

THE TAX RAIDERS. By NIGEL TUTT. [London: Financial Training Publications Ltd. 1985. x + 349 pp. Hardcover: £10.95]

*THE Tax Raiders* (formerly titled *The Tax Busters*), is a detailed account of the rise and fall of the house of Rossminster, perhaps the biggest and best known British tax avoidance specialists ever. Tax evasion, the underdeclaration or concealment of income or gains (in the case of capital gains) is illegal and attracts severe criminal sanctions including jail sentences and fines equal to a multiple of the tax underpaid. Tax avoidance, in contrast, is legal. Basically it consists

of structuring one's affairs in such a way as to reduce the tax payable. Needless to say, in many complicated business transactions, it may be quite difficult to differentiate tax avoidance from tax evasion.

The story of the founders of Rossminster, Roy Tucker and Ron Plummer, both accountants, is sketched out, starting with the early years of their respective careers in the commercial and accounting fields. The book then moves on to describe their increasing interest in tax schemes, and how they started developing their own tax avoidance schemes. Later on, their schemes are mass produced : the documents for each scheme are prepared in advance with blanks to be filled in with the names of those wishing to take advantage of the schemes. These are so successful that agents are employed to market them as top show business names and international companies are attracted to them like iron filings to magnets.

The book does not neglect the opponents of tax avoiders, the Inland Revenue. The structure of this department as well as the training of the tax inspectors is covered in some detail. The lives of various key figures in this department are also sketched out.

The battle between tax avoiders and the Revenue is traced, from the early days when the battles were conducted according to gentlemanly rules, to the later change of attitude when avoidance is regarded as something morally abhorrent. A sort of cycle begins to develop: tax avoiders find loopholes in the law and start to make use of them, Parliament changes the laws, tax avoiders find new loopholes, and so on. However, Parliament decides to toughen its stand against tax avoiders by passing retrospective legislation which results in some tax avoidance schemes being *ex post facto* nullified. The tax avoidance battle finally culminates when the Revenue convinces a judge that fraud by the Rossminster group is strongly suspected. Warrants to search and seize are issued and the Revenue inspectors together with the police descend at the unearthly hour of 7 a.m. at the houses of the top echelons of the Rossminster group.

In spite of the use of such a power, after years of investigation, the Revenue is unable to prove criminal fraud. But the adverse publicity resulting from the raids has shattered the reputation of the Rossminster group. As a result, the Revenue is sued for substantial damages as well as punitive damages for trespass in respect of the dawn raids. At the time of the book's publication, the suit had not come to trial and thus no further information is available.

Although the author of this book, who is the finance editor of *Accountancy Age*, is an accountant by training, he covers the legal aspects rather well. This book does not neglect the case law facets of tax avoidance. It covers the courts' initial attitude towards tax avoidance in the *Duke of Westminster* case all the way to the change of attitude as found in recent House of Lords rulings in the recent *Furniss* and *Ramsay* cases where preordained series of transactions have been declared to be without fiscal effect. Small interesting tidbits of information are also provided along the way, for example, the story is told of how one of the Revenue teams involved in the raids on Rossminster, after seizing a sack full of documents, returned to where their car had been parked, only to find that it had been towed away.

Although the book is written in a narrative form, it is not always easy to read. This is due to two reasons, namely the complexity of English tax law, and the complexity of transactions entered into. However, the author could have assisted the reader by providing diagrams of transactions. The book does contain some interesting appendices covering (i) the tax avoidance schemes entered into, the tax at stake and customers involved and also the legislative plugging of the loophole, (ii) the result of the various tax avoidance schemes in court and (iii) the profits of the main Rossminster companies and their profits during various accounting periods.

Although this book tells the story of tax avoidance on a large scale, it is not a guide to do-it-yourself tax avoidance. As expected, certain schemes carried out by the Rossminster group are not possible in Singapore due to the different tax structure; for example, Singapore does not allow a holding company to offset against its accumulated losses the dividends it receives out of the pre-acquisition profits of its subsidiaries, while in the United Kingdom, the Rossminster group managed to avoid tax using this method. Still it provides an interesting and informative account of tax avoidance as well as warning tax lawyers and accountants about the dangers of trying too hard to beat the system.

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