



## UK Indirect Tax Litigation

**European Court of Justice Firm of the Year, 2008 – International Tax Review**  
**European Tax Litigation Firm of the Year, 2007 – International Tax Review**  
**Tax Team of the Year, 2006 – Legal Business Awards**  
**International Tax Review Editors' Award, 2006**

Indirect taxes are an ever-growing constituent of national revenue. VAT represents the single largest tax on business. It currently brings in over £70 billion per annum (more than double the amount of corporation tax). In total, indirect taxes (VAT, excise duty, insurance premium tax and sundry others) generate more than £120 billion per annum for the Exchequer.

Not content with this, the Treasury has identified a sizeable "VAT gap" representing the amount by which VAT revenues are below what they "ought" to be. This "gap" is alleged to be the result of tax avoidance, tax evasion and poor compliance. Stamping down on all of these is a high priority for the tax authorities (now the merged Her Majesty's Revenue & Customs). This is demonstrated by a more aggressive posture taken towards taxpayers, examples of which include:

- HMRC are less willing to give binding rulings in advance to taxpayers for fear that the rulings will be "abused" in the service of tax planning
- HMRC are more willing to litigate and to appeal decisions that they do not like
- HMRC are seeking to reopen recent agreements with taxpayers on matters such as the recovery of VAT and replace them with terms less favourable

In the current climate, it is more important than ever that businesses know their entitlements and can mount effective challenges to HMRC. This is the service that we provide at Dorsey. We have one of the most experienced and successful indirect tax legal teams in the UK. Our lawyers have acted for many clients, from local authorities to some of the largest global companies. We provide representation at all levels of the judicial

system from the VAT Tribunal to the House of Lords and the European Court of Justice, including acting as advocates. Our lawyers are regular speakers at tax conferences and write articles for the tax press. As well as possessing an in-depth and comprehensive knowledge of the law and practice relating to VAT and other indirect taxes, we are fully acquainted with the organisation and relevant personnel in HMRC.

We see litigation against HMRC as a last resort and always seek to resolve disputes without the need to initiate proceedings. This ensures a speedier and less costly outcome for clients and can be beneficial to a good working relationship with the tax authority. On several recent occasions, we have secured multi-million pound repayments for clients without the need to go to court, by careful and thorough

preparation, and the ability to access the right people in HMRC in the right way to achieve favourable results.

As part of Dorsey, we have access to the resources of our outstanding litigation department (nominated by The Lawyer as 2005 Litigation Team of the Year) so we are able to manage the largest cases and the paperwork associated with them in a skilful and efficient as well as cost-effective manner.

In the current climate, it is advisable to review each and every decision from HMRC that could lead to a larger tax bill. A strongly argued challenge at the earliest opportunity can save considerable sums for your business and may avoid the need for protracted litigation. A firm and clear stance taken on one issue can make HMRC think twice before attacking your business on another front.



## CONTACTS

**Michael Anderson**  
Special Counsel  
+44 (0)20 7826 4593  
[anderson.michael@dorsey.com](mailto:anderson.michael@dorsey.com)

**Paul Farmer**  
Barrister, Of Counsel  
+44 (0)20 7826 4501  
[farmer.paul@dorsey.com](mailto:farmer.paul@dorsey.com)

**Gaynor Dunmall**  
Associate  
+44 (0)20 7826 4537  
[dunmall.gaynor@dorsey.com](mailto:dunmall.gaynor@dorsey.com)

**Savina Kanagasabay**  
Associate  
+44 (0)20 7826 4562  
[kanagasabay.savina@dorsey.com](mailto:kanagasabay.savina@dorsey.com)

## OFFICES

**London**  
21 Wilson Street  
London EC2M 2TD  
Tel +44 (0)20 7588 0800  
Fax +44 (0)20 7588 0555