



## PRESS RELEASE

### For immediate release

## AILO INSTRUMENTAL IN CHANGES TO DOTAS

The Association of International Life Offices (AILO), through Brendan Harper, chair of AILO's Taxation Committee, has played a significant role in the discussions about the UK Disclosure of Tax Avoidance Schemes ("DOTAS") regulations with HMRC, an important part of HMRC's armoury in countering what it sees as aggressive tax avoidance.

The DOTAS rules cover all direct taxes, and require promoters of a scheme or product bearing one or more "hallmarks" to register it with HMRC, who may issue it a scheme reference number ("SRN"). Any taxpayer who uses the scheme also needs to register with HMRC.

Over the years, more arrangements have been brought into DOTAS including those designed to mitigate Inheritance Tax ("IHT"). To date, AILO, along with other industry bodies, has managed to keep commonly used IHT planning products marketed by insurers - including Loan Trusts, Reversionary Interest Trusts and Discounted Gift Trusts - out of DOTAS.

Since 2015, HMRC has been consulting on a proposed expansion of the DOTAS hallmarks in relation to IHT, which would catch these arrangements. The AILO Taxation Committee has been a key stakeholder throughout that consultation, representing the interests of AILO Members and their clients. On 1 April 2018 the Inheritance Tax Avoidance Schemes (Prescribed Descriptions of Arrangements) Regulations 2017 came into effect.

These regulations contain new hallmarks that are broad enough to cover insurance based products. Following consultation, AILO has secured a limited form of "grandfathering". The regulations state that certain arrangements are excepted from the new provisions if they:

- Implement a proposal which has been implemented by related arrangements; and
- Are substantially the same as the related arrangements.

*Continued overleaf*

Secretariat: Level 21, Bastion Tower, 5 Place du Champs de Mars B-1050 Brussels  
Telephone: 32 – 20 550 34 11      Telefax: 32 – 20 550 34 18  
e-mail: [secretariat@ailo.org](mailto:secretariat@ailo.org)      website: [www.ailo.org](http://www.ailo.org)

*Registered Address 1st Floor, Tudor House, Le Bordage, St Peter Port, Guernsey, GY1 1DB, Channel Islands*

“Related arrangements” are those that:

- Were entered into before 1 April 2018; and
- At the time they were entered into, accorded with established practice of which HMRC had indicated its acceptance.

Commenting on the outcome of AILO’s negotiations, Bob Pain, AILO Chairman, said: “This is an excellent example of how AILO supports its Members and the wider industry. By discussing the impact of the proposed new regulations at a granular level, AILO has helped to avoid the unintended consequences that could otherwise have affected existing, legitimate products.”

The AILO Taxation Committee has reviewed, and given feedback on, the draft guidance to ensure that existing products are excluded from the new regulations. It is important to note, however, that where a new scheme is introduced, or an existing scheme is amended, it is likely that it would be, at the very least, notifiable under DOTAS.

By way of example: Company A has marketed a Discounted Gift Trust for several years, and has customers who have used the product. It is a scheme of the type that has been covered by previously published HMRC guidance. This scheme will be grandfathered and is not notifiable.

Company B, on the other hand, has never marketed such a scheme, but now proposes to launch one, with a proposed launch date of 1 June 2018. As this is a new arrangement, Company B must notify HMRC under the new DOTAS provisions.

- End -

---

## Notes for Editors

1. AILO has been the main trade body for the cross-border insurance industry since 1987 and continues to strive to represent the interests of this niche sector. AILO’s Member companies offer multi-currency, tax-efficient life assurance products aimed at the international policyholder and medium to high net worth clients whose needs cannot be fully met by their domestic providers. AILO aims to promote the cross-border life industry and to encourage professionalism and high standards amongst its Members through the provision of market, regulatory and taxation information. It also represents its Members’ interests through liaison with the EU Commission, relevant country governmental bodies, regulators, and local and international trade associations.

Secretariat: Level 21, Bastion Tower, 5 Place du Champs de Mars B-1050 Brussels  
Telephone: 32 – 20 550 34 11      Telefax: 32 – 20 550 34 18  
e-mail: [secretariat@ailo.org](mailto:secretariat@ailo.org)      website: [www.ailo.org](http://www.ailo.org)

*Registered Address 1st Floor, Tudor House, Le Bordage, St Peter Port, Guernsey, GY1 1DB, Channel Islands*

2. AILO's membership comprises a number of independent insurers and also members of leading European and international groups based in Europe. A list of AILO's current membership can be found on its website at [www.ailo.org](http://www.ailo.org).
3. A photograph of Brendan Harper, Chair of the AILO Taxation Committee, accompanies this release.

**For further information on this release please contact:**

Brendan Harper, Chair, AILO Taxation Committee on:

Tel: +44 1624 821289

Email: [brendan.harper@fpiom.com](mailto:brendan.harper@fpiom.com)

Dated 12 April 2018

Secretariat: Level 21, Bastion Tower, 5 Place du Champs de Mars B-1050 Brussels  
Telephone: 32 – 20 550 34 11                      Telefax: 32 – 20 550 34 18  
e-mail: [secretariat@ailo.org](mailto:secretariat@ailo.org)      website: [www.ailo.org](http://www.ailo.org)

*Registered Address 1st Floor, Tudor House, Le Bordage, St Peter Port, Guernsey, GY1 1DB, Channel Islands*