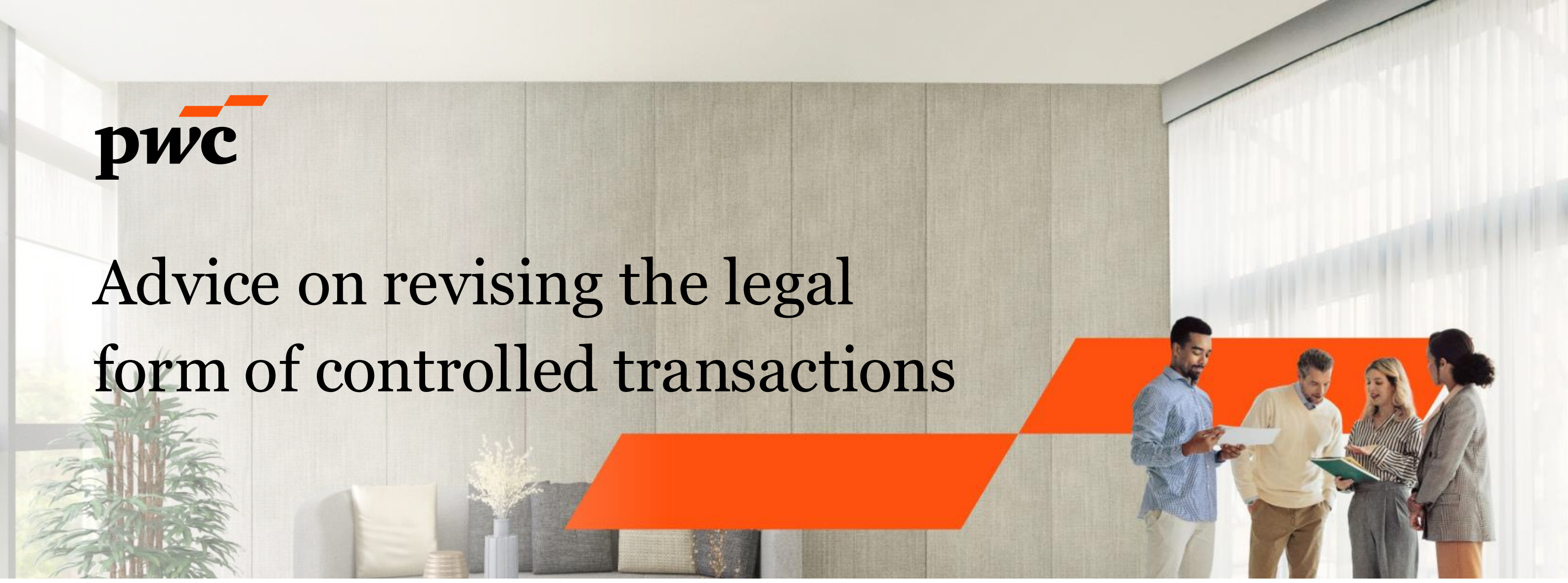

Advice on revising the legal form of controlled transactions

A key principle that gives the tax authority the power to analytically assess the amount of a tax charge under section 23(14) of the Taxes and Duties Act is the principle of substance over form, i.e. assessing the economic content and substance of a set of transactions, not only their legal form.

Our experience suggests, however, that the contract and its essential terms and conditions can play a decisive role in a dispute with the tax authority.

In the absence of written terms, the contractual relationship between the parties will be inferred from their behaviour and economic principles. The terms of a transaction can also be found in the correspondence and communication between the parties.

If there is a written contract, then its terms should expressly provide how the functions, responsibilities, risks and rewards are divided between the parties to the transaction.

How we can help you:

- Identifying potential risks associated with your written contracts.
- Finding the most appropriate and efficient solutions.
- Revising the legal form of your controlled transactions.

How you benefit:

- Clearly stated terms of business in the contract mean fewer inherent risks.
- You are aware of your company’s actual profit margins in transactions with particular suppliers.
- Support from leading industry tax and legal experts sharing their knowledge and experience.

Contacts

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