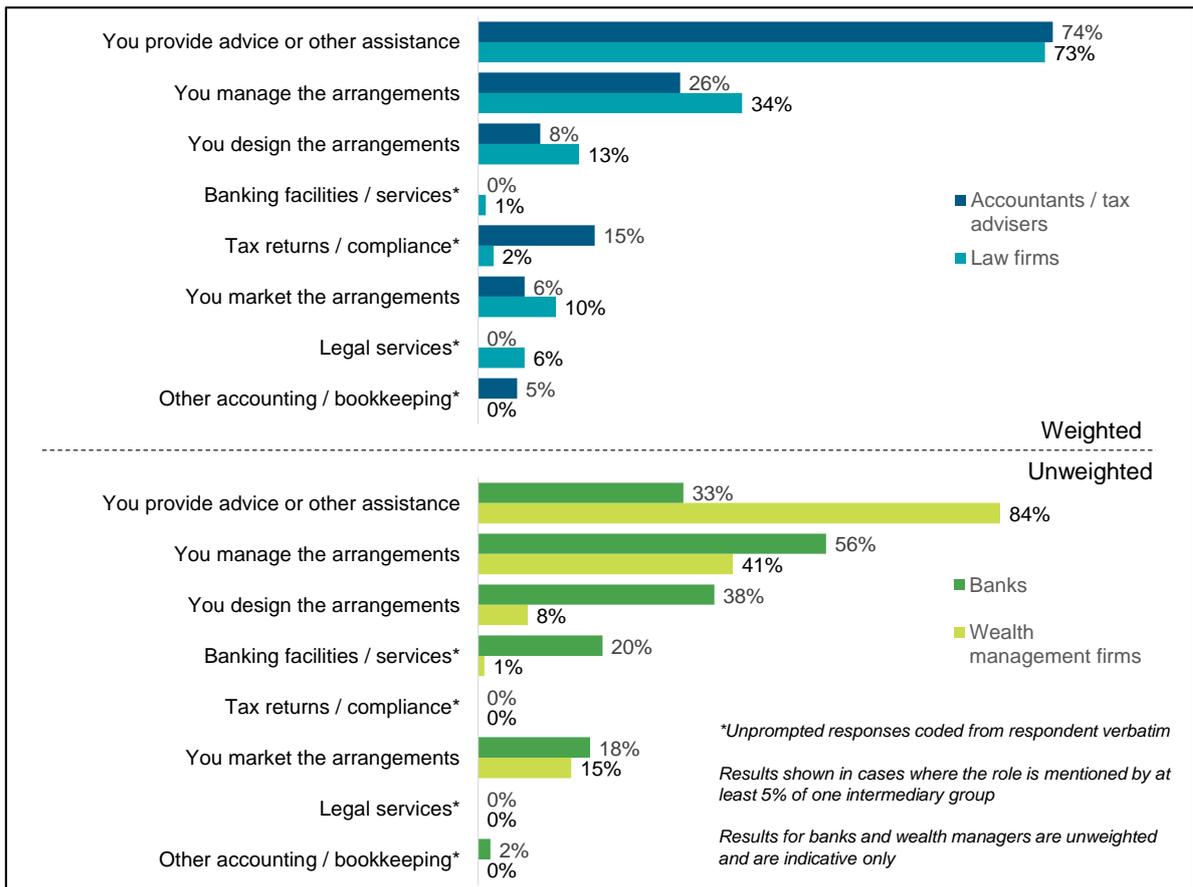
4.10 Among accountants and tax advisers there were again differences by the client groups they worked for. Those with MNC clients, for instance, were far more likely than average to manage arrangements (48% vs. 26%). Those with HNWI or MNC clients were each twice as likely to have designed arrangements (17% vs. 8% average). In contrast, those with other business clients were more likely to market arrangements (10% vs. 6% average).

4.11 In addition to these differences, accountants trading for less than 20 years were around three times more likely than those operating for 20 years or more to market arrangements (10% vs. 3%).

4.12 Among lawyers, almost all (98%) with MNC clients said they had provided advice or assistance as part of their cross-border arrangements.

4.13 Of the banks interviewed, only a third (33%) said they provided advice or assistance. They instead were most likely to manage arrangements (56%) or to design arrangements (38%).

Figure 4.3 Intermediaries' role in cross-border arrangements (prompted)



A1: Which of the following best describes the capacity in which your organisation is involved in cross-border arrangements? Base: All intermediaries: Accountants / tax advisers (428); Banks (45); Law firms (251); Wealth Management firms (74)

4.14 Intermediaries' involvement in cross-border arrangements was explored further in qualitative interviews. The key findings for each intermediary group are shown in Figure 4.4:

Figure 4.4 Intermediaries involvement in cross border arrangements

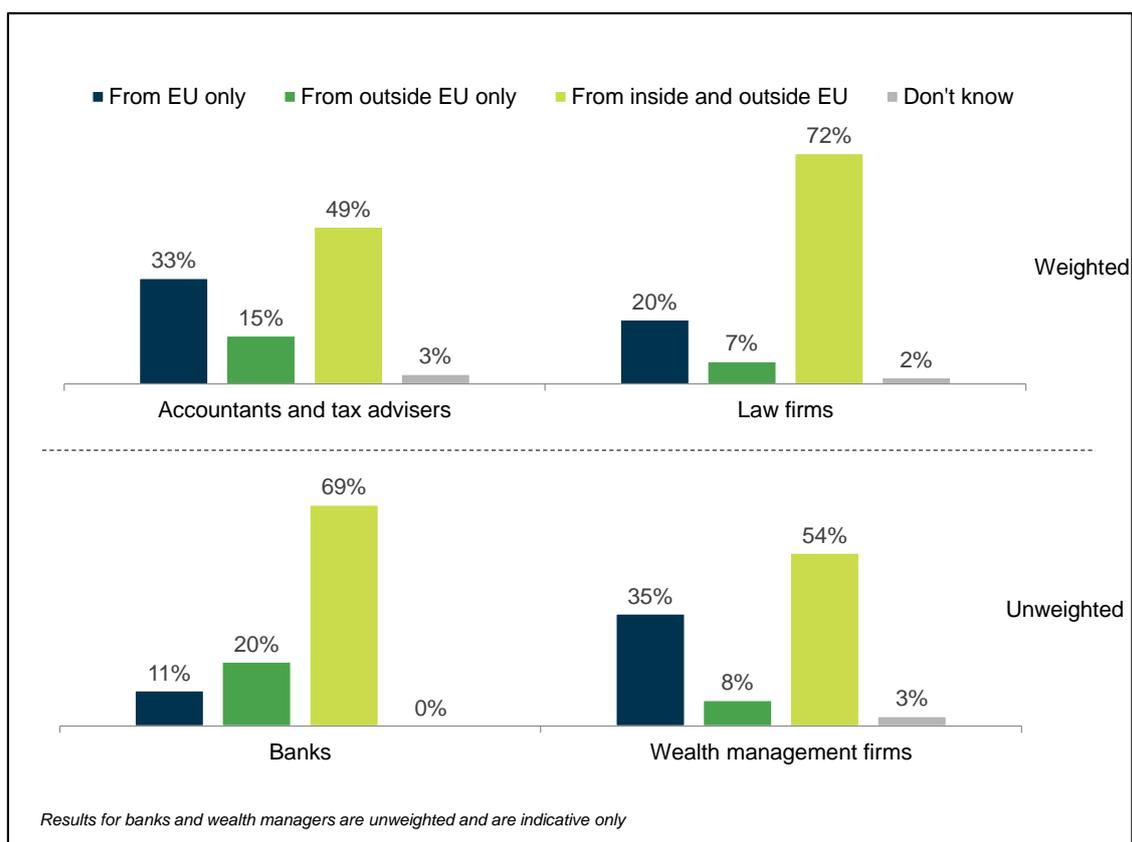
Involvement in cross-border arrangements by intermediary type (qualitative findings)	
 Accountants and tax advisers	<ul style="list-style-type: none"> • Typical arrangements included: <ul style="list-style-type: none"> • Businesses or individuals setting up a business presence in the UK or overseas; • General examples of businesses trading or completing cross-border transactions; • Overseas landlords with rental properties, or UK residents with property overseas – this included filing tax returns and advising on UK tax law for issues such as double taxation; and, • People working overseas (e.g. freelancers, secondments) with implications for their residency and tax obligations • Roles varied from filing tax returns to advising on tax efficiencies / tax planning <p><i>“We work with their existing advisers where they are resident before they come to the UK, assessing the impact of the move and how to make things easier for them - reporting, reducing tax. We don't do the physical setting up of structures. We deal with other people in whatever jurisdiction it is. We offer an advisory role.”</i></p> <p style="text-align: right;">Accountant / tax adviser</p>
 Banks	<ul style="list-style-type: none"> • Arrangements typically included general banking services, such as: <ul style="list-style-type: none"> • Monetary / equity transfers • Loans to overseas companies • Deposits for overseas companies • Shared Ownership in contracts • Their typical role was executing or managing arrangements rather than providing advice <p><i>“We do not act as advisers on cross-border arrangements... we act as executioners only.”</i></p> <p style="text-align: right;">Bank</p>

 <p>Law firms</p>	<ul style="list-style-type: none"> • A variety of arrangement types, including: <ul style="list-style-type: none"> • Mergers and acquisitions • Conveyancing • Wills & Probate / Family Law • Litigation and disputes • For some firms, a small part of their work involved estates being left to people domiciled outside of the UK, which had tax implications (e.g. Capital Gains Tax) • Typical role varied between giving advice (some tax-related) and executing transactions <p><i>“It’s pretty much that they are looking to do a certain transaction and they are looking for us to facilitate the legal side ... we may give them an expert opinion on certain things.”</i></p> <p style="text-align: right;">Lawyer</p>
 <p>Wealth management firms</p>	<ul style="list-style-type: none"> • They were typically involved in: <ul style="list-style-type: none"> • Offshore Insurance / Investments Bonds (e.g. in the Channel Islands, Isle of Man, etc.) • Single premium investment bonds • Unit Trusts • General management of clients’ overseas assets where registered in multiple tax jurisdictions • Some said the arrangements were used by clients with tax objectives in mind (e.g. Inheritance Tax Planning, deferring tax, etc.) but they did not consider these to be ‘aggressive’ and perceived them to be accepted by HMRC • They did not actively market schemes – clients typically approached them via recommendation.

Countries involved in cross border arrangements

- 4.15 Both the quantitative survey and qualitative follow-up interviews also explored whether there were patterns in terms of involvement in cross-border arrangements by country. As shown in Figure 4.5, for all groups it was most common to act as an intermediary in arrangements including countries from both inside and outside the EU.
- 4.16 A relatively high proportion of accountants and tax advisers dealt with countries within the EU only (33%), compared with only a fifth (20% of law firms).
- 4.17 Acting as intermediary for countries from outside of the EU only was also relatively common among the banks interviewed (20%), whereas a relatively high proportion of wealth management firms interviewed were involved in cross-border arrangements with EU countries only (35%).

Figure 4.5 Location of countries involved in cross-border arrangements



A4: Thinking about other countries involved in the cross-border arrangements where your organisation is an intermediary, are these...? Base: All intermediaries: Accountants / tax advisers (428); Banks (45); Law firms (251); Wealth Management firms (74)

- 4.18 Qualitative interviews also provided further insight on geographical patterns. In some cases, intermediaries mentioned a link between where participants were based and the arrangements they entered. For instance, one wealth manager suggested that offshore bonds were much more popular among EU residents because of their zero-tax status, whereas residents of other non-EU jurisdictions such as the United States were reluctant to enter schemes which could complicate their tax affairs.
- 4.19 Some intermediaries also reported demographic patterns; for instance, one tax adviser suggested that it was common for financial services workers from Singapore to invest in UK property. A lawyer also mentioned that individuals in certain jurisdictions such as Singapore and India were more likely to be involved because of tax treaties set up with the UK in those countries. Lifestyle patterns could also determine where cross-border transactions occur, with a few mentioning the tendency for retired expats from the UK to invest in property in Spain, Portugal and France.
- 4.20 For some large intermediaries, their own international presence sometimes led to dealing with overseas clients where these clients were referred to them by the intermediary's international arm or parent company. In a few cases, it was the existing relationship with a client's UK business that eventually led to intermediaries dealing with an international arm of the same organisation.
- 4.21 Intermediaries also noted that other practical reasons could determine which countries were involved in arrangements. For instance, one bank mentioned that it was common for businesses in countries with high interest rates to take out a loan in the UK because it was cheaper to do so, such as Indian companies using 'external commercial borrowing' (ECBs).
- 4.22 Despite these examples, in some cases the countries involved were simply a result of personal or commercial decisions. For individuals, the country 'involved' could be determined by where they have decided to retire to, or where they have been seconded to for work. For businesses, strategic decisions around business growth were the main consideration when setting up an establishment overseas or cost considerations when trading across borders.
- 4.23 As well as considering the factors that determine which countries become involved in cross-border arrangements, intermediaries also mentioned that the countries where clients reside had implications for the level of due diligence undertaken during the onboarding process for new clients. For example, some mentioned being wary of taking on clients from unstable countries and noted that it was more difficult to take legal action against clients from these countries.

Client interaction and involvement in cross-border arrangements

- 4.24 Qualitative interviews also provided further insight into how and why clients decided to enter cross-border arrangements, including the underlying motivations and behaviours influencing their involvement. Each client group is explored below.

High net worth individuals

- 4.25 As was noted in section 4.19, these clients were often UK expats retiring abroad in countries such as Portugal, Spain and France or people registered across multiple tax jurisdictions (for example, Dubai and Barbados). Intermediaries felt that HNWIs were typically financially savvy and tended to already know what cross-border arrangements they wanted to enter prior to approaching the intermediary.

“Ordinarily we wouldn’t approach clients with an opportunity for an offshore transaction. 99% of the time they would come to us and say “I’m thinking of doing this. Can you help?””

Accountant / tax adviser

- 4.26 Views varied on how HNWI became aware of cross-border arrangements. One wealth manager mentioned that HNWI usually spoke to tax advisers before approaching them about a particular scheme. Other sources mentioned by intermediaries included expat magazines and recommendation by peers, while one wealth manager mentioned that for those living abroad, some scheme operators ran targeted seminars to encourage these individuals to enter specific cross-border arrangements.
- 4.27 Intermediaries reported mixed views on HNWI’s appetite for tax planning; some suggested that HNWI had a higher appetite for riskier cross-border investments, while others felt their involvement in cross-border arrangements was driven by personal decisions, for example buying property abroad. A few intermediaries also suggested that, rather than taking an aggressive approach to tax planning, the primary motivation was to ‘protect’ wealth, by seeking ways to minimise or defer Inheritance Tax or Capital Gains Tax. A few intermediaries also mentioned that for many HNWI the desire was just to make sure they were ‘doing something’ with their wealth.

Other individuals

- 4.28 Intermediaries reported that this client group were typically UK-based or foreign individuals working or seeking to establish a business presence overseas. Typically, they were looking for legal advice (for example, Wills and Probate) or financial advice (e.g. tax returns, Inheritance Tax) or looking to invest in overseas property. They usually found out about intermediaries via recommendation or through established relationships – for instance, using an accountant that their parents had previously used.
- 4.29 Some intermediaries perceived other individuals to be less financially-savvy than HNWI. Usually they became involved in cross-border arrangements for practical purposes or due to a particular set of circumstances (being seconded to work overseas as an example) rather than actively seeking a tax advantage. Often, they had a safer attitude to risk than HNWI and their engagement with intermediaries was guided by a desire to be compliant and to meet their tax obligations.

“Personal circumstances, desires and wants more than anything [are the reasons for entering cross-border arrangements] ... [they’re] not usually thinking [about cross border issues] no ... I have had a few instances where they don’t even think about having to pay tax in another country or consider the fact.”

Accountant / tax adviser

Businesses

- 4.30 Qualitatively, intermediaries reported few differences between MNCs and other businesses in terms of their motivations and behaviours when using cross-border arrangements. The typical arrangements mentioned for business clients included setting up a business presence in the UK or overseas, mergers and acquisitions or transactions for particular projects (e.g. an overseas business with a construction project in the UK).

- 4.31 Intermediaries tended to gain their business clients via existing relationships: examples included receiving referrals for overseas clients from a UK entity's overseas parent company; receiving referrals for an overseas branch of a UK client, and referrals via membership organisations.
- 4.32 For both MNCs and other business clients, intermediaries felt there were usually commercial operating needs dictating their involvement in cross-border arrangements, such as business growth. They did not feel that seeking out tax objectives was the primary motivator, although it may have been a secondary consideration in some cases. There were some examples of other non-tax related monetary factors influencing decisions, such as the aforementioned example of foreign companies taking out UK loans because of lower interest rates.
- 4.33 Some intermediaries mentioned that sometimes overseas companies preferred to channel working capital through UK banks because of restrictions or controls in their own country or preferred to work with UK intermediaries because this was more convenient if related to a UK-based project, mentioning specifically that the process of executing transactions was much smoother.

"They are not coming to us looking to take particular advantage of different tax regimes or particularly seek out some compliance arbitrage advantage, they are just using us because we have capacity to be able to offer them a fast niche service."

Bank on MNCs

"It's not always the tax transaction that drives the business thing - quite often it's a business requirement and then there will be tax consequences of that. There is a saying that "You should never let the tax tail wag the business dog."

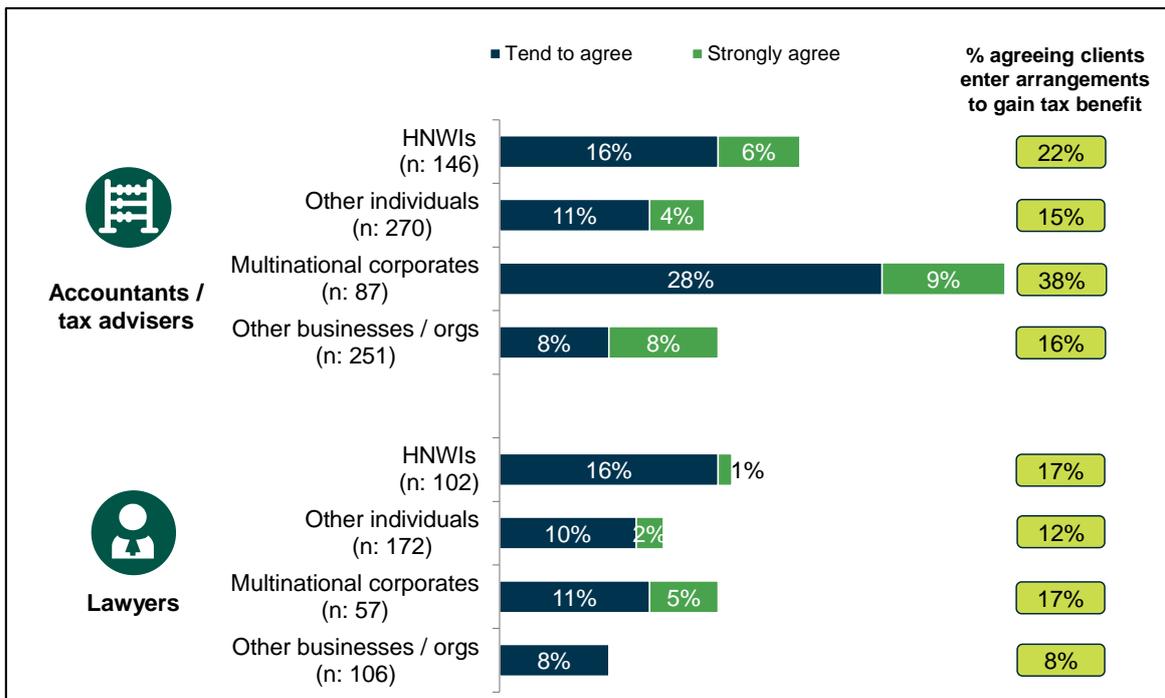
Lawyer discussing 'other businesses'

- 4.34 A couple of intermediaries said that some MNCs were more entrepreneurial and had a higher appetite for riskier arrangements; for instance, one lawyer mentioned this being the case for 'high-tech' businesses.

Extent to which tax is a consideration in cross border arrangements

- 4.35 Only a minority of intermediaries believed clients enter cross-border arrangements to gain a tax benefit. Among accountants, just 15% agreed that 'other individuals' were seeking a tax benefit, and a similar proportion (16%) agreed this was the case for 'other businesses'. A relatively high proportion (though still a minority of 38%) of accountants felt this about MNCs, while just over one fifth (22%) agreed this was true of HNWIs, although in both cases only a minority among these strongly agreed, as shown in Figure 4.6.
- 4.36 There was less variation by client group for lawyers, although HNWIs and MNCs were still considered the main groups seeking to gain a tax benefit via cross-border arrangements (each 17%). Just 12% felt this was the case for other individuals and 8% for other businesses. Due to low base sizes, statistical results for wealth managers and banks are not reported, although qualitatively only a minority of these respondents reported that their clients sought a tax benefit when entering cross-border arrangements.

Figure 4.6 Extent to which clients of accountants / tax advisers and lawyers enter cross-border arrangements to gain a tax benefit



A13: To what extent do you agree or disagree that [client group] enter cross-border arrangements to gain a tax benefit? Base: All intermediaries involved in cross-border arrangements for specified client group (base sizes shown in chart)

Banks and wealth managers not shown due to low base sizes

4.37 As touched on earlier in this chapter, qualitative interviews corroborated the survey finding that tax was not perceived to be the main reason behind client involvement in cross-border arrangements, with this being driven either by commercial or personal decisions. One accountant did however mention some differences in attitudes between individuals and businesses, suggesting that there was a more ‘personal’ element behind individuals’ tax affairs, whereas businesses were less concerned about what was not necessarily their own money. Further, some intermediaries suggested businesses were more likely to avoid riskier arrangements because of potential negative publicity.

“Corporations usually see tax as a cost of doing business in a location, whereas for HNWI as it’s essentially coming out of their own pocket, they are more focused on it.”

Accountant / tax adviser

4.38 Some accountants and tax advisers mentioned that it was their role to ensure that their clients do not pay too much tax via tax efficiencies, however they drew a line at any schemes that were deemed to be ‘aggressive’ forms of tax planning. Some examples of schemes or practices that they considered to be acceptable included:

- Preventing ‘double taxation’ for those working or living overseas;
- Advising clients to put property in a partner’s name if they worked abroad to reduce their tax liability;
- Advising clients on the timing of relocation to the UK if this had tax implications; and

- Businesses finding tax efficiencies through structuring of loans

Information held by intermediaries on their clients' cross-border arrangements

4.39 To assess how much of a potential burden DAC6 regulations could be, it was also important to explore what types of information intermediaries already kept on record regarding their cross-border clients and their arrangements.

4.40 Most intermediaries already kept detailed records. Documenting information about clients typically began during the onboarding process, with 'Know Your Customer' (KYC) and anti-money laundering checks, which typically involved collecting information on a client's tax residency, personal details, companies and trusts controlled and other arrangements that clients were involved in. However, a few intermediaries said they only recorded information relevant to the specific arrangement where they were acting as an intermediary (e.g. some accountants only collecting information that needed to be declared on tax returns).

"If the client was involved in a company which was then controlled by a trust, we would be required to confirm details of the ownership of the trust. We're not concerned with subsidiaries. If the client itself is a subsidiary or is owned by a trust or British Virgin Islands company, we would have to identify both that company and the ownership of that."

Lawyer

4.41 Some intermediaries also mentioned keeping detailed information on cross-border arrangements due to other existing regulatory requirements, including Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS) disclosures. Some of these regulatory requirements differed by intermediary group; for instance:

- Some lawyers mentioned keeping details of arrangement structures as part of 'Solicitors Account Rules' and other legal documentation retention processes.
- Accountants mentioned that HMRC required them to keep their clients' tax records for six years.
- Banks mentioned needing to collect financial information for specific transactions – for example, needing to keep a record of a business's purpose for taking out loans.

4.42 In addition to these regulatory requirements, some wealth managers mentioned that trustees of offshore bonds provided them with 'Key Features Documents', which outlined important details of these arrangements. Some accountants / tax advisers and wealth managers also mentioned keeping a record of the advice they had given to their clients.

"We deal with clients with trust structures and trustees, so we have this information. Sometimes we get extracts only from the trust – for example, who are the beneficiaries, trustees etc., [whether they're] in Jersey, Isle of Man etc."

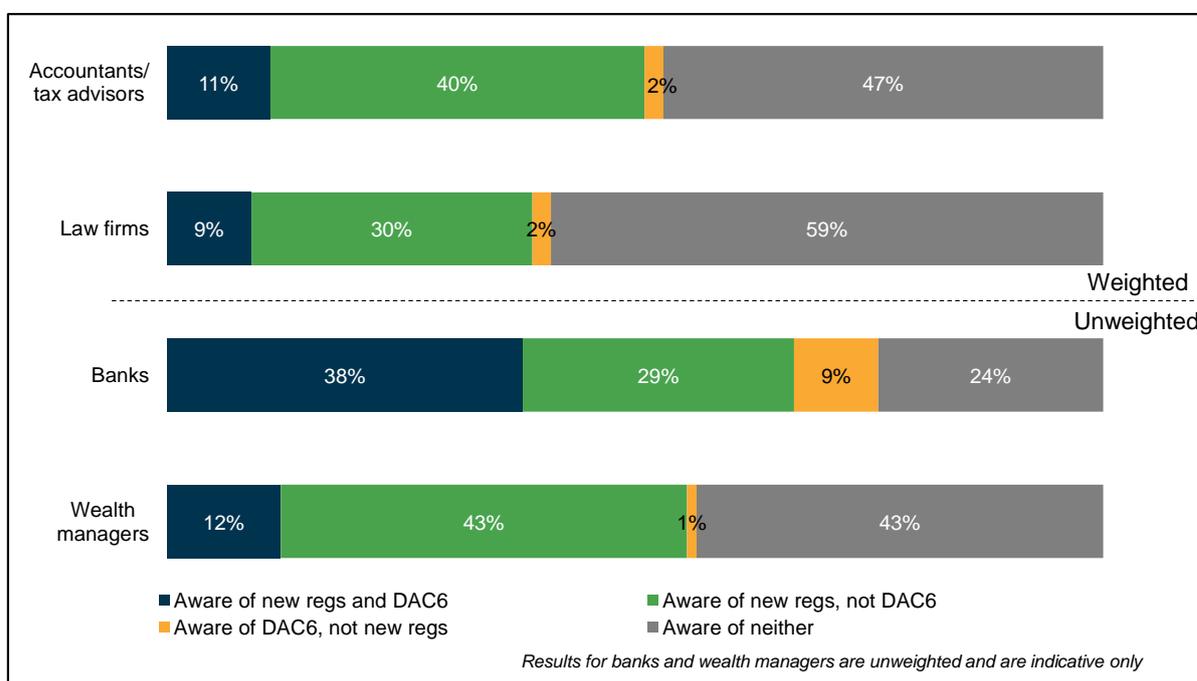
Wealth manager

5 Awareness of DAC6

Awareness of DAC6 and new UK regulations

- 5.1 In general, awareness of both DAC6 and the new UK regulations was low, although this varied between intermediaries. As shown in Figure 5.1, 59% of lawyers and 47% of accountants/tax advisers were unaware of new regulations including DAC6.
- 5.2 Larger law firms with more than 50 employees were more likely to have heard of DAC6 (19%) than smaller law firms with fewer than 50 employees (9%). Accountants with multi-national corporates as clients had higher levels of awareness of DAC6 (25%) than accountants with other individuals (8%) or other businesses (14%) as clients.
- 5.3 The banks surveyed illustrated a relatively high level of awareness of the new regulations and DAC6 (38%), whilst 43% of wealth managers were unaware of new regulations including DAC6 compared to only 24% of banks. Amongst wealth managers surveyed, there was also a greater awareness of the introduction of new UK regulations in general rather than specifically DAC6.

Figure 5.1 Awareness of DAC6 and new regulations by intermediary



Question B1 and B2 combined. B1: Are you aware that the government plans to implement a set of new regulations regarding cross-border arrangements? B2: Have you heard of DAC6? Base: All intermediaries: Accountants and tax advisers (428); Banks (45); Law firms (251); Wealth Management firms (74). Results for banks and wealth management firms are unweighted.

- 5.4 Low awareness of DAC6 was generally paired with a relatively superficial understanding, with many qualitative respondents having only high-level knowledge of the new regulations. Initial awareness of DAC6 came from professional publications, industry bodies, membership organisations, internal discussions, newsletters and emails. However, many intermediaries only had limited overview from Google searches or the gov.uk website.

“We don’t tend to pay too much attention unless it is immediately relevant so [we have] no detailed knowledge, just aware that there are some changes, but we would not be able to recite them”.

Accountant/Tax adviser

5.5 A few intermediaries had some misconceptions about DAC6, further indicating a lack of knowledge and engagement with the regulations. For example, one accountant/tax adviser believed that DAC6 was about different tax authorities or jurisdictions sharing information to do with intermediaries, and one bank thought that CRS had replaced DAC6.

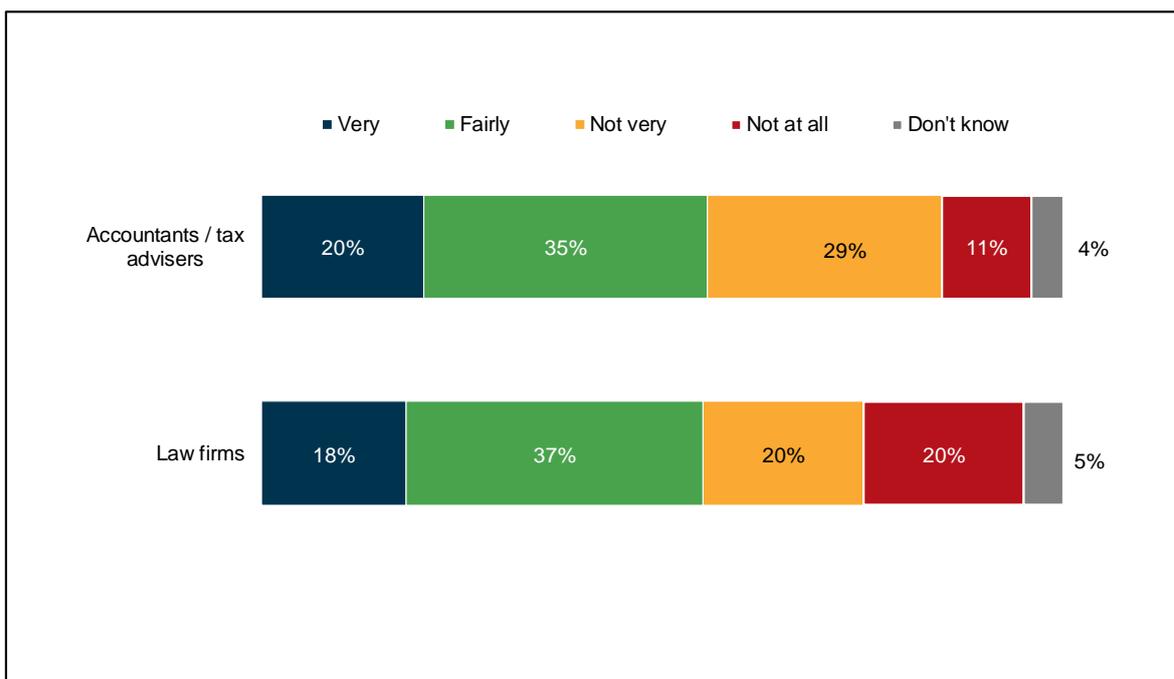
Confidence in what would constitute a reporting requirement

5.6 Respondents who were aware of DAC6 were asked further quantitative questions. As shown in Figure 5.2, a slight majority of these accountants (56%) and law firms (55%) were very or fairly confident in what constitutes a reporting requirement for DAC6.

5.7 Reflecting a lack of detailed knowledge about DAC6, four in ten accountants and lawyers who had heard of DAC6 were not confident in what would constitute a reporting requirement for DAC6. Lawyers (20%) were nearly twice as likely to say they are not at all confident in knowing what constitutes a reporting requirement than accountants (11%).

5.8 The base sizes for responses from banks (21) and wealth managers (10) are too low to report quantitatively (21), though most of those surveyed were very or fairly confident in what constitutes a reporting requirement for DAC6.

Figure 5.2 Confidence in what constitutes a reporting requirement under DAC6



Question B3: How confident are you that you are aware what may constitute a reporting requirement under DAC6?

Base: All intermediaries that heard of DAC6: Accountants and tax advisers (57); Lawfirms (34). Banks and wealth managers not shown due to low base sizes

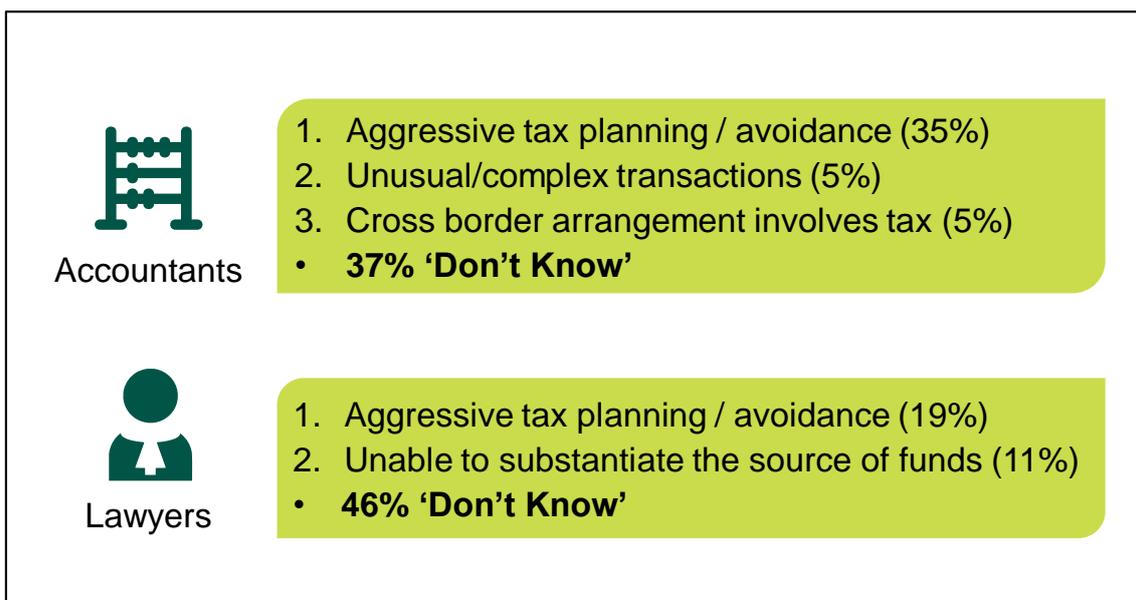
5.9 When those that were aware of DAC6 were asked for examples of what would constitute a reporting requirement, most were unsure with 46% of lawyers and 37% of accountants saying ‘don’t know’, again indicating a lack of certainty about DAC6 (see Figure 5.3). Correspondingly, many intermediaries qualitatively reported that more information was required on the hallmarks of DAC6 to help understand what constitutes a reporting requirement. Some were waiting for the outcome of the DAC6 consultation to inform their understanding.

5.10 Apart from being unsure of what would constitute a DAC6 reporting requirement, aggressive tax planning /avoidance was the most common example given with no prompting for both accountants (35%) and lawyers (19%) (see Figure 5.3). Suggestions of reporting requirements that came up qualitatively included:

- If more than one EU jurisdiction is involved in a structure or advising;
- A tax arrangement which is contrary to the intention of the tax law;
- An arrangement trying to hide the ownership of an asset; and
- Involvement with customers in zero percent jurisdictions.

5.11 Base sizes for banks (21) and wealth managers (10) on examples of what constitutes a reporting requirement are too low to report quantitatively.

Figure 5.3 Examples of what constitutes reporting requirements (spontaneous responses)



*Question B4: What do you believe may constitute a reporting requirement under DAC6?
 Base: All intermediaries that had heard of DAC6: Accountants and tax advisers (57); Law firms (34)
 Results not shown for banks and wealth managers due to low base sizes*

6 DAC6 impacts on the intermediary population and client behaviour

Impact on intermediaries

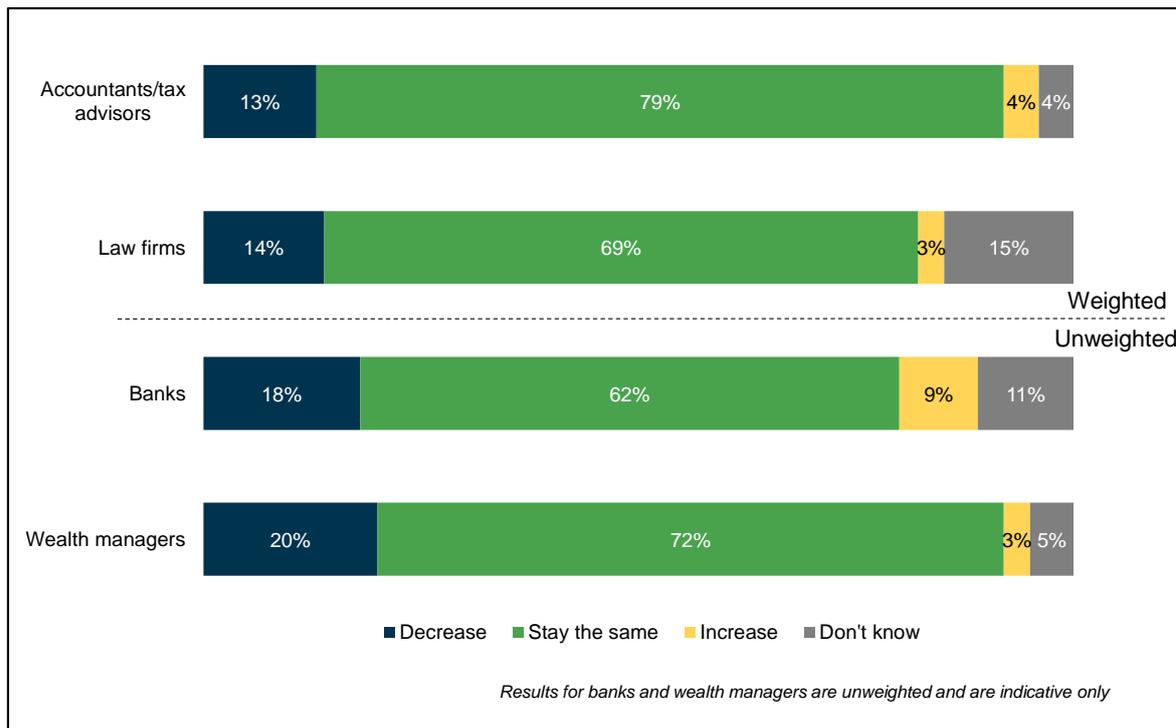
- 6.1 Of the intermediaries that were aware of DAC6, most reported that it had no impact on their organisation to date. This was unsurprising, given the lack of detailed awareness of DAC6 and what constitutes a reporting requirement. This was the case for 93% of accountants and 73% of lawyers.

“It hasn’t had a massive impact so far because we’ve been waiting to see what the rules are.”

Lawyer

- 6.2 Base sizes for banks (21) and wealth managers (10) are too low to report quantitatively, though most of these did not report any impact on their organisation to date.
- 6.3 For intermediaries that did report an impact of DAC6 so far, this included conducting reviews of current cross border arrangements, using third party advisers, looking into or researching DAC6 and introducing training to get people up to speed about DAC6.
- 6.4 Many intermediaries also did not expect DAC6 to have a large impact on them in the future. For example, 79% of accountants and 69% of law firms expected that 12 months after the introduction of DAC6, the number of cross border arrangements would stay the same (see Figure 6.1). Of the banks and wealth managers surveyed, 62% and 72% respectively expected the number of cross-border arrangements to stay the same, 12 months after the introduction of DAC6. Similarly, most qualitative respondents expected no change to the volume, frequency or types of arrangements they were involved in as a result of DAC6. However, some said they may stop taking on clients if their arrangements were likely to meet certain hallmarks.

Figure 6.1 Intermediaries' expectations of the change in number of cross border arrangements, 12 months after the introduction of DAC6



Question C2: In the first 12 months after DAC6 regulations are introduced at the end of 2019, do you expect the number of cross-border arrangements your organisation is involved with to...?

Base: All intermediaries: Accountants and tax advisers (428); Banks (45); Law firms (251); Wealth Management firms (74).

- 6.5 For accountants, the predictions about changes in cross border arrangements differed by the types of clients they had. Those with HNWI as clients were more likely to predict the number of cross border arrangements would stay the same (91%) compared to those with other clients – i.e. other individuals (81%), or any businesses (MNC and other) (77%).
- 6.6 Those who expected the number of cross-border arrangements to decrease were asked why they expected this outcome, with many reasons given that were not related to DAC6. Brexit implications were mentioned by both accountants (26%) and lawyers (18%). Some also mentioned that they would avoid cross-border work in the future (mentioned by 20% of accountants and 18% of lawyers), although this was not always solely related to DAC6.⁵ Furthermore, lawyers felt there would be less demand from their client base in the future for cross-border work, although again it was unclear whether this was solely down to the new regulations.
- 6.7 A relatively large proportion of accountants however, mentioned the regulations (15%) and hassle involved in staying compliant (14%) as reasons for the expected decrease in cross-border work. While lawyers were less likely to mention these reasons explicitly (6% mentioned regulations and none mentioned the hassle involved in staying compliant), other, similar

⁵ Results for banks and wealth managers are not shown due to low base sizes (8 and 15 respondents respectively), however similar reasons were mentioned by these two groups as to why they expected a decrease in cross-border arrangements in the 12 months after the regulations are introduced.

reasons were mentioned; for instance, 13% said their clients would use more arrangements in other countries where they can negotiate and trade more easily.

- 6.8 Qualitative respondents felt that DAC6 would not impact their cross-border arrangements due to the types of clients or transactions they were involved in, for example there was a general belief that commercial cross-border transactions would not be affected. A few referred specifically to the DAC6 hallmarks when discussing why they wouldn't be affected. There was also a perception that if arrangements weren't aggressive or controversial and tax reduction was not the main benefit, the regulations won't apply to them.

"The type of arrangements we get into are not aggressive, they are longstanding and have been accepted by HMRC."

Wealth Manager

"My initial thoughts are that it is nothing to do with us, because we don't indulge in aggressive tax planning...."

Accountant / tax adviser

- 6.9 There were some qualitative views of DAC6 potentially having a positive future impact on their business by reducing aggressive tax planning and pushing firms offering tax avoidance schemes out of the market. For example, one wealth manager felt the new regulations could be beneficial for their business if they gain more clients who were previously using riskier providers.

"It may squeeze more marginal operators out of the market - so more business may come our way given that there are many businesses offering high risk tax avoidance type policies - if they no longer can do it, people may come to us for a more conservative and measured investment approach so it may have a positive spin."

Wealth Manager

- 6.10 However, there were also some concerns about DAC6, for example that it may lead to more paperwork for innocent transactions and consequently become a financial and time burden on the business. There was also some concern about how consistently regulations would be applied across the EU and therefore whether it would be a level playing field.

"We will have to buy some sort of system, we will have to do training for all our staff, so it will have quite a cost."

Lawyer

"What we are trying to avoid is having to do massive amounts of disclosure on perfectly innocent transactions."

Wealth Manager

"For small firms like us it's just another thing we have to do and adds to a very long list."

Accountant/Tax adviser

Business readiness for DAC6

- 6.11 There was a general sense of confidence that intermediaries would be prepared for when DAC6 came in and this was partly due to the belief that the regulations wouldn't apply to them and would consequently have little impact on them. However, this wasn't always backed up with research into DAC6 or detailed understanding of the hallmarks. Some felt that the small scale of their cross-border arrangements would make any obligations manageable and others were planning to outsource it to external advisers. There were intermediaries that saw DAC6 as an extension to disclosures they were making for other regulatory purposes (e.g. Foreign Account Tax Compliance Act (FATCA) reporting) and therefore didn't expect it to need any additional preparation.
- 6.12 There were some intermediaries that mentioned that they were planning to put systems and processes in place (e.g. outlining how to identify a disclosure requirement, who is responsible for making the disclosure, etc.). This was the case for those with more awareness and active engagement with DAC6 (e.g. those who had attended seminars and spent time trying to understand the regulations) but they had not yet moved forward in terms of introducing systems, processes or training.
- 6.13 Others were unsure about how prepared they were because they were still waiting to see what the details of DAC6 were, and what their obligations would be.

"If it is not relevant why would I need to have anything in place? It can't be that onerous hopefully ... I would need to read DAC6 and see what the requirements are"

Accountant / tax adviser

Impact on clients

Intermediary engagement with clients

- 6.14 Most intermediaries had not yet engaged with clients due to their limited understanding of the implications of DAC6 and how it will be implemented. After gaining a better understanding of DAC6, some said they would send communications explaining the regulations to their clients (for example via email or bulletin on their website).
- 6.15 A few intermediaries were not planning to inform their clients for various reasons:
- They did not think their clients would be affected
 - One wealth manager was concerned about giving clients the wrong impression that they are involved in questionable arrangements
 - One lawyer did not believe their client would want or need to know – would leave it to 'professionals'

"It's more of an issue for the advisers rather than the clients."

Lawyer

Client queries

- 6.16 Very few intermediaries had received queries from clients about the potential impact about DAC6. Of those that were aware of DAC6, 86% of accountants and all of the law firms that responded (34), had not received any enquiries about the potential impact about DAC6 (or were unsure if they had done). For the small number of accountants that had received queries, these included general enquiries about what the regulations are.
- 6.17 The base sizes for banks and wealth managers who were aware of DAC6 are too low to report quantitatively (21 and 10 respectively), though the results indicate that none had received enquiries about DAC6.
- 6.18 None of the qualitative respondents had received enquiries about DAC6 and they speculated that this was because of a general lack of awareness of DAC6. Some suggested this was due to a lack of publicity around the regulations, that clients had engaged with other advisers instead or, less commonly, because clients did not expect to be affected. There was also a perception that some clients would be reactive and therefore only consider regulations when they were about to undertake a specific transaction.

“DAC6 will pass by most if not all people just because everyone will think “this [cross border arrangements] doesn't apply to me.”

Accountant/ tax adviser

“They won't be aware of it for a start and I would imagine the ones that are remotely aware of it have a perception that it is not going to affect them.”

Accountant/ tax adviser

- 6.19 However, some suggested clients would be ambivalent on the basis that there had been little reaction to other similar regulations being introduced:

“They seem to be quite ambivalent... when CRS was introduced, we didn't get any of our customer base who I thought would be jumping up and down about what we were reporting. We didn't see people closing accounts on the back of that which I thought we would.”

Bank

Expected impacts on client behaviour

- 6.20 Ultimately, most intermediaries expected no impact on tax planning behaviours because their own clients were not using aggressive structures anyway. This was reported to be the case for clients who were particularly risk averse and very careful not to draw negative attention to themselves regarding tax. One lawyer mentioned that multinational companies had already changed their tax planning behaviour due to the introduction of OECD BEPS and to avoid bad PR, suggesting that some clients may change their behaviour to avoid any bad press.

“They are absolutely terrified of any contact with HMRC in case they do something wrong. Their concerns would be “We are not doing anything wrong, are we?” because people in general don't want the attention...”

Accountant / tax adviser

“If our clients thought they were potentially crossing a boundary they wouldn’t want to go ahead with a transaction anyway. Most want to file their taxes and go to sleep at night. They pay us to not lead them into hot water.”

Lawyer

6.21 Some speculated that the potential impacts of DAC6 on client behaviour included other intermediaries’ clients stopping the use of structures that come under scrutiny, investing in real estate or moving capital outside of the UK. However, it was generally unknown what specific alternative behaviours clients could do, as one accountant mentioned that almost all tax-planning opportunities were cross-border.

7 Conclusions

Profile of the UK intermediary population involved in cross-border arrangements

- 7.1 Cross-border arrangements tend to make up a small, but not insignificant proportion of intermediaries' work, with involvement in these arrangements particularly high among banks. Each intermediary group, with the exception of banks, say their main role in these arrangements is to provide advice or assistance to clients. HNWI and MNCs make up the majority of the cross-border client base for banks and wealth management firms. While their prevalence is lower among accountants / tax advisers and law firms, those that have HNWI and MNC clients are more likely to be involved in a range of cross-border activities.

DAC6 and impact on tax planning

- 7.2 Intermediaries suggest that gaining a tax benefit is only a secondary consideration, rather than the primary motivator behind entering cross-border arrangements. Seeking a tax benefit is more common among HNWI than other individuals, with the former tending to be more financially-savvy and having a firm idea about specific arrangements they want to enter. In contrast, other individuals are more likely to use cross-border arrangements for personal or work reasons with the primary objective of being tax-compliant. Similarly, intermediaries suggest MNCs and other businesses enter such arrangements out of commercial necessity or ambitions to grow. Few intermediaries had received queries from clients about DAC6.

Awareness of DAC6 and impact on intermediaries

- 7.3 Awareness of DAC6 among intermediaries was low and even those who were aware had a fairly superficial overview of what the regulations were, and how they would be affected. Similarly, due to this lack of awareness and a perception their arrangements were not 'aggressive' in nature, few expressed deep concerns about the implications for their clients' tax affairs or expected changes in their behaviour as a result of DAC6. Consequently, most intermediaries expect no change in their involvement in cross-border arrangements following the implementation of DAC6.

8 Appendix A: Survey questionnaire

Disclosure of Cross-Border Arrangements

J10147

Date

Telephone

S Screener

ASK TELEPHONIST

S1 **Good morning / afternoon. My name is NAME and I'm calling from IFF Research on behalf of HM Revenue and Customs (HMRC).**

[IF CONTACT PROVIDED (HASCON=1): **Please can I speak to <CONTACT>?**]

[IF NO CONTACT PROVIDED: **Please can I speak to the person who has most responsibility in the organisation for ensuring compliance and / or reporting to tax authorities**]

[IF SMALL ORGANISATION AND NO CONTACT PROVIDED (<50 EMPS AND HASCON=2): PROMPT IF NECESSARY: **this could be owner, a managing director, or a financial director**]

[IF MEDIUM/LARGE ORGANISATION AND NO CONTACT PROVIDED (50+ EMPS AND HASCON=2): PROMPT IF NECESSARY: **this could be the Head of Tax Compliance, or Financial Director**

Transferred	1	CONTINUE
Hard appointment	2	MAKE APPOINTMENT
Soft Appointment	3	
Referral to head office		GO TO S2B
Engaged		CALL BACK
Refusal		CLOSE
Refusal – company policy		
Refusal – Taken part in recent survey		
Nobody at site able to answer questions		
Not available in deadline		

Fax Line		
No reply / Answer phone		
Residential Number		
Dead line		
Company closed		
Request reassurance email		COLLECT EMAIL ADDRESS THEN CONTINUE OR MAKE APPOINTMENT (SEE APPENDIX FOR EMAIL TEXT)

ASK ALL

S2 **Good morning / afternoon, my name is NAME, calling from IFF Research, an independent market research company. We’re conducting a survey on behalf of HMRC to understand more about businesses’ involvement in advising on international arrangements or providing services for international clients. We have been directed to you as the person most likely within the organisation to be able to answer questions about this. Your organisation’s contact details were obtained from [AUDIENCE=1-3: a commercial database.] [AUDIENCE=4: the FCA register.] Please note that all data will be reported anonymously, in strictest confidence and for research purposes only, and your answers will not be reported to HMRC in any way that would allow you to be identified.**

Would it be okay to run through this with you now? Depending on your answers the interview will take around 10-15 minutes to complete?

ADD IF NECESSARY: By international arrangements, we mean arrangements which concern either more than one EU country, or an EU country and a non-EU country where one of the following is true:

- **Participants in the arrangement are tax residents from different jurisdictions**
- **Participants are tax residents in more than one jurisdiction**
- **Participants are tax resident in one jurisdiction, but carry on a business in another jurisdiction, and the arrangement is part of the business in that other jurisdiction**
- **Participants conduct an activity in another jurisdiction without being a tax resident or creating a permanent establishment in that jurisdiction**
- **The arrangement has a possible impact on the identification of beneficial ownership or on the automatic exchange of information between tax authorities.**

Continue	1	CONTINUE
Referred to someone else at establishment NAME _____ PHONE NUMBER _____ JOB TITLE _____	2	TRANSFER AND RE-INTRODUCE
Organisation is not involved in cross-border arrangements in any capacity – INTERVIEWER NOTE, IF ORGANISATION DOES IT BUT NOT THEM PERSONALLY, USE TRANSFER OPTIONS		THANK AND CLOSE
Hard appointment		MAKE APPOINTMENT
Soft appointment		
Refusal		THANK AND CLOSE
Refusal – company policy		
Refusal – taken part in recent survey		
Not available in deadline		
Request reassurance email		COLLECT EMAIL ADDRESS THEN CONTINUE OR MAKE APPOINTMENT (SEE APPENDIX FOR EMAIL TEXT)

ASK ALL

S2a Before we begin, I just need to read out a quick statement based on GDPR legislation. I want to reassure you that all information collected will be treated in the strictest confidence, and that you have the right to have a copy of your data, change your data or withdraw from the research at any point. In order to guarantee this, and as part of our quality control procedures, all interviews are recorded automatically. Is that OK?

ADD IF NECESSARY: Results will be reported in the form of statistics and your responses will not be linked back to you. All names and contact details are deleted at the earliest opportunity – and no more than 12 months after the end of the project.

ADD IF NECESSARY: If you would like to find out any more information about IFF's GDPR policy, please visit <https://www.iffresearch.com/gdpr/>

Are you happy to continue with the survey?

Yes	1	CONTINUE
No	2	THANK AND CLOSE

ASK ALL

S3 That's great – just to check you're eligible for the research, can you confirm that your organisation currently acts as an intermediary in arrangements where...?

ADD IF NECESSARY: By intermediary we mean any organisation that is involved in advising on international arrangements or providing services for international clients

READ OUT. MULTICODE.

Participants in the arrangement are tax residents from different jurisdictions	1	CONTINUE
Participants are tax residents in more than one jurisdiction	2	CONTINUE
Participants are tax resident in one jurisdiction, but carry on a business in another jurisdiction, and the arrangement is part of the business in that other jurisdiction	3	CONTINUE
Participants conduct an activity in another jurisdiction without being a tax resident or creating a permanent establishment in that jurisdiction	4	CONTINUE
The arrangement has a possible impact on the identification of beneficial ownership or on the automatic exchange of information between tax authorities.	5	CONTINUE
None of the above	6	THANK AND CLOSE
DO NOT READ OUT: Don't know	7	THANK AND CLOSE

IF SELECTED 1-5: Thank you – based on these responses, and for the purpose of this research, we consider you to act as an intermediary in cross border arrangements

ASK ALL

S4 Approximately how many people work in your organisation across the UK as a whole - by that I mean both full-time and part-time employees on your payroll, as well as any working proprietors or owners, but excluding the self-employed, outside contractors or agency staff.

PROMPT IF NECESSARY. SINGLE CODE.

None (sole trader)	1	THANK AND
1 to 5	2	CONTINUE
6 to 9	3	
10 to 19	4	
20 to 29	5	
30 to 49	6	
50 to 99	7	
100 to 249	8	
250 or more	9	
Don't Know	10	THANK AND CLOSE
Refused	11	THANK AND CLOSE

That's great. From now on, when I talk about your staff, I am referring to those employees just mentioned.

S4DUM DUMMY VARIABLE, DO NOT ASK		
1-9 employees	1	S4=2-3
10-49 employees	2	S4=4-6
50-249 employees	3	S4=7-8
250+ employees	4	S4=9

ASK ALL

S5 **Are the headquarters of your organisation based in the UK?**
DO NOT READ OUT. SINGLE CODE.

Yes – Head Office is based within the UK	1
No – Head Office is based outside of the UK	2
Don't know	3

REASSURANCES TO USE IF NECESSARY

The interview will take around 10-15 minutes to complete.

Please note that all data will be reported in aggregate form and your answers will not be reported to our client in any way that would allow you to be identified.

Your data will be held securely at IFF; we are ISO27001 accredited for information security, and comply fully with GDPR. We are members of the Market Research Society and regulated by their code of conduct.

All names and contact details are deleted at the earliest opportunity – and no more than 12 months after the end of the project.

If you would like to find out any more information about IFF's GDPR policy, please visit <https://www.iffresearch.com/gdpr/>

If respondent wishes to confirm validity of survey or get more information about aims and objectives, they can call:

- **MRS: Market Research Society on 0800 975 9596**
- **IFF: 0207 250 3035**
- **HMRC: 03000 559262**

ASK ALL

S6 **And which of the following would you say best fits as a broad description of the principal role of your organisation?**

READ OUT. SINGLE CODE.

DS – ROTATE SO THAT SAMPLE SECTOR ALWAYS SHOWN FIRST

A bank	1	CONTINUE
Accountants or tax advisors	2	
A law firm	3	
A wealth management firm	4	
None of the above	5	CONTINUE TO S6CHK
DO NOT READ OUT: Don't know	6	

ASK IF NONE OF THE ABOVE OR DK (S6=5-6)

S6chk **Please be aware that this is only a broad description. Are you sure your business would not be categorised into any of these groups?**

INTERVIEWER – PROMPT WITH OPTIONS AGAIN IF NECESSARY:

- **A bank**
- **Accountants or tax advisors**
- **A law firm**
- **A wealth management firm**

READ OUT. SINGLE CODE.

DS – ROTATE SO THAT SAMPLE SECTOR ALWAYS SHOWN FIRST

Yes – none of the categories apply	1	THANK AND CLOSE
Mentions one of the categories	2	GO BACK TO S6

S6DUM DUMMY VARIABLE, DO NOT ASK

Same audience/sector as sample	1	AUDIENCE=A6 RESPONSE
Different audience/sector to sample	2	AUDIENCE≠A6 RESPONSE

A Involvement in cross-border arrangements

ASK ALL

- A1 **That's great. To start with, can you tell me which of the following best describes the capacity in which your organisation is involved in cross-border arrangements?**
READ OUT. MULTICODE.

You design the arrangements	1
You manage the arrangements – i.e. providing all or some of the facilities used to operate the arrangement	2
You market the arrangements	3
You provide advice or other assistance to end clients about these arrangements	4
Other (Please specify)	5
DO NOT READ OUT: Don't know	6

ASK ALL

- A2 **Roughly how many cross-border arrangements would you say your organisation is typically involved in, in any capacity, each year?**

ADD IF NECESSARY: **A rough estimate is fine**

ADD IF NECESSARY: **If only just started, please estimate how many you expect to be involved in over the year**

WRITE IN NUMBER		
Don't know	1	

DS – CODE INTEGERS ATA2 TO RANGES

IF DON'T KNOW (A2=CODE 1)

A2RAN **Is it roughly...?**

READ OUT. SINGLE CODE

1-9	1
10-49	2
50-99	3
100-249	4
250-499	5
500 -749	6
750-999	7
1000+	8
DO NOT PROMPT: None / 0	9
Don't know	10

IF SAY NO CROSS-BORDER ARRANGEMENTS AT A2 (A2=0)

A2chk **You previously told me your organisation is currently involved in cross-border tax arrangements but just said that your organisation is involved in 0 cross-border tax arrangements per year? Is this definitely correct?**

DO NOT READ OUT. SINGLE CODE.

Not involved in cross-border tax arrangements	1	THANKS AND CLOSE
Involved in cross-border arrangement – needs to correct per year figure	2	GO BACK TO A2

ASK ALL

A3 **Which of the following types of cross-border arrangements is your organisation involved with, in any capacity, as an intermediary?**

READ OUT. MULTICODE

Banking services	1
Tax Planning	2
Mergers and acquisitions	3
Foreign firms establishing presence in the UK	4

UK firms establishing a presence overseas	5
Trusts	6
Insurance	7
Investments and Funds	8
Anything else? (PLEASE SPECIFY)	9
Don't know	10

ASK ALL

A4 **Thinking about other countries involved in the cross-border arrangements where your organisation is an intermediary, are these...?**

READ OUT. SINGLE CODE.

PROMPT AS NECESSARY IF UNSURE WHICH COUNTRIES ARE IN THE EU:

The EU countries are Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK.

From the European Union (EU) only	1
From countries outside of the EU only	2
From countries inside and outside of the EU	3
DO NOT READ OUT: Don't know	4

A5 **QUESTION DELETED**

A6 **QUESTION DELETED**

ASK ALL

A7 **Over the past two years, has the number of cross-border arrangements your organisation has been involved with...?**

READ OUT. SINGLE CODE.

Significantly increased	1
Slightly increased	2
Stay the same	3
Slightly decreased	4
Significantly decreased	5
DO NOT READ OUT: Don't know	6

ASK ALL

A8 **Thinking about your annual turnover for the last financial year, roughly what proportion of this came from work involving cross-border arrangements?**

PROMPT IF NECESSARY. SINGLE CODE.

ADD IF NECESSARY: A rough estimate is fine

None	1
Some, but less than 10%	2
10-29%	3
30-49%	4
50-69%	5
70-89%	6
90-99%	7
All of it (100%)	8
Don't know	9

A9 QUESTION DELETED

ASK ALL

A10 **And thinking now about clients, could you provide an estimate of how many clients your organisation acts as an intermediary for cross-border arrangements?**

ADD IF NECESSARY: **A rough estimate is fine**

ADD IF NECESSARY: **By intermediary we mean any organisation that is involved in advising on international arrangements or providing services for international clients**

WRITE IN NUMBER		
Don't know	1	

DS – CODE INTEGERS AT A10 TO RANGES

IF DON'T KNOW (A10=CODE 1)

A10RAN **Is it roughly...?**

READ OUT. SINGLE CODE

1-2	1
3-4	2
5-9	3
10-49	4
50-99	5
100-249	6
250-499	7
500-999	8
1000+	9
Don't know	10

ASK ALL

A11 **Which of the following types of clients is your organisation an intermediary for in cross-border arrangements?**

READ OUT. MULTI CODE.

High Net Worth Individuals	1
Other individuals	2
Multi-national corporates	3
Other businesses or organisations	4
DO NOT READ OUT: Don't know	5

IF MORE THAN ONE CLIENT TYPE (>1 OPTION SELECTED FROM A11 CODES 1-4)

A12 **I'd now like you to tell me roughly what percentage of your organisation's clients that are involved in cross-border arrangements are in each of these groups.**

ADD IF NECESSARY: **Please be aware that the total will need to add to 100% but estimating the balance between the groups is fine**

DS – ONLY SHOW OPTIONS SELECTED AT A9. ENSURE TOTAL IS EQUAL TO 99 OR 100%.

	WRITE IN NUMBER
High Net Worth Individuals	–
Other individuals	–
Multi-national corporates	–
Other businesses or organisations	–

DS – A13 AND A14 TO BE ASKED IN A LOOP

ASK ALL WHO KNOW WHICH CLIENTS HAVE CROSS-BORDER ARRANGEMENTS (A11=1-4)

A13 **To what extent do you agree or disagree that [CLIENT TYPE FROM A11] enter cross-border arrangements to gain a tax benefit?**

Do you...?

READ OUT. SINGLE.

DS – ONLY SHOW OPTIONS SELECTED AT A11.

	Strongly disagree	Tend to disagree	Neither agree nor disagree	Tend to agree	Strongly agree	Don't Know
_1 High Net Worth Individuals	1	2	3	4	5	6
_2 Other individuals	1	2	3	4	5	6
_3 Multi-national corporates	1	2	3	4	5	6
_4 Other businesses or organisations	1	2	3	4	5	6

A14 QUESTION DELETED

B Awareness of regulations

ASK ALL

B1 Are you aware that the government plans to implement a set of new regulations regarding cross-border arrangements?

Yes	1
No	2
Don't know	3

ASK ALL

B2 Have you heard of DAC6?

Yes	1
No	2
Don't know	3

READ OUT TO ALL

The new EU Mandatory Disclosure rules, also known as DAC6, requires intermediaries to report certain cross-border arrangements to HMRC if they fall within one of several 'hallmarks' – these are characteristics identified as potentially indicative of aggressive tax-planning, where the main or expected benefit of the arrangement is a tax advantage.

ASK ALL AWARE OF DAC6 (B2=1)

B3 How confident are you that you are aware what may constitute a reporting requirement under DAC6?

READ OUT. SINGLE CODE.

Very confident	1
Fairly confident	2
Not very confident	3
Not confident at all	4
DO NOT READ OUT: Don't know	5

ASK ALL AWARE OF DAC6 (B2=1)

B4 What do you believe may constitute a reporting requirement under DAC6?

WRITE IN		
Don't know	1	

C Impacts of new regulations on clients

ASK ALL AWARE OF DAC6 (B2=1)

C1 What impact has DAC6 had on your organisation to date?

DO NOT READ OUT. MULTICODE.

INTERVIEWER NOTE – IF THEY ARE TURNING DOWN WORK, CHECK WHETHER THIS IS FROM NEW OR EXISTING CLIENTS AND CODE APPROPRIATELY

Had to introduce new systems in preparation for DAC6	1
Staff have spent extra time answering client enquiries about DAC6	2
Conducted reviews of our current cross-border arrangements	3
We have refused work from existing clients that involves certain cross-border arrangements	4
We are turning down work from new clients that involved certain cross-border arrangements	5

Other (PLEASE SPECIFY)	6
None / no impact	7
Don't know	8

ASK ALL

C2 In the first 12 months after DAC6 regulations are introduced at the end of 2019, do you expect the number of cross-border arrangements your organisation is involved with to...?

READ OUT. SINGLE CODE.

Significantly increase	1
Slightly increase	2
Stay the same	3
Slightly decrease	4
Significantly decrease	5
DO NOT READ OUT: Don't know	6

IF EXPECT NUMBER OF CROSS-BORDER ARRANGEMENTS TO DECREASE (C2=4/5)

C3 Why do you think there will be a decrease in the number of cross-border arrangements?

WRITE IN		
Don't know	1	

ASK IF AWARE OF DAC6 AND NOT MENTIONED CLIENT ENQUIRIES (B2=1 AND C1#2)

C4 Have any of your clients made any enquiries about the potential impact of DAC6?

Yes	1	
No	2	
Don't know	3	

IF YES (C1=2 OR C4=1)

C5 You mentioned your organisation receiving enquiries about DAC6 from clients. Roughly what proportion of your clients involved in cross-border arrangements have made enquiries about the potential impact of DAC6?

ADD IF NECESSARY: **A rough estimate is fine**

PROMPT IF NECESSARY. CODE TO RANGE.

Some, but less than 10%	1
10-29%	2
30-49%	3
50-69%	4
70-89%	5
90-99%	6
All of them (100%)	7
None	8
Don't know	9

IF YES (C1=2 OR C4=1)

C6 Which of the following types of clients have made enquiries about DAC6?
 READ OUT. MULTICODE.

High Net Worth Individuals	1
Other individuals	2
Multi-national corporates	3
Other businesses or organisations	4
DO NOT READ OUT: Don't know	5

IF YES (C1=2 OR C4=1)

C7 What are these enquiries typically about?

DO NOT READ OUT. MULTICODE.

Enquiries about whether they (the client) are involved in any cross-border arrangements	1
Advice on whether their cross-border arrangements are reportable to HMRC	2
Requests to be removed from cross-border arrangements	3
Seeking alternatives to cross-border arrangements	4
Seeking reassurances about their current cross-border arrangements	5
General enquiries about what the regulations are	6
General enquiries about the impact the regulations will have on their current cross-border arrangements	7
Other (SPECIFY)	8
Don't know	9

D Firmographics

Finally, I just have a few more questions I'd like to ask in order to classify your answers.

ASK ALL

D1 What, approximately, was the turnover of your business in your last financial year?

PROMPT IF NECESSARY. SINGLE CODE.

Up to £50,000	1
£50,001 to £85,000	2
£85,001 to £100,000	3
£100,001 to £250,000	4
£250,001 to £500,000	5
£500,001 to £1,000,000	6
£1,000,001 to £2,000,000	7
£2,000,001 to £5,000,000	8
£5,000,001 to £10,000,000	9
£10,000,001 to £25,000,000	10
Over £25,000,000	11
Don't Know	12
Refused	13

ASK ALL

D2 And how many years has this firm been trading? This includes under all ownerships and legal statuses.

PROMPT IF NECESSARY. SINGLE CODE.

Less than one year	1
1 year	2
2 years	3
3 years	4
4 years	5
5 years	6
6-10 years	7
11-20 years	8
More than 20 years	9
Don't know	10

D3 Which of the following best describes you or your business. Is it...?

READ OUT. SINGLE CODE.

A private limited company	1
A public limited company	2
A partnership	3
Non-profit making organisation / Charity	4
A sole proprietor	5

E Closing questions

ASK ALL

- E1 **We are coming towards the end of the survey. Thank you very much for taking the time to speak to us today. Would you be willing for us to call you back for:**
READ OUT. MULTICODE.

This particular study – if we need to clarify any of the information	1
Other research studies which may be relevant to you	2
Neither of these	3

IF CONSENT TO RECONTACT (E1=1-2)

- E2 **And could I just check, is [NUMBER] the best number to call you on?**

Yes	1
No - write in number	2

IF CONSENT TO RECONTACT (E1=1-2)

- E3 **As part of this study, we are also looking to conduct follow-up interviews to get a deeper understanding of your thoughts on the introduction of DAC6 and the potential impacts this will have for your own organisation as well as your clients. These interviews will be face-to-face, lasting up to an hour, and will take place in August and September 2019. Would it be okay for somebody to get in touch around that time to check if you're available to interview?**
READ OUT. SINGLE CODE

Yes	1
No	2

Name: RECORD DETAILS OF RESPONDENT WHO COMPLETED INTERVIEW	ALLOW REFUSED OPTION
Job title:	ALLOW REFUSED OPTION
Email address:	ALLOW REFUSED OPTION

Company postcode (for analysis purposes)	ALLOW REFUSED OPTION
--	----------------------

SAY TO ALL

Just to confirm, we'll be keeping your anonymised responses to the interview for analysis purposes and if you'd like a copy of your data, to change your data or for your data to be deleted then please get in contact with [REDACTED] at IFF Research on 020 7250 3035 or [REDACTED].

You also have a right to lodge a complaint with the Information Commissioners Office (ICO) and you can do so by calling their helpline on 0303 123 1113.

Yes	1	
-----	---	--

THANK RESPONDENT AND CLOSE INTERVIEW

Finally I would just like to confirm that this survey has been carried out under IFF instructions and within the rules of the MRS Code of Conduct. Thank you very much for your help today.

9 Appendix B: Qualitative topic guide

A Introduction (2-3 mins)

INTERVIEWER USE ONLY – RESEARCH OBJECTIVES

- Understand the profile of the UK intermediary population (i.e. accountants / tax advisors, banks, lawyers and wealth managers) and their clients in the context of cross border arrangements;
- Explore awareness of the regulations and the potential impact of the new regulations on the intermediary population.
- Explore the possible impact of the new regulations on tax planning and avoidance related activity, particularly amongst high-net worth individuals and multinational corporates;

Please note that these interviews are with respondents of the survey so please take a note of relevant survey responses (flagged throughout) prior to the interview

Introduction by the researcher:

- Name, work for IFF Research, a completely independent research company. We've been commissioned by HM Revenue & Customs (HMRC) to better understand more about businesses' involvement in advising on international arrangements or providing services for international clients. The interview should last around 60 minutes in total.
- **Reassurances:** IFF Research is an independent market research company, operating under the strict guidelines of the Market Research Society's Code of Conduct. We will not pass any of your details on to HMRC or any other companies. It will not be possible to identify any individual or individual company in the results that we report to HMRC and the answers you give will not be traced back to you. Participation is entirely voluntary and will have no impact on any current or future dealings with HMRC in any way. We'll be keeping your personal data for up to 6 months after the interview. If you'd like a copy of your data, to change your data, for your data to be deleted or to lodge a complaint, then please follow the process outlined on our webpage: www.iffresearch.com/gdpr/
- Check permission to record – just so I don't have to rely solely on taking notes. **ADD IF NECESSARY:** The recording will be stored on an encrypted area of our server at IFF and only the IFF researchers and IFF's in-house quality assurers will have access to it.
- At the end we will ask if you are happy to have an anonymised version of this transcript provided to HMRC – no obligation to agree, absolutely up to you.
- As a thank you for taking part, we will make a £40 donation to the charity of your choice. We will collect details of the charity at the end of the interview.

B Background to organisation (5 mins)

NOTE TO INTERVIEWER – PRIOR TO THE INTERVIEW PLEASE TAKE A NOTE OF THE FOLLOWING FOR REFERENCE

- Number of employees in the organisation (S4)
- Job title (E3)

ASK ALL

B1 We'd first like to know a little bit more about the organisation you work for?

PROBE BRIEFLY IN TERMS OF...

- Main activities of the company
- Your role/function within your organisation
- Ownership
- Size / scale
- Structure
- Geography (including in other countries/jurisdictions)

C Involvement in cross-border arrangements (10 mins)

NOTE TO INTERVIEWER – PRIOR TO THE INTERVIEW PLEASE TAKE A NOTE OF THE FOLLOWING FOR REFERENCE

- How organisation is involved in cross border arrangements (A1)
(design, manage, market, advice or any other assistance)
- Type of cross border arrangements involved in as an intermediary (e.g. tax planning) (A3)
- Whether these are countries inside or outside of the EU (A4)

ASK ALL

C1 In the survey we defined a cross border arrangement as international arrangements which concern either more than one EU country, or an EU country and a non-EU country where one of the following is true....

- **Participants in the arrangement are tax residents from different jurisdictions**
- **Participants are tax residents in more than one jurisdiction**
- **Participants are tax resident in one jurisdiction, but carry on a business in another jurisdiction, and the arrangement is part of the business in that other jurisdiction**

- **Participants conduct an activity in another jurisdiction without being a tax resident or creating a permanent establishment in that jurisdiction**
- **The arrangement has a possible impact on the identification of beneficial ownership or on the automatic exchange of information between tax authorities.**

INTERVIEWER – ENSURE EACH OF THE FOLLOWING ASKED

- **Is that how you would define a cross border arrangement?**
- **Are there any other types of arrangements or transactions you would think of as being cross-border?**

C2 You mentioned in the interview that the type of cross border arrangements you are involved in are typically [INSERT SURVEY RESPONSE FROM A3]. Can you tell me more about your company's role in these types of arrangements?

- What would a typical arrangement look like?
- What is your role specifically in these arrangements?
 - INTERVIEWER NOTE: ENSURE YOU COVER TYPES OF INVOLVEMENT MENTIONED AT A1 IN THE QUANT SURVEY
- IF NOT COVERED ALREADY: And what is your organisation's role in these arrangements?
 - INTERVIEWER NOTE: ENSURE YOU COVER TYPES OF INVOLVEMENT MENTIONED AT A1 IN THE QUANT SURVEY
 - PROBE: Who else is involved?
 - PROBE: Does your level of involvement vary?
- What countries do these arrangements typically involve?
 - INTERVIEWER NOTE: IF THEY SAY MANY COUNTRIES INVOLVED, ASK FOR A FEW OF THE MAIN EXAMPLES
 - PROBE How does this impact the type of arrangements made?
 - What factors are involved in deciding what countries are involved in an arrangement?
 - IF NEEDED, ASK – for example would a company come to you telling you it wanted to set up a subsidiary in a specific country, or would that be part of the development of the arrangement?

C3 Is there anything else your company does in relation to cross border arrangements?

C4 Are cross-border arrangements actively marketed to clients?

- IF YES:
 - To which types of clients?
 - How are they marketed?

- Are these the same types of arrangements or are they more bespoke arrangements that are marketed?
- IF NO:
 - How do you find/engage clients?

C5 What information do you hold, or keep on record in relation to cross-border arrangements?

PROBE

- What details do you keep about the client?
 - Where they are tax resident?
 - Other arrangements they are involved in?
 - Companies and trusts that they control?

- And details about the arrangement?
 - What the structure is?
 - What clients use it?
 - Possible tax impacts of the structure?
 - And how those tax impacts arise?

D Profile of clients (15 mins)

NOTE TO INTERVIEWER – PRIOR TO THE INTERVIEW PLEASE TAKE A NOTE OF THE FOLLOWING FOR REFERENCE

- Types of clients that are involved in cross border arrangements (i.e. high net worth individuals, other individuals, multi-national corporates, other businesses or organisations) (A11)
- The extent to which they agree that each client type they work with enter cross border arrangements to gain a tax benefit? (A13)

ASK ALL

D1 **In the survey, you mentioned that you were involved in cross border arrangements for [INSERT CLIENT TYPES FROM A11]. Is that correct?**

- Are there other types of clients you tend to work for in terms of cross border arrangement? What types?

PROBE AROUND EACH TYPE OF CLIENT MENTIONED IN SURVEY

IF CLIENTS ARE 'HIGH NET WORTH INDIVIDUALS'

D2 **Now thinking about High Net Worth individuals you work with on cross-border arrangements...**

- What would you consider to be a High Net Worth individual?
- How do they tend to become involved in cross-border arrangements?
 - To what extent do these clients actively seek out cross border arrangements vs. organisation suggesting them?
 - IF CLIENT SEEKS OUT: Can you tell me a bit about how these clients seek this type of arrangement? (e.g. do they already have an idea of what they want, or do they ask for general advice / ways to save tax?)
- How many have you worked with in the last year?
- Typical wealth of these clients?
- Any other characteristics demonstrated by this client type? (e.g. risk appetite)
- Are they generally UK-based, or based overseas?
 - Do they typically have tax residence in more than one jurisdiction?

IF CLIENTS ARE 'OTHER INDIVIDUALS'

D3 **Now thinking about other individuals that you work with on cross border arrangements who are not High Net Worth individuals...**

- How do they tend to become involved in cross-border arrangements?
 - To what extent do these clients actively seek out cross border arrangements vs. organisation suggesting them?
 - IF CLIENT SEEKS OUT: Can you tell me a bit about how these clients seek this type of arrangement? (e.g. do they already have an idea of what they want, or do they ask for general advice / ways to save tax?)
- How many have you worked with in the last year?
- Typical wealth of these clients?
- Any other characteristics demonstrated by this client type? (e.g. risk appetite)
- Are they generally UK-based, or based overseas?
 - Do they typically have tax residence in more than one jurisdiction?

IF CLIENTS ARE 'MULTI NATIONAL CORPORATES'

D4 **Now thinking about the multi-national corporates you work with?**

- How do they tend to become involved in cross-border arrangements?
 - To what extent do these clients actively seek out cross border arrangements vs. organisation suggesting them?
 - IF CLIENT SEEKS OUT: Can you tell me a bit about how these clients seek this type of arrangement? (e.g. do they already have an idea of what they want, or do they ask for general advice / ways to save tax?)
- What size are these businesses typically?
 - Typical turnover?
 - Typical number of employees?
- Any other traits demonstrated by this client type? (e.g. risk appetite)
- Are they generally UK-based, or based overseas?
 - INTERVIEWER NOTE: Check whether operate within multiple jurisdictions

IF CLIENTS ARE 'OTHER BUSINESSES AND ORGANISATIONS'

D5 **Now thinking about the other types of business and organisations you typically work with...**

- How do they tend to become involved in cross-border arrangements?
 - To what extent do these clients actively seek out cross border arrangements vs. organisation suggesting them?
 - IF CLIENT SEEKS OUT: Can you tell me a bit about how these clients seek this type of arrangement? (e.g. do they already have an idea of what they want, or do they ask for general advice / ways to save tax?)
- What size are these businesses typically?
 - Typical turnover?
 - Typical number of employees?

- Any other traits demonstrated by this client type? (e.g. risk appetite)
- Are they generally UK-based, or based overseas?
 - INTERVIEWER NOTE: Check whether operate within multiple jurisdictions

ASK ALL

D6 And what types of cross-border arrangements do you help each of these clients with?

- How does it vary by type of client?
- How does it vary within client type?
 - How many commonalities are there in the types of arrangements you help HNWI / Individuals / Corporates / businesses with?

D7 Why do your clients enter into cross-border arrangements?

- How does it vary by type of client?
- How does it vary within client type?
 - How many commonalities are there in the types of arrangements you help HNWI / Individuals / Corporates / businesses with?

D8 To what extent is tax a consideration in the set-up and arrangement of these cross-border arrangements?

- For which types of arrangements?
- For which clients?
- IF YES: What is the benefit to the client?
 - Monetary vs. other benefits?
- CHECK: Is tax the main consideration or not?

IF PARTICIPANT IS INVOLVED IN TAX PLANNING (FROM INTRO/SURVEY) BUT **NOT** TALKING ABOUT ARRANGEMENTS HAVING A TAX BENEFIT EXPLORE IN MORE DETAIL:

D9 You mentioned earlier some of the services you offer involve tax planning – would you define any of the cross border arrangements you assist with as a form of tax planning?

- Why? Why not?
 - For which types of arrangements?
 - For which clients?
 - IF YES: What is the financial benefit to the client?

E Awareness of regulations (10 mins)

NOTE TO INTERVIEWER – PRIOR TO THE INTERVIEW PLEASE TAKE A NOTE OF THE FOLLOWING FOR REFERENCE

- Awareness of new regulations regarding cross border arrangements (B1)
- Awareness of DAC6 (B2)
- Confidence in what constitutes a reporting requirement (B3)

IF AWARE OF NEW REGULATIONS (B1 SURVEY ANSWER=YES)

E1 In the survey you said you were aware that the government planned to implement a set of new regulations regarding cross border arrangements.

- How did you find out about them?
- Can you tell me what you know about the new regulations?

IF UNAWARE OF NEW REGULATIONS (B1 SURVEY ANSWER=NO/DK)

E2 In the survey you said you were unaware that the government is planning to implement a set of new regulations regarding cross border arrangements. Do you know more about the new regulations now?

IF YES

- How did you find out more about them?
- Can you tell me what you know about the new regulations?

IF AWARE OF DAC6 (B2 SURVEY ANSWER=YES)

E3 In the survey you said you were aware of DAC6. What is your understanding of DAC6?

- Where did you find out about it?
- What do you know about the reporting requirements under DAC6?
- How confident are you that you would be able to recognise what constitutes a reporting requirement under DAC6?
- Is there anything else you know about it?
- Is there anything else you would like to know about it?

IF UNAWARE OF DAC6 (B2 SURVEY ANSWER=NO DK)

E4 In the survey you said you were unaware of DAC6. Do you know more about DAC6 now?

IF YES

- Where did you find out about it?
- What would you consider to be a reporting requirement under DAC6?
- How confident are you that you would be able to recognise what constitutes a reporting requirement under DAC6?
- Is there anything else you know about it?
- Is there anything else you would like to know about it?

F Impact of DAC6 on intermediaries (10 mins)

NOTE TO INTERVIEWER – PRIOR TO THE INTERVIEW PLEASE TAKE A NOTE OF THE FOLLOWING FOR REFERENCE

- Awareness of DAC6 (B2)
- Impact on organisation to date (C1)

INTERVIEWER TO READ OUT

I'm going to tell you more about DAC6 so we can discuss it in more detail. The new EU Mandatory Disclosure rules, also known as DAC6, require intermediaries to report certain cross-border arrangements to HMRC if they fall within one of several 'hallmarks' – these are characteristics identified as potentially indicative of aggressive tax-planning, or where the main or expected benefit of the arrangement is a tax advantage.

F1 What are your initial thoughts on DAC6?

- Positive? Negative? What will it mean for you and your business?

F2 Has DAC6 had any impact on your business already?

IF YES

- In what way?
- Why? How?

PROBE AROUND

- Had to introduce new systems in preparation for DAC6
- Staff training
- Staff have spent extra time answering client enquiries about DAC6
- Conducting reviews of current cross-border arrangements
- Refusing work from existing clients that involves certain cross-border arrangements
- Turning down work from new clients that involved certain cross-border arrangements

- Do you think your business will be ready to meet the requirements of DAC6?
 - IF YES: Why?
 - IF NO: Are you planning to take any steps in the coming months to address this?

F3 Do you expect DAC6 to impact cross-border arrangements at your business in terms of...

- Volume?
IF YES
 - In what way?
 - Why?IF NO
 - Why not?
- Frequency?
IF YES
 - In what way?
 - Why?IF NO
 - Why not?
- Type of clients?
IF YES
 - In what way?
 - Why?IF NO
 - Why not?
- Countries involved?
IF YES
 - In what way?
 - Why?IF NO
 - Why not?

G Client awareness and impact (10 mins)

NOTE TO INTERVIEWER – PRIOR TO THE INTERVIEW PLEASE TAKE A NOTE OF THE FOLLOWING FOR REFERENCE

- Whether clients have made enquiries about the potential impact of DAC6 (C4)
- What proportion of clients have made enquiries (C5)

- What types of clients have made enquiries (C6)
- What are the enquiries typically about (C7)

ASK THOSE PREVIOUSLY AWARE OF DAC6 (B2 SURVEY ANSWER=YES)

G1 Have you engaged with clients to let them know about DAC6?

IF YES

- Is this all clients or just some?
 - Which types of clients?
- What have you shared with your clients?

ASK ALL

G2 Have any clients made any enquiries about the potential impact of DAC6?

INTERVIEWER NOTE – Although this is ‘ASK ALL’, it’s unlikely respondents will be unable to answer if they were completely unaware. If this becomes clear very quickly, move on to the next question

IF YES

- Is this all clients or just some?
 - Which types of clients?
- Roughly how many have made enquiries?
- What are the enquiries about?

PROBE AROUND:

- Whether the client is involved in cross border arrangements
 - Advice on whether their arrangements are reportable
 - Requests to be removed from cross border arrangements
 - Seeking alternatives to cross border arrangements
 - Seeking reassurances about current arrangements
 - General enquiries about what the regulations are
 - General enquiries about the impact the regulations will have on current arrangements
- How have you responded to them?
 - Do they have any other concerns?

ASK IF SOME OR ALL CLIENTS HAVE NOT MADE ENQUIRIES ABOUT DAC6

G3 Why do you think clients haven’t made enquiries about DAC6?

PROBE AROUND:

- Lack of awareness
- Lack of concern of how it will affect them
- Lack of perceived impact on them

IF PERCEIVED THAT CLIENTS ARE UNAWARE OF DAC6

G4 If clients are unaware of DAC6, do you think they will have queries about it when they learn about it?

- IF YES: What kind of queries might they have?
- Do you think they'll have any concerns when they learn more about it?
 - Why/why not?
- Do you think this will differ by type of client?

ASK ALL

G5 Do you think DAC6 will change any clients tax planning and behaviours?

- Why/why not?

IF YES

- How will they change their tax planning and behaviour?
- Will this differ by client type (e.g. HNWI, multi-national corporations etc.)
- Will they look for other tax planning opportunities? If yes, what?

IF ORGANISATION HAS AN IDEA OF WHAT IS REPORTABLE UNDER DAC6 (SEE QUAL E3 RESPONSE) AND THINKS CLIENTS WILL LOOK FOR OTHER TAX PLANNING OPPORTUNITIES

- Would clients find alternatives to arrangements normally reported under DAC6? If yes, what would the alternatives be?

H Closing questions (2-3 mins)

Thanks for your time today. Before we finish, do you have any other comments that you would like to add about what we've discussed today?

H1 Would you be willing for us to call you back regarding...?

This particular study – if we need to clarify any of the information	1	
Other research studies which may be relevant to you	2	
Neither of these	3	

H2 And can I just check which charity you would like the £40 donation paid to?

Charity name	
Address (if applicable)	
Description (if necessary)	

H3 Finally, would you be happy for us to pass a transcript of this interview to HMRC, on an anonymised basis, so with any identifiers removed?

Yes	
No	

THANK RESPONDENT AND CLOSE INTERVIEW

I declare that this survey has been carried out under IFF instructions and within the rules of the MRS Code of Conduct.		
Interviewer signature:	Date:	
Finish time:	Interview Length	Mins

“

IFF Research illuminates the world for organisations businesses and individuals helping them to make better-informed decisions.”

Our Values:

1. Being human first:

Whether employer or employee, client or collaborator, we are all humans first and foremost. Recognising this essential humanity is central to how we conduct our business, and how we lead our lives. We respect and accommodate each individual's way of thinking, working and communicating, mindful of the fact that each has their own story and means of telling it.

2. Impartiality and independence:

IFF is a research-led organisation which believes in letting the evidence do the talking. We don't undertake projects with a preconception of what "the answer" is, and we don't hide from the truths that research reveals. We are independent, in the research we conduct, of political flavour or dogma. We are open-minded, imaginative and intellectually rigorous.

3. Making a difference:

At IFF, we want to make a difference to the clients we work with, and we work with clients who share our ambition for positive change. We expect all IFF staff to take personal responsibility for everything they do at work, which should always be the best they can deliver.



5th Floor
St. Magnus House
3 Lower Thames Street
London
EC3R 6HD
Tel: +44(0)20 7250 3035
Website: iffresearch.com

Contact details: Rob Warren and Alistair Kuechel
Rob.Warren@IFFResearch.com
Alistair.Kuechel@IFFResearch.com