

PRESS RELEASE

Thousands of business at risk from Rangers Ruling

Accountancy firm Hentons is warning thousands of businesses in Yorkshire could face a bill from HM Revenue & Customs (HMRC) following a legal ruling against Rangers Football Club.

The taxman won a long-running battle with Rangers Football Club after the Supreme Court unanimously dismissed an appeal by the Club's liquidators.

The dispute, over the tax treatment of payments to players and staff, contributed the club's financial demise and subsequent relegation to the bottom tier of Scottish football in 2012.

The court ruled in favour of HMRC over Employee Benefit Trust (EBT) schemes. Between 2001 and 2009 around £50m was paid to Rangers employees through EBTs. The club treated the payments as loans, whereas HMRC contended they were taxable earnings.

The HMRC argue the Supreme Court decision shows EBT schemes "*simply do not work*".

Gary Clarkson, director of tax strategies at Hentons, said: "*Many businesses set up EBT to provide a tax efficient and legitimate way to reward employees. However, the scheme was also used by some firms as a vehicle to avoid tax, and this ruling will give HMRC the precedent to pursue billions in unpaid tax.*"

"If your business used an EBT it is important to seek advice from an accountant to understand if you are at risk and get professional support when dealing with the taxman."

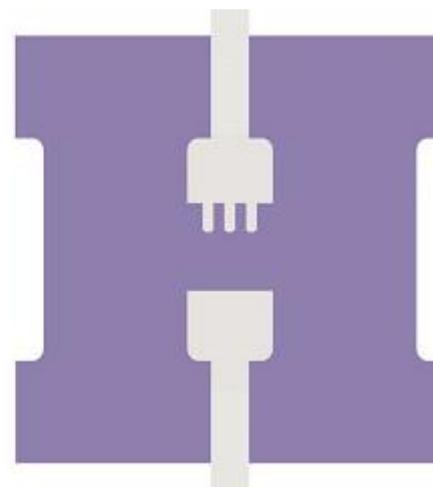
Hentons advise that any firm that receives a follower notice from the HMRC should immediately seek advice from an accountant.

The HMRC issues a follower notice if you have used a tax avoidance scheme that has similar arrangements to one that HMRC has successfully challenged in court. It asks you to settle your tax affairs with HMRC or pay a penalty.

Clarkson said: "*Business isn't powerless when faced with legal action with the taxman. Both sides need to meet stringent legal requirements. It's vital that taxpayers make sure HMRC fulfil their legal obligations and requirements. Professional support will ensure a more equitable process.*"

Mr Clarkson is an expert on tax issues having worked as an inspector of taxes with HMRC for over 20 years and now helps businesses and entrepreneurs with their tax affairs as director of tax strategies at Hentons.

Ends.



About Hentons

Hentons has clients ranging from medical professionals and property investors to manufacturers, academies and charities. It offers accounts, audit, business strategy and tax advisory services with a partner led approach for all clients.

For further information contact Nathan Lane on 07447 921654 or 0113 357125.

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