



Robert Venables Q.C.

London

Bozena Hillyer
HMIT
Specialist Investigations
7th Floor the Triad
Stanley Road
Bootle
Merseyside L75 2EE

Your ref: SC12/02/194 162/BH

My ref: C:\REV\Enq 2011\110408 to.wpd

8TH April 2011

Dear Bozena Hillyer

I refer to your letter of January 2011 addressed simply to "Robert Venables", which did eventually reach [REDACTED]. The post there can be very erratic, with letters being delivered late, mis-delivered and in some cases not being delivered at all. But then we are in 2011 and not 1911, when the post, like so much in the public administration, worked so much better.

I am sorry for the delay in replying, which has been partly because I have been preoccupied with many others matters, professional and domestic, in the interval and partly because I wanted carefully to consider how to respond to your letter, especially on what I might term the wider point.

This is in the nature of a preliminary rather than a full reply to your letter, given that you are obviously concerned not to have heard from me already.

First, as to the historic enquiries into certain of my self-assessment returns. These relate to some considerable time ago. My recollection is that the Revenue had two concerns

deductibility of interest paid on a qualifying loan for a period of more than one year and

set-off against general income of losses realised on the disposal of relevant discounted securities.

I recollect that the Revenue were on a "fishing expedition" and never got so far even as articulating why they considered, if indeed they did, that the deductions which I had claimed might not be available.

I note that in each case the Revenue procured changes in the law as for the future, but those changes did not affect my returns in question. Interest paid on a qualifying loan is not now deductible in the year of payment in so far as it relates to a period of more than one year while set-off against general income of losses realised on the disposal of relevant discounted securities. losses is no longer generally available.

In the absence of any correspondence from the Revenue on these enquiries for some years, I had assumed, if I thought about the matter at all, that the Revenue had concluded that the changes in the law had indeed been necessary because the deductions and set-offs which I had claimed had in fact been due.

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My recollection is that, although formal enquiries were opened for some later years, it was made clear that this was simply to protect the Revenue in case the same points arose in those later years as in the earlier years and that the scope of the enquiries would be limited to those points. My recollection is that those points had not arisen in those later years, so I was again not surprised to have heard nothing further about them.

I would be grateful if you would kindly provide me with copies of the relevant correspondence as I am unable to locate it after all this time.

If you are, despite the changes in the law, for some reason still persisting with claims that the deductions were not due, I consider it is only proper that you tell me *why*, as a matter of law. I would then be in a position to see if I considered there was anything in your claim and respond appropriately. It is not, with respect, good administrative practice, simply to harass taxpayers without setting out the grounds of your concerns in a way which is adequate enough to enable the taxpayer to respond.

It is true that my personal tax returns are not up to date in that the returns for 08/09 and 09/10 are overdue. This is one matter amongst many with which I need to deal and would like to do so as soon as the many pressures on me ease. However, I have always aimed to ensure that the correct amount of income tax was paid more or less on time and have, I recall, around the end of each January, made further payments on account of income tax to ensure that I had not underpaid, even though this resulted in the Revenue having the use (for a non-commercial return in the shape of repayment supplement) of money which I might have more profitably retained.

However, I note that this is not a matter to which you refer in your letter.

It is the wider point in your letter which, of course, causes me most concern. While I may have misinterpreted your letter - and I hope that I have - you appear to be making an allegation amounting to one of fraud or dishonesty on my part and to be doing so on nothing more than mere speculation. Such an allegation is a very serious one, no matter against whom it is made. It is certainly no less serious for being made against someone in my position.

In my profession, making such an allegation without sufficient evidence to found a *prima facie* case would be regarded as a serious breach of professional duty. While I appreciate that you personally may not be bound by the code of conduct of any profession, you must surely be aware that the highest standards are expected of Revenue officials, as has been stated by the House of Lords (acting in its judicial capacity) in recent years. Taxpayers are the persons who pay for everything the government spends, spends, spends. We are not to be treated as criminals unless and until there is strong enough evidence to suggest that we might well be. Mere speculation, suspicion or even wishful thinking is not enough.

I am now an old man. I recall that, when I was a young man, such a letter would never have been written by an Inspector of Taxes. Even if he had his suspicions that taxable income had been deliberately under-declared, he would have written in measured tones pointing out the reasons for his concerns that returns might not be accurate and inviting a response. He would have followed the principles of natural justice, applicable no less in the area of administrative law to which Revenue officials are subject, and given the taxpayer a right to be heard before making serious allegations against him.

I like to consider myself a person of more than average fortitude in dealing with over-zealous

civil servants. I have asked myself what the effect of such a letter would have been on a less robust person. I shudder to think.

For my part, even if I had a suspicion that the motive for your letter was not simply to ensure that unpaid tax which was bona fide thought to be due from me was collected but some "bye and sinister object" which rendered it an abuse of the Revenue powers of investigation invoked, I would certainly not articulate that suspicion unless and until I had ample evidence of it.

I might add that it was particularly unfortunate that you sent a copy of your letter to [REDACTED] an address which I have never given for correspondence with the Revenue (apart from Council Tax relating to that property). It arrived in what appears to be a standard brown envelope with indications in small print that it was from the Revenue and that it was "private". Apart from that, it was not marked "Strictly Private and Confidential" or "For the Personal Attention of the Addressee Only". Nowadays, so many communications are marked "private" which contain nothing more than advertising material, the aim being to ensure they are not opened by a confidential secretary or P/A and binned before reaching the intended recipient. I am sorry to have to say that your copy letter was opened by another and the contents read. Avidly. That should not have happened, but it did. And it has caused me considerable embarrassment. Like me, the unauthorised reader of the letter read the contents as an allegation that I had been "lying to the Revenue". I would therefore be grateful if you would kindly address communications in future to [REDACTED].

It is not for me to give you legal advice on the law of libel. However, you ought to be aware that, even if publication of defamatory material might be privileged or otherwise not be actionable if made to one person, if it is communicated to a third party any such defence might be lost. You should perhaps consider, in your own personal interests, whether you ought not to express your letters to taxpayers in more moderate language, in case that should happen.

I do not have any detailed knowledge of the law relating to Revenue back-duty enquiries. I am unaware of any specific statutory provision which forms the basis of an Code of Practice 8 enquiry. I am thus in no position to comment on whether such an enquiry is in order in the present case. Given that I am concerned to rebut any allegation of dishonesty, I shall assume for the moment that it is. However, I reserve my position on that point.

You appear to be aware, as it indeed the case, that there is a number of trusts and companies with which I am connected or associated,¹ directly or indirectly. There are also three partnerships of which I am a member, although it is only from one of these, the RVQC Partnership, that either I or any trust of which I am a beneficiary have for several years derived any financial benefit. (The Key Haven Partnership has very little income and the RPP Partnership has had no income for several years.)

I can only conclude that you are unaware that, quite apart from the income tax which is due from me personally, such trusts and companies have between them for some years been paying, annual total amounts of income tax and corporation tax which, taking one year with another, amount to hundreds of thousands of pounds per annum. If you had been aware of that, I can only think you would less surprised at the apparent discrepancy between my declared income and the unspecified evidence you believe you hold that my income is indeed greater than would appear from my tax

¹ I am not using these words in any technical tax meaning.

returns.

You also appear not to bear in mind that cash flows are a very different thing from taxable income. When, for example, I bought [REDACTED] in 2004, the vast bulk of the purchase price was raised on mortgage - borrowing was so much easier in those heady days. While it may sound an imposing house, I recollect it cost only a little under £2,600,000, on which I paid stamp duty land tax of over £100,000 - less than the cost of a very modest house in central London. I was borne in 1947 and was fortunate enough to get on the property ladder at an early stage. My first home - a 50% share bought with a 100% mortgage - cost around £8,000. Over the years, I traded up and now my principal private residence, [REDACTED], is worth many millions. (I have little in the way of formal pension - I believe my total pension pot is worth less than £500,000 - and I cannot look to the State to provide me with lucrative pension, underwritten by taxpayers. Instead, what money I had has gone into real property.) I have used this asset from time to time as security for borrowings which I intend to repay on sale of the residence at some future stage. I recollect that as late as December 2008 I raised further loans totalling £560,000 on the security of this property.

I also made what was in reality a considerable capital gain in 1998 on real property situate in the State of Florida, which had acquired over the years 1983 - 1993 and the acquisition of which had been funded principally by means of borrowings. Under the then law, indexation relief was available in calculating the taxable capital gain, which was thus reduced to either nil or virtually nil.

In the light of the foregoing, it seems to me that there is nothing suspicious about the amounts returned on my personal tax returns.

I freely admit that I am prepared to avail myself of the opportunity of arranging my affairs so that the Revenue is not able to dig its shovel too deeply into my hard-earned income. That is a principle which was enshrined in the famous decision of the House of Lords in the Duke of Westminster's successful appeal against Revenue assessments. It is the right of everyone in a free society so to act. And if the Revenue are unhappy with the result, they can always try to persuade Parliament to change the law.

That said, I deeply resent any imputation that I have concealed taxable income. The RVQC Partnership makes various returns which include all the receipts and earnings attributable to my exertions. I personally pay income tax due on my share of the partnership profits. Although I am not responsible for the declaration of taxable income and the payment of tax thereon by trusts and companies which may be partners, I believe that they pay all the income tax or corporation tax due on their shares of the partnership profits.

Indeed, when I consider how much between us we pay into the system - not just in terms of direct taxes, but indirect taxes such as VAT, duties of customs or excise, national insurance contributions, council tax, stamp duty and stamp duty land tax - and how little we take out, I believe that I am, directly or indirectly, paying far more than my fair share.

Yours sincerely,

[REDACTED]

J4505



HM Revenue
& Customs

Mr R Venables
Strictly Private & Confidential



FIS
HM Revenue and Customs
BX9 1LL

Phone 03000 565105

Fax 03000 587501/502

Email

Web www.gov.uk

Date 30 May 2018
Our Ref Leeds FIS/SA
UTR 51872
Case Ref CFS-

Dear Mr Venables

I am writing to you because I have reason to suspect you have committed tax fraud. I enclose a copy of Code of Practice 9 (COP9).

COP9 sets out how we investigate suspected fraud and it applies to your tax affairs from the date of this letter. You should read it carefully as it explains everything you need to know before you decide whether to make a disclosure under the Contractual Disclosure Facility (CDF).

Contractual Disclosure Facility

Under COP9, as part of a contractual arrangement called the CDF, we offer you the opportunity to make a full disclosure of all losses brought about by your deliberate and non-deliberate conduct. If you make a full disclosure under the CDF, we will not start a criminal investigation with a view to prosecution into any of the deliberate conduct that you disclose.

This CDF will not apply to any other offences which you do not disclose.

We may also investigate you with a view to prosecution if you provide false or misleading information, for example deliberately understating the extent of the tax you evaded.

Disclosing your deliberate conduct

As an officer authorised to carry out investigations under COP9, I am offering you the opportunity to make a full disclosure under the CDF. My formal offer is included in the CDF contract.

What you need to do

You have **60 days** from the date you receive this letter to tell us whether you want to make a disclosure under the CDF or whether you want to reject our offer to make a disclosure.

Information is available in large print, audio and Braille formats.
Text Relay service prefix number – 18001



J3404

If you choose to make a disclosure, this should relate to all tax losses that you have brought about in whatever capacity.

If you wish to accept our offer of CDF, you need to:

- sign, date and return the enclosed CDF contract
- complete and return the enclosed Outline Disclosure form

You must do this within 60 days of the day you receive this letter.

If you wish to formally reject our offer, you need to sign and return the enclosed rejection form **within 60 days** from the date you receive this letter.

If you fail to tell us one way or the other, we will take that to mean you have made a conscious decision not to accept the offer, and we may start our own investigation, which could be a criminal investigation.

Important information about completing forms

Whichever of the enclosed forms you complete, **you must sign them yourself**. Your representative or adviser, if you have one, must not sign these forms. If we receive the CDF contract and you have not signed it, we will treat this as if you have rejected the offer and we will proceed with our investigation into your tax affairs.

When completing **any** of the forms relating to the CDF, you **must not**:

- amend the wording
- return them unsigned or undated
- return both the acceptance and the rejection forms together

If you do any of these, the forms will be invalid and you will not be able to enter into the CDF. We will proceed with our investigation into your tax affairs. This could include a criminal investigation with a view to prosecution.

The effect of rejection or failing to return either an acceptance or rejection form

If you either reject our offer or do not return either form, we will investigate your tax affairs. This could include a criminal investigation with a view to prosecution.

Destruction of records

If you destroy or otherwise dispose of any document that would help us to work out the amount of tax that relates to your correct tax position, or if you arrange for it to be destroyed or otherwise disposed of, we may charge you a penalty. We can charge a 'tax-related' penalty, which would be a percentage of the tax that you have not paid, or you are unlikely to pay, because of the document being destroyed or disposed of.

Your adviser

If you have an adviser and you would like me to deal directly with them, please ask them to ensure I have a valid authorisation to deal with them. We recommend that you discuss this letter with an adviser who has knowledge and experience of our investigations under COP9.

More information

If there is anything about your health or personal circumstances that may make it difficult for you to deal with this matter, please tell me so that I can help you in the most appropriate way. My contact details are at the top of this letter.

Whichever method you choose to contact us about this check, you need to quote the case reference CFS-██████████ and any other references shown above. If you write you need to use the address shown above. If you send documents you must tell us if you want them returned as we may securely destroy them after 50 days.

J3405

Yours sincerely

Mr S Atkinson
HM Inspector of Taxes

Join the millions of taxpayers already using their Personal Tax Account to access a range of HMRC services. It takes just a few minutes to get started, go to www.gov.uk/personal-tax-account

To find out what you can expect from us and what we expect from you go to www.gov.uk/hmrc/your-charter and have a look at 'Your Charter'.

J3406



Robert Venables



STRICTLY PRIVATE AND CONFIDENTIAL

S Atkinson, Esq,
HM Inspector of Taxes
FIS
HM Revenue and Customs
BX9 1LL.

My ref: C:\1\REV\2018 COP9\180604 to SA.wpd

4th June 2018

Dear Mr Atkinson

Your ref: Leeds FIS/SA
UTR: [REDACTED] 51872
Case ref: CFS-[REDACTED]

I refer to your letter dated 30th May 2018 which was delivered to [REDACTED] by Royal Mail Special Delivery on 31st May.

In it, you state at the outset "I am writing to you because I have reason to suspect you have committed tax fraud." You enclose a copy of something called "Code of Practice 9 (COP9)".

First, I take objection to the manner in which you contacted me. While the letter itself contained the words "Strictly Private & Confidential", if only in between my name and my address, it came in a plastic package which had nothing on the outside to indicate that it was private and confidential. There was not even an indication that it came from HMRC or any other government source. It simply bore in the box marked "Sender's Name and address"

Mr S Atkinson
Castle House
31 Lisbon Street
LS1 4SA.

Although I am 70, I am still a working man and work principally in London. As the letter was a special delivery one, it was opened by a third party who read the allegation of suspected tax fraud. That has caused me considerable embarrassment.

You will appreciate that such an allegation is highly defamatory. It has been "published" to a third party because HMRC failed to take elementary steps to ensure it was not opened as routine correspondence.

I would also respectfully remind you of the duty of confidentiality imposed on officers of Revenue and Customs by section 18 of the Commissioners for Revenue and Customs Act 2005. It is my understanding that, as one of HM's Inspectors of Taxes, you would have been obliged, under section 3 of that Act, on your appointment to make declaration acknowledging that obligation. The duty of confidentiality is one which the Act takes seriously, as it creates a criminal offence of breach of duty of confidentiality. See section 19.

I would ask you, therefore, to ensure that any future correspondence on this matter is sent to me in an envelope which is clearly marked "Strictly Private & Confidential".

Second, as to the substance of your letter, I am not familiar with COP9. I have endeavoured to find the statutory authority for it, in order to ascertain what the powers and obligations of HMRC are and what the rights and obligations of taxpayers are, but have failed to do so. Could you please provide it?

Third, you have wholly failed to provide any particulars of why you suspect that I may have committed tax fraud. My understanding is that an allegation of fraud is a very serious matter and, that if an allegation of fraud is made against a person, it must be made clear to that person of precisely what he is suspected and the grounds for so suspecting, in order that he can properly defend himself. That follows from the most elementary principles of natural justice which are deeply ingrained in the law of England. Please provide such particulars.

Fourth, in what is a most important letter, which could have very serious consequences, you fail to define what you mean by "losses". The "losses" are presumably HMRC's. Are they, as one would expect in the case of "fraud", losses occasioned by deliberate action on the part of the taxpayer with the intention of ensuring that tax due is not paid? Or is "losses" intended to bear some wider meaning and, if so, which?

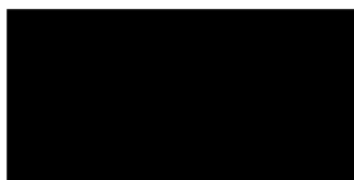
I find the statement in the third paragraph enigmatic: "... we offer you the opportunity to make a full disclosure of all losses brought about by your deliberate and non-deliberate conduct". I have always understood that fraud must be deliberate. There cannot be "non-deliberate" fraud.

Fifth, I am not conscious of ever having engaged in deliberate tax fraud. We can all make mistakes. I do not claim to be infallible. Indeed, it is notorious that HMRC routinely makes very many mistakes in relation to the affairs of taxpayers. Yet making a mistake is not fraud. Once you have particularised why you suspect me of tax fraud, it might be that I will be able to agree that I have made some innocent mistake which should be corrected. It may also be that I will be able to provide you with an explanation which would lay your suspicions to rest. That is why it is so important that I am provided with full particulars of your suspicions and the grounds on which they are based.

Sixth, I note the menacing tone of your letter. I shall not further comment on it at this point beyond noting that it is clearly designed to intimidate and that in my view it is not such a letter as should be sent by any official of HMRC, from whom the courts tell us the highest standards are expected.

Finally, I cannot help suspecting - and it is at this point only a suspicion - that the real reason which motivated you to send your letter was not because you have any sound grounds on which to suspect me of tax fraud but some "by and sinister object". Your articulating what your grounds of suspicion are may well go a long way to removing mine. Should you fail to do so, that can only increase them.

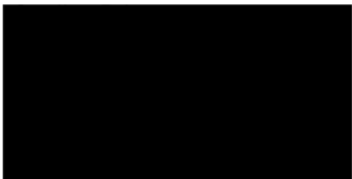
Yours faithfully





HM Revenue
& Customs

Mr R Venables
STRICTLY PRIVATE & CONFIDENTIAL



FIS
HM Revenue and Customs
BX9 1LL

Phone 03000 565105

Fax 03000 587501/502

Email



Date 11 June 2018
Our Ref Leeds FIS/SA
Your Ref C:\1\REV\2018 COP9\180604 to SA.wpd
NI number [REDACTED]
UTR [REDACTED] 51872
Case Ref CFS-[REDACTED]

Web www.gov.uk

Strictly Private & Confidential

Dear Mr Venables

Thank you for your letter dated 4 June 2018. I would respond to the matters raised in your letter as follows:-

1. I apologise that, in view of your circumstances, the words "Strictly Private & Confidential" were not prominent enough and for the inconvenience/embarrassment caused. I will of course ensure that all future correspondence sent by post is clearly marked and delivered as you have requested.
2. Could I refer you to the Code of Practice 9 (COP9) Booklet (further copy enclosed) specifically Page 2 section entitled "HM Revenue & Customs (HMRC) investigation of fraud statement" and also "introduction" section which provides further details where the Commissioners of HMRC decide to investigate using Code of Practice 9 (COP9) investigation of fraud procedure.
3. Could I refer you to COP9 booklet page 2 para 1.1. *"We have information that gives us reason to suspect that you have committed tax fraud. We will not usually tell you what our suspicions are. It is for you to decide whether to make a disclosure to us. We will keep an open mind to the possibility that there may be an innocent explanation for the suspected fraud, and we will treat you fairly and politely, and in accordance with the law."*

Information is available in large print, audio and Braille formats.

Text Relay service prefix number – 18001

FFEx Ref ODEA 0019-Letter dated 11th
June 2018 from Stuart Atkinson (SA) to
Robert Venables (RV) in response



J3436

4. Investigations under COP9 apply to all tax losses brought about due to deliberate conduct. The Outline disclosure form enclosed with my letter dated 30 May 2018 confirms on page 1

“Before completing this Outline Disclosure form, you should read the enclosed copy of Code of Practice 9 (COP9).

We suspect that you have committed tax fraud. This means that we think you have acted dishonestly in order to pay less tax and/or duty.

If you accept our offer of the Contractual Disclosure Facility (CDF), you must admit that your deliberate conduct brought about a loss of tax and/or duty.

The term ‘deliberate conduct’ means that you knew that an entry in a tax return was wrong, but you submitted it anyway; or that you knew that you had a liability to tax and/or duties that were due, but chose not to tell HM Revenue and Customs (HMRC) at the right time.

If we find that you have failed to make a complete disclosure of the tax fraud that you have committed, we may carry out a criminal investigation with a view to prosecution into the tax fraud that you have failed to disclose. Any information that you provide, including information given on or with this form, may be used as part of any such criminal investigation.”

Part 4 of the Outline disclosure form states *“Your Outline Disclosure should cover all losses of tax and/or duty brought about by your deliberate conduct. That includes all taxes and/or duties for which HMRC has, (or during the relevant period, had) administrative responsibility, and for which we could therefore carry out a criminal investigation. Your Outline Disclosure should cover your worldwide income and gains throughout your lifetime.”*

Turning to your point concerning “non-deliberate” conduct. The Contractual Disclosure facility – Outline Disclosure form also provides an opportunity, where deliberate conduct has been admitted, to disclose non-deliberate conduct – please see section 4G which states *“Please use the space below to give details of any **non-deliberate** tax and/or duty irregularities that you **also** want to disclose. You should **not** complete this Outline Disclosure form if you **only** want to tell us about **non-deliberate** irregularities.”*

5. Could I refer you to COP9 booklet page 3 para 2 *“The investigation: your options”*. This section explains the options available under COP9, the options are further summarised on page 4 (COP9 booklet)

“It is important that you consider the implications of what you decide to do once you receive Code of Practice 9 (COP9). You have the option to:

- accept the offer – the CDF route*
- reject the offer*

You can only choose one of these options, but if you fail to choose one or fail to make a valid notification as detailed at Section 3.2 on page 5, we will treat this as a conscious decision not to accept our offer and we will not be bound by any CDF terms.

We are unable to enter into any discussion about your tax affairs until either you have notified us of how you wish to proceed, or the 60-day response period has expired.”

Whichever method you choose to contact us about this check, you need to quote the case reference CFS-██████████ and any other references shown above. If you write you need to

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use the address shown above. If you send documents you must tell us if you want them returned as we may securely destroy them after 50 days.

Yours sincerely

Mr S Atkinson
HM Inspector of Taxes

Join the millions of taxpayers already using their Personal Tax Account to access a range of HMRC services. It takes just a few minutes to get started, go to www.gov.uk/personal-tax-account

To find out what you can expect from us and what we expect from you go to www.gov.uk/hmrc/your-charter and have a look at 'Your Charter'.

J3438



ENVA30084611

Robert Venables



STRICTLY PRIVATE AND CONFIDENTIAL

S Atkinson, Esq,
HM Inspector of Taxes
FIS
HM Revenue and Customs
BX9 1LL.

My ref: C:\REV\2018 COP9\180727 to SA.wpd

27 July 2018

Dear Mr Atkinson

Your ref: Leeds FIS/SA
UTR: [REDACTED] 51872
Case ref: CFS- [REDACTED]

Thank you for your letter of June 11th.

I found it a disappointing reply. It consisted largely of setting out extracts from documents you had already sent me.

I did state in my letter of June 4th:

“Second, as to the substance of your letter, I am not familiar with COP9. I have endeavoured to find the statutory authority for it, in order to ascertain what the powers and obligations of HMRC are and what the rights and obligations of taxpayers are, but have failed to do so. Could you please provide it?”

I can find nothing in your response with deals with this fundamental point.

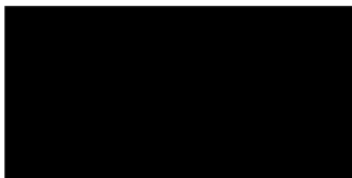
I repeat that I am not conscious of ever having engaged in deliberate tax fraud. There is therefore no question of my accepting your “offer”.

I trust that you will now provide detailed particulars of why you suspect that I may have committed tax fraud, with a copy of any relevant documentation. I repeat that my understanding is that an allegation of fraud is a very serious matter and, that if an allegation of fraud is made against a person, it must be made clear to that person of precisely what he is suspected and the grounds for so suspecting, in order that he can properly defend himself. That follows from the most elementary principles of natural justice which are deeply ingrained in the law of England. Please provide such particulars.

I repeat that once you have particularised why you suspect me of tax fraud, it might be that I will be able to agree that I have made some innocent mistake which should be corrected. It may also be that I will be able to provide you with an explanation which would lay your suspicions to rest. That is why it is so important that I am provided with full particulars of your suspicions and the grounds on which they are based.

I shall not comment further at this point on (a) the menacing tone of you original letter and (b) of my suspicion that the real reason which motivated you to send your letter was not because you have any sound grounds on which to suspect me of tax fraud but some “by and sinister object”. I reserve the right to do so once I have received detailed particulars of why you suspect that I may have committed tax fraud, with a copy of any relevant documentation.

Yours sincerely,



✓

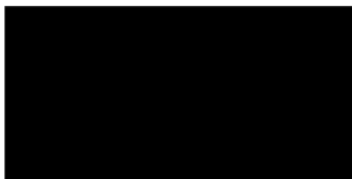
J3439



HM Revenue
& Customs

Fraud Investigation Service
HM Revenue and Customs
BX9 1LL

Mr R Venables



Phone 03000 565105

Fax 03000 587501/502

Email



Date 12 September 2018
Our Ref FIS/Leeds/SA
NI number [REDACTED]
UTR [REDACTED] 51872
Case Ref CFS-[REDACTED]

Web www.gov.uk

Strictly Private & Confidential

Dear Mr Venables

Further to my letter dated 21 August 2018 I can now confirm how I intend to progress my investigation.

Own Affairs
Partners of the RVQC Partnership

Proposed Notice to you/Partners of the RVQC Partnership to provide information/produce documents.

I am considering asking the First-tier Tribunal to approve the issue of an information notice in order to check your own tax position, and the tax position of the other partners of the RVQC partnership.

As you are in a partnership I do not have to send each partner a copy of my intended notice. I have not done so but I do suggest you tell all relevant partners about it.

The attached schedule shows what I need. An information notice will be a legal request for information and documents. I believe these are reasonable required. This means that it is reasonable for me to ask for these so that I can check your tax position and also the tax position of the other partners of the RVQC partnership. I require the information and documents to check that profits earned in respect of reserved legal services have been correctly declared by you and the other partners of the RVQC partnership.

The First-tier Tribunal is one of two independent tribunals that rule on all tax matters. If they approve the issue of an information notice, then you would have to give me the items I need.

Information is available in large print, audio and Braille formats.
Text Relay service prefix number – 18001

FFEx Ref ODEA 0022-Letter dated 12th
September 2018 from Stuart Atkinson
(SA) to Robert Venables (RV) including



J3444

If you do not comply with such a notice, you might have to pay penalties. The law that governs these notices is Paragraphs 1, 2 and 3 of Schedule 36 to the Finance Act 2008. The tribunal needs to be satisfied that I have told you these items are required, and that I have given you a reasonable opportunity to make representations about this matter. This means that I have given you the opportunity to say why you think you should not have to give me what I have asked for. I am legally required to give the tribunal a summary of anything you have to say. If you write to me I will also show the letter to the tribunal. If you wish to say anything, please contact me by 19 October 2018. If there is a particular reason why you cannot do this, or if you need more time, please contact me as soon as possible on the above number.

It is a criminal offence to conceal, destroy or otherwise dispose of any document I have asked for, or which is later required by the First-tier Tribunal, or arrange for it to be concealed, destroyed or disposed of.

Legal Professional Privilege

I cannot insist that you have to give me documents or information for which you can successfully claim legal professional privilege but you can choose to give up this privilege. It may assist progress of the tax position check if you do but you would be giving up your right to keep the information or documents private.

Legal professional privilege is a complex area of the law which only properly applies in limited circumstances. I may challenge your claim to use this privilege if I do not agree that the privilege applies to the documents or information you are withholding. If you decide not to give me documents or information because you believe legal professional privilege attaches to them, please tell me.

More information

I enclose factsheet *CC/FS2 Information notices*, which gives you more information about this type of notice. If you have any questions once you have read this, please call me on the above number.

If you have any queries or wish to discuss the matter further please do not hesitate to contact me on the above number.

Whichever method you choose to contact us about this check, you need to quote the case reference CFS- [REDACTED] and any other references shown above. If you write you need to use the address shown above. If you send documents you must tell us if you want them returned as we may securely destroy them after 50 days.

Yours sincerely

Mr S Atkinson
HM Inspector of Taxes

Enc

Join the millions of taxpayers already using their Personal Tax Account to access a range of HMRC services. It takes just a few minutes to get started, go to www.gov.uk/personal-tax-account

To find out what you can expect from us and what we expect from you go to www.gov.uk/hmrc/your-charter and have a look at 'Your Charter'.

J3445



Customer name: Mr R Venables/RVQC Partnership

Our reference number: CFS- [REDACTED]

Statutory records or information that we need

Statutory records are the records that tax law says a person must keep.

1. Sales invoices/fee notes issued by the Partnership during the period 6 April 2014 to 5 April 2017.
2. Purchase invoices for purchases related to the Partnership during the period 6 April 2014 to 5 April 2017.
3. Cash book, or similar records maintained in respect of the Partnership during the period 6 April 2014 to 5 April 2017.
4. Wages records, or similar records maintained in respect of the Partnership during the period 6 April 2014 to 5 April 2017

..

Other documents or information that we need

In this context 'document' means anything in which information of any description is recorded. This includes any records held on computer, magnetic tape, optical disk (CD-ROM/DVD), hard disk, memory stick, flash drive, floppy disk or other recording media.

Documents

1. Business bank records including but not limited to statements, cheque book stubs and paying-in-books showing all bank transactions concerning the Partnership during the period 6 April 2014 to 5 April 2017.
2. Business credit card statements showing all transactions during the period 6 April 2014 to 5 April 2017.
3. Partnership accounts (Trading, profit & loss Account and balance sheet) for years ending 5 April 2015, 5 April 2016 and 5 April 2017.
4. Letters of engagement (or similar) issued by the Partnership in the period 6 April 2014 to 5 April 2017.
5. Partner's capital accounts confirming all movements (in and out) for each partner for the period 6 April 2014 to 5 April 2017.
6. Linking/working papers explaining all journal/other adjustments made in the preparation of the Partnership accounts for the years ending 5 April 2015, 5 April 2016 & 5 April 2017.
7. Trust agreements between each Trust (either interest in possession or Bare) whereby each Trust concerned became a partner within the period 6 April 2014 and 5 April 2017 inclusive.
8. Documentary evidence of all payments made by the partnership to each partner in the period 6 April 2014 to 5 April 2017.

Information

1. A list of all business/private records used to prepare the partnership accounts for the period 6 April 2014 to 5 April 2017.
2. A detailed analysis confirming how the turnover figure shown in the accounts for the period ending 5 April 2015, 5 April 2016 and 5 April 2017 was arrived at.

J3446

3. A detailed analysis of opening and closing Work in Progress to include but not limited to, name, address of each client, the amount of opening/closing work in progress for each client (as applicable) plus details of the methodology used to calculate both opening and closing work in progress for the period 6 April 2014 to 5 April 2017.
4. A detailed analysis of Debtors and creditors i.e. Confirmation of names, addresses and amounts for each debtor/creditor as at 6 April 2014, 5 April 2015, 5 April 2016 and 5 April 2017.
5. A full analysis of all capital introduced into the partnership in the period 6 April 2014 to 5 April 2017 i.e. for each amount of capital introduced confirmation is required stating, the date, the amount, the partner who introduced capital, plus documentary evidence confirming of the source of funds.
6. Details of the Regulatory authority under which the RVQC Partnership is authorised to provide reserved legal services. This should include but is not limited to confirmation of the name/address of Regulatory authority concerned, the date the partnership was authorised plus documentary evidence from the Regulatory authority confirming the reference/licence number issued to the RVQC Partnership.

J3447



ENVA32079856

Robert Venables Q.C.



STRICTLY PRIVATE AND CONFIDENTIAL

S Atkinson, Esq,
HM Inspector of Taxes
FIS
HM Revenue and Customs
BX9 1LL.

My ref: C:\REV\2018 COP9\181007 TO SA.wpd

7 October 2018

Dear Mr Atkinson

Your ref: Leeds FIS/SA
UTR: [REDACTED] 51872
Case ref: CFS-[REDACTED]

Preliminary

Thank you for your letter dated September 12th, but received some time afterwards during a period when I was abroad.

I must confess I find the tone of your letter unnecessarily confrontational. You immediately begin by saying you are considering "asking the First-tier Tribunal to approve the issue of an information notice in order to check [my] tax position, and the tax position of the others partners of the RVQC partnership". You go on to state that non-compliance with the notice may render me liable to penalties.

With respect, this does seem heavy-handed. This is the first time you have asked for documents or information. A certain amount of the information you request would be made available in a routine VAT inspection. I have not, however, I had one for years. (I recollect that on the last one the Inspector found that I had over-declared VAT and that a refund was due to me ...)

Let me state at the outset, for the avoidance of any conceivable doubt, that I shall cooperate in ensuring that you have all the information / copy documentation I am able to produce and which you reasonably may require for the discharge of your statutory duties.

Finance Act 2008 Schedule 36 Paragraphs 1, 2 and 3.

You mention these paragraphs on the second page of your letter without setting them out. I have done some research as to what exactly they state.

Paragraph 1 states:

"Power to obtain information and documents from taxpayer

1(1) An officer of Revenue and Customs may by notice in writing require a person ("the taxpayer")-

- (a) to provide information, or
- (b) to produce a document,

if the information or document is reasonably required by the officer for the purpose of checking the taxpayer's tax position.

(2) In this Schedule, "taxpayer notice" means a notice under this paragraph."

May I take it that your letter is not intended to amount to the issue of a paragraph 1 notice?

The comments I make in the following eight paragraphs may turn out to be entirely academic. However, I wish clearly to state my position from the outset, just in case they turn out not to be.

First, I note that the information or document must be “reasonably” required by you for the purpose of checking my tax position. While you state that you require the information and documents to check that profits earned in respect of what you term “reserved legal services” have been correctly declared by me and the other partners of the RVQC partnership, you give no explanation of why you so require them, do not state that you “reasonably” require them and thus do not attempt any justification of why you “reasonably” require them. I note that if you intend to apply to the First Tier Tribunal under paragraph 3 you must provide the First Tier Tribunal with a summary of representations made by me. I submit that impliedly requires that, in accordance with the principles of natural justice, which pervade English law, I have been given a proper explanation of the case for issuing the information notice in order that I can make any representations why consent should not be forthcoming.

Second, I note that the First Tier Tribunal has no jurisdiction to give consent under paragraph 3 unless, *inter alia*:

“the person to whom the notice is to be addressed has been told that the information or documents referred to in the notice are required and given a reasonable opportunity to make representations to an officer of Revenue and Customs”.

See paragraph 3(3)(c).

What is a “reasonable opportunity” will depend on the circumstances, in particular the amount of information and documentation required, the difficulty in supplying it and ambiguities in your informal request to the taxpayer. For the avoidance of doubt, this letter does not contain my full representations as certain matters arise out of your letter on which, hopefully, we shall be able to agree. Please see below.

I note further that the First Tier Tribunal similarly has no jurisdiction to consent unless:

“the tribunal is satisfied that, in the circumstances, the officer giving the notice is justified in doing so”

See paragraph 3(3)(b).

In my submission, you would not be justified in giving a notice unless you had first given me a reasonable opportunity to make representations. On what is a “reasonable opportunity”, see above.

Third, I am not at all sure how you allege paragraphs 1 to 3 are relevant to the liability of the other partners of the RVQC partnership. My understanding is that while a partnership has to put in a tax return, it is not as such a taxable entity but is “transparent” for income tax purposes. The liability to income tax in respect of partnership profits is that of the individual partners and in each case only to the extent of their respective shares of those profits. Can you please elucidate?

I do, however, appreciate that much of what you ask could reasonably be required for the purpose of checking my own tax liability.

THE SCHEDULE

General Comment

You mention legal professional privilege but only in the context of my being able to claim it. Legal professional privilege is very much in play here. But it is the legal professional privilege of my clients. The RVQC Partnership provides legal services through myself as a barrister and

in virtually all (possibly all) cases they consist of or include giving tax advice. All my communications with my clients are covered by legal professional privilege. This impinges on several aspects of your schedule, as is noted in factsheet CC/FS2, page 1, section headed "What we cannot ask for in an information notice", bullet points 5 and 6.

You will be aware that the House of Lords some years ago decided that Revenue information etc. powers were subject to legal professional privilege, even though not expressly mentioned. I see that Finance Act 2008 Schedule 38 paragraph 23 now expressly confirms that in relation to the current information etc. powers. It is quite clear from paragraph 23 that the privilege need not be that of the taxpayer.

I am considering how, if at all, I can provide some of the information you require without breaching the legal professional privilege of my clients / former clients. It may be possible to provide redacted versions of certain documents, even though that could be very burdensome and time-consuming.

I now set out quotations from the Schedule in italics and comment thereon.

Statutory records are the records that tax law says a person must keep.

1. *Sales invoices/fee notes issued by the Partnership during the period 6 April 2014 to 5 April 2017.*

The Chambers to which I belong (at 15 Old Square, Lincoln's Inn WC2A 3UE) maintains a computerised system of work done, fee notes generated and fee paid.

The difficulty is that the fee notes identify the client and also itemise the work for the client so that there is the problem of legal professional privilege.

I believe the Chambers system can generate totals of the following (without identifying clients or work done for them). Would it be acceptable to you if I provided the following, duly certified by the Senior Clerk to the Chambers? The accounting year of the RVQC Partnership ends on April 9th in each year. That is why I am proposing the dates I mention, as these will make it easier for you to reconcile with the partnership's tax returns:

Fees Earned (i.e. billed)

April 6th - 9th 2014
April 10th 2014 - April 9th 2015
April 10th 2015 - April 9th 2016
April 10th 2016 - April 9th 2017

Fees Paid

April 6th - 9th 2014
April 10th 2014 - April 9th 2015
April 10th 2015 - April 9th 2016
April 10th 2016 - April 9th 2017

(While date of payment of fees is not strictly relevant to the income tax return, it is relevant to the VAT returns. There is an exceptional rule in the case of barristers which is that a barrister does not make a supply unless and until and to the extent that he actually receives the fee. Hence, this will enable you to marry up the income tax returns with the VAT returns.)

Fees Outstanding at

April 9th 2014
April 9th 2015
April 9th 2016
April 9th 2017

[NB some of these fees shown are likely to be statute barred and some bad debts. When

preparing the accounts for a year, I make the best estimate of the likelihood of recovery of fees shown as due in the Chambers accounts and it is that amount which enters into the profit and loss account for the year as an addition to fees actually received in the year. It is then reversed the next day as regards the next year. This is done in the document to which I refer below in relation to your Schedule, Documents, 6.]

The Chambers changed their accounting software recently (but after, I believe, April 5th 2017) so it may take some little time to retrieve the information from the old system as I suspect that invoices which had been paid prior to the change were not carried over to the new system.

The partnership had no "sales" which did not pass through the Chambers accounting system.

2. *Purchase invoices for purchases related to the Partnership during the period 6 April 2014 to 5 April 2017.*

This would not appear to be problematic. I am asking the lady who keeps the books and has custody of the invoices to make copies for you.

3. *Cash book, or similar records maintained in respect of the Partnership during the period 6 April 2014 to 5 April 2017.*

There is no "cash book". While I am not quite sure what you mean by "similar records", I very much doubt that there is any such "similar record".

4. *Wages records, or similar records maintained in respect of the Partnership during the period 6 April 2014 to 5 April 2017*

The partnership does not have employees. Administration for my practice is provided through the Chambers to which I belong and I indemnify the Chambers against a proportion of those expenses by making Chambers contributions.

We do employ a self-employed bookkeeper to deal with certain of the partnership's financial affairs which are not dealt with by the Chambers. She, however, is not an employee.

Other documents or information that we need

In this context 'document' means anything in which information of any description is recorded. This includes any records held on computer, magnetic tape, optical disk (CD-ROM/DVD), hard disk, memory stick, flash drive, floppy disk or other recording media.

Documents

1. *Business bank records including but not limited to statements, cheque book stubs and paying-in-books showing all bank transactions concerning the Partnership during the period 6 April 2014 to 5 April 2017.*

I have no problem in principle with providing you with these. The main problem is that of legal professional privilege. In the old days, payment of fees was by means of cheques and the bank statement would not have identified who the payer was. Increasingly, however, clients make payment by transfer direct to my account and the origin of the payment is likely to be shown on the statement. I would hope I could redact the bank statements.

I do not personally pay in cheques for fees to the account. That is done by my Clerks. I shall have to ask them for copies of the relevant paying in book stubs. However, I believe they will contain no information which will not be shown by the bank statements other than the name of the client paying the fees, which would be covered by legal professional privilege.

There is a number of payments which are not relevant to the taxable profits of the partnership. Typically, they would include payments to and from partners on their capital and current accounts

with the partnership. I am considering how best to highlight these and explain them. While I think I can see a way ahead, you will appreciate that this is likely to be time-consuming.

2. *Business credit card statements showing all transactions during the period 6 April 2014 to 5 April 2017.*

The business does not have a credit card and thus there are no business credit card statements relating to it.

3. *Partnership accounts (Trading, profit & loss Account and balance sheet) for years ending 5 April 2015, 5 April 2016 and 5 April 2017.*

There is no problem in principle with producing the profit and loss accounts of the partnership. However, I am not sure what you mean by "for years ending 5 April 2015, 5 April 2016 and 5 April 2017." If you have looked at the self assessment returns for the partnership, you will see that it draws up its accounts to April 9th in each year (and has done so for approximately 20 years). The statutory profits of e.g. the tax year 2016 to 2017 are the actual profits of the period April 10th 2015 to April 9th 2016.

With respect, it would be onerous for the partnership to draw up new accounts to April 5th in each year and I do not see how that could possibly help you to check my (or anyone else's) tax position.

I would therefore propose to provide profit and loss accounts for years ending on April 9th.

Would you like the ones which are broadly commensurate with the tax 2014/15, 15/16 and 16/17 or would you like the ones which are of the basis period for each of those years, i.e. ending on April 9th 2014, 2015 and 2016 respectively?

If you would like the latter, that should be straightforward. They will not be fully itemised accounts and so should not reveal any information protected by legal professional privilege.

If you would like the former, you should know that the accounts to April 9th 2017 form the basis period for the assessable profits of 2017/18 and that the tax return for that year is not due before January 31st. Hence, you may have to wait for some little while for them.

As to the balance sheets, these are not in principle problematic either. However, I would again propose the balance sheets at April 9th in each year. Again, please indicate which accounting periods you are interested in.

4. *Letters of engagement (or similar) issued by the Partnership in the period 6 April 2014 to 5 April 2017.*

I am not sure what you mean by "Letters of engagement". I do not think there are any but can you please elucidate? As mentioned above, the partnership had no employees.

5. *Partner's capital accounts confirming all movements (in and out) for each partner for the period 6 April 2014 to 5 April 2017.*

This should not be problematic. However, it will take some little time to generate. You should be aware that not all of the profits of the year to April 9th 2017 will have been posted to individual partner's current accounts by April 5th in that year. Some of the partners capital accounts will have been dormant in the period of three years you mention. Do you require copies of these too?

6. *Linking/working papers explaining all journal/other adjustments made in the preparation of the Partnership accounts for the years ending 5 April 2015, 5 April 2016 & 5 April 2017.*

Again, as the partnership accounts were drawn up to April 9th, these “papers” (in fact electronic files in the form of spreadsheets) will relate only to April 9th year ends. I would propose to provide those, redacted as appropriate so as not to disclose the names of clients. Again, please indicate which accounting periods you are interested in.

7. *Trust agreements between each Trust (either interest in possession or Bare) whereby each Trust concerned became a partner within the period 6 April 2014 and 5 April 2017 inclusive.*

There are no “trust agreements” as such. Instead, there are Supplemental Partnership Deeds of the partnership which will show this information. While I have not checked, it would be not unusual for a Supplemental Partnership Deed to provide that a trust would join the partnership as from a certain future date. I propose to provide copies of such Deeds, even if executed before April 6th 2014, under which a partner was to become a partner in the period you mention. Some of these were executed in counterparts. I shall send copies of only the counterparts executed by me unless you state otherwise.

8. *Documentary evidence of all payments made by the partnership to each partner in the period 6 April 2014 to 5 April 2017.*

My recollection is that all payments made to partners by the partnership would have been from the partnership’s current bank account. These should therefore be reflected in the bank statements I intend to provide.

Information

1. *A list of all business/private records used to prepare the partnership accounts for the period 6 April 2014 to 5 April 2017.*

At the moment I cannot recollect anything other than the spreadsheet to which I have referred under Documents item 6. There would usually have been print-outs by my Clerks of fees outstanding at the end of the accounting period in question which I used to prepare the spreadsheet for that accounting period but these would be itemised to show who owed what and thus I could not reveal these without breaching legal professional privilege.

2. *A detailed analysis confirming how the turnover figure shown in the accounts for the period ending 5 April 2015, 5 April 2016 and 5 April 2017 was arrived at.*

I am not sure what you require beyond what would be shown in the accounts. The only details the accounts would not show would be of payments made by clients, which would identify those clients, in breach of their right to legal professional privilege. (There would also be the closing adjustments made at the end of each year for debts due for fees and their reversal the first day of the next year.)

A detailed analysis of opening and closing Work in Progress to include but not limited to, name, address of each client, the amount of opening/closing work in progress for each client (as applicable) plus details of the methodology used to calculate both opening and closing work in progress for the period 6 April 2014 to 5 April 2017.

3. The nature of my practice is such that no provision was required to be made for work in progress. Fees were almost always agreed in advance for each item of work and charged immediately the work was sent out (or, in the rare cases of appearances before a court or tribunal, the brief fee was due or the refresher earned.) The contracts in respect of each item of work were “entire performance” contracts. If I had, for example, died, while working on a piece of work which had not been completed, nothing would ever be due from the client, so that the value of that work in progress was nil. (In fact, I very much doubt that there was ever work instructed and

only partially completed over a year end, particularly as that would often coincide with the Easter legal vacation.)

4. *A detailed analysis of Debtors and creditors i.e. Confirmation of names, addresses and amounts for each debtor/creditor as at 6 April 2014, 5 April 2015, 5 April 2016 and 5 April 2017.*

First, I suggest that the relevant date should be April 9th, not April 5th. See above. I also suggest I provide these for the April 9ths which are the last day of each of the years for which you would like accounts. See above.

Second, there is again the same problem of legal professional privilege in identifying amounts of fees owed by clients.

5. *A full analysis of all capital introduced into the partnership in the period 6 April 2014 to 5 April 2017 i.e. for each amount of capital introduced confirmation is required stating, the date, the amount, the partner who introduced capital, plus documentary evidence confirming of the source of funds.*

I am not sure what is required which will not be shown by either the capital accounts of the partners or the bank statements.

I am not quite sure what you have in mind when you state "plus documentary evidence confirming of the source of funds". I imagine that in many cases the capital would have been introduced by a transfer from a bank account which was not a partnership bank account. In some cases, particularly where a trust had been newly created, there might have been a payment into the bank account of trust funds still held in cash. I recollect that in some cases there were novations between partners of the amounts standing to the credit of their respective capital accounts. Such novations would not have involved any transfer of funds as such. I recollect, however, that such novations would have been referred to in Supplementary Partnership Deeds for the period, copies of which you are being provided with.

6. *Details of the Regulatory authority under which the RVQC Partnership is authorised to provide reserved legal services. This should include but is not limited to confirmation of the name/address of Regulatory authority concerned, the date the partnership was authorised plus documentary evidence from the Regulatory authority confirming the reference/licence number issued to the RVQC Partnership.*

While I find it very difficult to see how this information could be relevant to the tax position of myself (or, for that matter, of any other partner) I shall provide some comments, subject of course, as the whole of this correspondence is, to the duty of confidentiality imposed on you (and other HMRC officials) by section 19 of the Commissioners for Revenue and Customs Act 2005.

The only person ever authorised to provide "reserved legal services" was myself. I was authorised, in the years in question, in the same way as any other barrister in private practice, by The Bar Standards Board.

The only person who offers themselves out as offering legal services, reserved or otherwise, to the public is myself. The existence of the partnership is not known to any of my professional clients and is disclosed to no third party other than HMRC. The business of the partnership is to *exploit* the legal services I perform. The partnership does not itself directly provide legal services to the public. Hence, it requires no such authorisation.

While awaiting your response, I shall be taking steps to ensure that, even pending that response, copy documentation is being prepared for you.

I shall be responding separately to your other letters, sent in August. This, however, seemed more urgent.

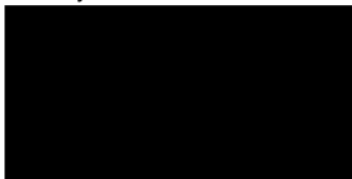
Yours sincerely,





HM Revenue
& Customs

Mr R Venables
Strictly Private & Confidential



Fraud Investigation Service
HM Revenue and Customs
BX9 1LL

Phone 03000 565105

Fax 03000 587501/502

Email



Web www.gov.uk

Date 7 November 2018
Our Ref Leeds FIS/SA
Your Ref C:\1\REV\2018 COP9\181007 TO SA.wpd
NI number [REDACTED]
UTR [REDACTED] 51872
Case Ref CFS-[REDACTED]

Strictly Private & Confidential

Dear Mr Venables

Thank you for your letter dated 7 October 2018

If I could respond to the points raised in your letter as follows:-

Preliminary

I acknowledge your comments that you found the tone of my letter dated September 12th unnecessarily confrontational and heavy handed. This was not my intention as such please accept my apologies for any mis-understanding in this regard.

I welcome your confirmation that you shall cooperate in ensuring that I have all the information/copy documentation you are able to produce which I reasonable require to discharge my statutory duties. I can also confirm that my letter is not intended to amount to the issue of a formal notice under Sch36 (1) FA 2008. With this in mind I look forward to receiving all relevant information/documentation referred to below, I have responded in the same order as referred to in your letter:-

The Schedule

General comment

I acknowledge your comments regarding legal professional privilege (LPP), specifically that it is the LPP of your clients and as such it is your view that LPP is very much in play here. Having said that I welcome your confirmation that you are considering how, if at all, you can

Information is available in large print, audio and Braille formats.
Text Relay service prefix number – 18001

FF181107 SA reply to ltr dated 07-10-18
Final version



J3448

provide some of the information I require. I have commented further on this under the separate headings below (where appropriate). I cannot at this point see how LPP might attach to the documents that I am seeking and I may need to obtain relevant specialist advice about any LPP issues that we cannot resolve. Should this be required I will contact you further.

Turning to the schedule attached to my letter and your responses I would like to comment as follows:-

Statutory records

1. Sales Invoices/fees notes – Firstly my apologies that my letter dated September 12th referred to the accounting period ending 5 April rather than 9th April. Secondly your suggestion that the Chambers system can generate totals, certified by the senior clerk to the chambers covering the period 10 April 2014 to 9 April 2017 (inclusive) for fees billed, fees paid and fees outstanding is acceptable. I note your comments that this may take some time to produce due to the fact that Chambers changed their accounting software recently – with this in mind could you provide an approximate timescale in which this schedule can be provided please?
2. Purchase invoices – noted, could you please arrange for copies of the invoices to be supplied within the next 30 days, alternatively can you please confirm the date copies will be provided?
3. Noted – clearly nothing further is required
4. Noted – clearly nothing further is required

Documents

1. Bank statements – I look forward to receiving the bank statements for the period concerned in the format as suggested i.e. redacted as to not identify the payer.
2. Noted – clearly nothing further is required
3. As referred to in 1 above (Statutory records) my apologies the schedule should have read “partnership accounts for years ending 9th April 2014, 9th April 2015 and 9th April 2016”. Reference to balance sheets should also have read to 9th April each year – Could you please arrange for copies of the partnership accounts (Profit and loss account and balance sheet) for years ending 9th April 2014, 9th April 2015 & 9th April 2016 to be provided within the next 30 days?
4. Letters of engagement – apologies if this was not clear – my request relates to where a client initially engages the provision of any legal services, i.e. whether any standard terms/contract are issued to the client for signature at the point of engagement. For the avoidance of doubt this document would not (in any way) reference legal advice of any kind being provided. I am nevertheless willing to accept redacted copies of any such document.
5. Could you please supply copies, within 30 days of all partner’s capital accounts (dormant or otherwise) for the years ending 9th April 2014, 9th April 2015 & 9th April 2016.
6. Linking papers - Again apologies as my schedule should refer to the correct accounting year end i.e. 9th April. I have no objection to you providing copies (redacted as you consider appropriate). Could you please provide the relevant documents within the next 30 days?

J3449

7. Trust agreements – I look forward to receiving copies of the supplemental partnership deeds as referred to in your letter within the next 30 days.
8. Payments made by the partnership to each partner – I note your comments that the relevant payments will be reflected in the bank statements that will be provided under point 1 above.

Information

1. A list of business/private records used to prepare the partnership accounts - I note your comments, nothing further is required at the present time.
2. A detailed analysis confirming how turnover figure shown in the accounts was arrived at – again I note your comments, nothing further is required at the present time.
3. Opening and closing work in progress – I note your comments, nothing further is required.
4. Debtors and creditors – Firstly I agree that the relevant date should be 9th April, secondly I note your comments regarding LPP, on that basis could you please provide the relevant schedules with client details being redacted. I look forward to receiving the redacted schedules within 30 days.
5. Capital introduced into the partnership – I note your comments no further information is required at the present time.
6. Details of the regulatory authority under which the RVQC partnership is authorised to provide legal services – I acknowledge your comments, in that the only person ever authorised to provide reserved legal services is yourself. Furthermore the only person who offers themselves out as offering legal services, reserved or otherwise, to the public is yourself. In addition the existence of the partnership is not known to any professional clients and is disclosed to no third party other than HMRC. With this in mind can you please provide a full explanation setting out precisely (referencing legislation/case law as and where appropriate) why profits earned are not declared to HMRC as a sole trade business in your own name?

Also in terms of your confirmation that “the business of the partnership is to *exploit* the legal services I perform” can you please explain in further detail:-

- The nature of business undertaken in partnership – if this has changed at any point in time please provide full details
- The role of each of the partners in the partnership
- The reason(s) why, based on the above points, profits are taxable on the named partners?

Could you provide the required information on this point within the next 30 days?

I look forward to hearing from you shortly.

Whichever method you choose to contact us about this check, you need to quote the case reference CFS- [REDACTED] and any other references shown above. If you write you need to use the address shown above. If you send documents you must tell us if you want them returned as we may securely destroy them after 50 days.

Yours sincerely

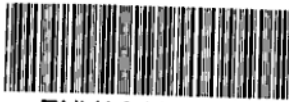
J3450

Mr S Atkinson
HM Inspector of Taxes

Join the millions of taxpayers already using their Personal Tax Account to access a range of HMRC services. It takes just a few minutes to get started, go to www.gov.uk/personal-tax-account

To find out what you can expect from us and what we expect from you go to www.gov.uk/hmrc/your-charter and have a look at 'Your Charter'.

J3451



ENVA34186915

GQ 5616 9803 7GB

Robert Venables



STRICTLY PRIVATE AND CONFIDENTIAL

S Atkinson, Esq,
HM Inspector of Taxes
FIS
HM Revenue and Customs
BX9 1LL.

My ref: C:\1\REV\2018 COP9\190109 RV to SA.wpd

21 January 2019

Dear Mr Atkinson

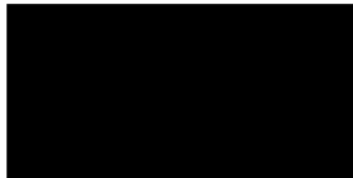
Your ref: Leeds FIS/SA
UTR: [REDACTED] 51872
Case ref: CFS-1561816

I am enclosing "on account" of various documents you have requested

Bank Statements for the "Robert Venables Q.C. No 4 Chambers Account" number [REDACTED] with HSBC for the period April 1st 2012 to 20th April 2018, being sheets 205 - 447.

This account was the account of the RVQC Partnership.

Yours sincerely,



From: Atkinson, Stuart (FIS Offshore, Corporate & Wealthy)
Sent: 21 February 2019 12:52
To: 'Robert Venables'
Subject: RE: Personal (Strictly Private & Confidential)

Sensitivity: Confidential

Dear Mr Venables – Thank you for your email.

I look forward to receiving the documents your refer to in your email below and also a full response to all the points raised in my letter dated 7 November 2018 by 1st March 2019.

I can also confirm that the USB stick enclosed with your letter dated 4 February 2019 was safely received and the data contained on the USB stick has now been successfully uploaded onto HMRC' computer systems.

I look forward to hearing from you on or before 1st March 2019.

Kind Regards

Stuart Atkinson | Investigator | Fraud Investigation Service | OCW Civil | Leeds
HMRC | Castle House | 31 Lisbon Street | Leeds | LS1 4SD
Tel : 03000 565105 | Fax : 03000 565702
Email: [REDACTED]

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From: Robert Venables [REDACTED]
Sent: 21 February 2019 10:22
To: Atkinson, Stuart (FIS Offshore, Corporate & Wealthy) [REDACTED]
Subject: Re: Personal (Strictly Private & Confidential)
Sensitivity: Confidential

Dear Mr Atkinson

I am sorry not to have replied to you earlier.

I have been in Western Australia since February 12th. Email connection is intermittent here. I return to the UK this Monday, the 25th.

I have been working on the numerous partnership agreements - of which there are about 20 - under which partners were admitted who first became entitled to profit shares in the accounting periods 2013 to 2017.

Although they are now scanned, the files are far too big to send by internet. Some of them exceed ten million bytes. So

J3768

Source: mouseinthecourt.co.uk

I shall have to wait until my return as they will be have to be by post.

I would hope to deal as fully as I can with your letters by the end of March 1st.

Yours sincerely,

Robert Venables

From: stuart.atkinson [REDACTED]
Sent: 18 February 2019 09:56
To: [REDACTED]
Subject: RE: Personal (Strictly Private & Confidential) EMAIL 1

Dear Mr Venables

Further to your email dated 12 February below – could you confirm that you are now in a position to provide a full response to my letter dated 7 November 2018, if so could you reply via email by close of play tomorrow please? If you are not in a position to provide a full response please confirm the date you now expect to respond to all the points raised in my letter?

I look forward to hearing from you shortly.

Kind Regards

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Email: [REDACTED]

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From: Robert Venables [REDACTED]
Sent: 12 February 2019 08:51
To: Atkinson, Stuart (FIS Offshore, Corporate & Wealthy) [REDACTED]
Subject: Re: Personal (Strictly Private & Confidential) EMAIL 1
Sensitivity: Confidential

Dear Mr Atkinson

I had hoped to reply to you by yesterday but deeds are still being scanned.

I am now departing from Australia.

J3769

Source: mouseinthecourt.co.uk

I hope to get back to you tomorrow.

Best wishes

Robert Venables

From: [stuart.atkinson](mailto:stuart.atkinson@hmrc.gov.uk) [REDACTED]
Sent: 04 February 2019 15:45
To: [REDACTED]
Subject: RE: Personal (Strictly Private & Confidential) EMAIL 1

Dear Mr Venables – Thank you for your emails.

If I could respond as follows:-

Receipts for VAT periods 01/04/12 to 20 June 2016 – I appreciate that the files are too large to send via email and that you will send them via a USB memory stick. I will of course acknowledge safe receipt of the USB stick on the day of receipt.

I look forward to receiving a full response to my letter dated 7 November 2018 on or before 12th February 2019.

Regarding a meeting – I note your comments.

I look forward to hearing from you shortly.

Kind Regards

Stuart Atkinson | Investigator | Fraud Investigation Service | OCW Civil | Leeds
HMRC | Castle House | 31 Lisbon Street | Leeds | LS1 4SD
Tel : 03000 565105 | Fax : 03000 565702
Email: [REDACTED]

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From: Robert Venables [REDACTED]
Sent: 04 February 2019 14:29
To: Atkinson, Stuart (FIS Offshore, Corporate & Wealthy) [REDACTED]
Subject: Re: Personal (Strictly Private & Confidential) EMAIL 1
Sensitivity: Confidential

Dear Mr Atkinson

The files are so large that I cannot realistically send them by email.

J3770

Source: mouseinthecourt.co.uk

I am sending them on a USB stick.

Best wishes

Robert Venables

From: Robert Venables [REDACTED]
Sent: 04 February 2019 14:25
To: stuart.atkinson [REDACTED]
Subject: Re: Personal (Strictly Private & Confidential) EMAIL 1

Dear Mr Atkinson

I am sorry for the delay in replying. I was waiting for the return from holiday of Amanda West, a free lance bookkeeper who gives the records of the RVQC Partnership and submits the VAT returns.

I am now attaching scans made by her of receipts for the VAT periods April 1st 2012 to June 20th 2016, which cover the basis periods for the Partnership's income tax returns for 13/14 to 16/17.

I am sending them in several emails as I suspect they will be too big for one alone.

I hope to let you have further information by Tuesday 12th, when I leave for abroad for two weeks.

As regards a meeting, while I am not adverse to holding one in due course, it really would be premature at the moment. You have made various allegations which are still not particularised. As and when I know what precisely you are alleging and why, it might then be appropriate to hold a meeting if the matter cannot be resolved by correspondence.

Yours sincerely,

Robert Venables

From: stuart.atkinson [REDACTED]
Sent: 04 February 2019 09:56
To: [REDACTED]
Subject: RE: Personal (Strictly Private & Confidential)

Dear Mr Venables

Further to my previous email dated 24 January 2019 (copy attached) can you please confirm (by close of play today) the date a full response will be received to my letter dated 7 November 2018?

If you are amenable to holding a meeting could you confirm (again by close of play today) your availability in say w/c 18th and 25th February 2019 and also venue(s)/time(s) that would be convenient for you?

J3771

Source: mouseinthecourt.co.uk

I look forward to hearing from you shortly.

Kind Regards

Stuart Atkinson | Investigator | Fraud Investigation Service | OCW Civil | Leeds
HMRC | Castle House | 31 Lisbon Street | Leeds | LS1 4SD
Tel : 03000 565105 | Fax : 03000 565702
Email: [REDACTED]

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From: Atkinson, Stuart (FIS Offshore, Corporate & Wealthy)
Sent: 28 January 2019 12:57
To: 'Robert Venables' [REDACTED]
Subject: Personal (Strictly Private & Confidential)
Sensitivity: Confidential

Dear Mr Venables

I acknowledge safe receipt of your letter dated 21 January 2019 (plus enclosures - namely bank statements covering the period April 2012 to April 2018).

I look forward to receiving your reply to my previous email dated 24 January 2019 shortly.

Kind Regards

Stuart Atkinson | Investigator | Fraud Investigation Service | OCW Civil | Leeds
HMRC | Castle House | 31 Lisbon Street | Leeds | LS1 4SD
Tel : 03000 565105 | Fax : 03000 565702
Email: [REDACTED]

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HM Revenue & Customs computer systems will be monitored and communications carried on them recorded, to secure the effective operation of the system and for lawful purposes.

The Commissioners for HM Revenue and Customs are not liable for any personal views of the sender.

This e-mail may have been intercepted and its information altered.

J3772

Source: mouseinthecourt.co.uk

From: Atkinson, Stuart (FIS Offshore, Corporate & Wealthy)
Sent: 12 March 2019 10:49
To: 'Robert Venables'
Subject: RE: Personal (Strictly Private & Confidential)

Sensitivity: Confidential

Dear Mr Venables

Thank you for your comprehensive response – I will now consider the points raised in your email and revert as quickly as possible.

In terms of the USB stick containing the partnership deeds, your letter dated 1 March 2019 enclosing the USB stick has been received at HMRC' central post office. I have made a request for the USB stick enclosed with your letter to be forwarded directly on to me. I will of course confirm safe receipt of the USB stick as soon as I receive it here in Leeds – this should be later this week/early next.

Kind Regards

Stuart Atkinson | Investigator | Fraud Investigation Service | OCW Civil | Leeds
HMRC | Castle House | 31 Lisbon Street | Leeds | LS1 4SD
Tel : 03000 565105 | Fax : 03000 565702
Email [REDACTED]

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From: Robert Venables [REDACTED]
Sent: 10 March 2019 18:35
To: Atkinson, Stuart (FIS Offshore, Corporate & Wealthy) [REDACTED]
Subject: Re: Personal (Strictly Private & Confidential)
Sensitivity: Confidential

Dear Mr Atkinson

I was sorry not to be able to reply by COB on Friday. The last two weeks have been impossible professionally. On Wednesday yet another piece of litigation unexpectedly became urgent - in addition to the four which had become urgent in the previous week (one involving a hearing on Tuesday).

In this email I try as best I can to deal with the final point in your letter of Nov 7th 1918 which you have helpfully repeated in your email of 4th March (trailed).

The difficulty is not so much in explaining the position as in explaining it succinctly and to someone such as yourself who, so far as I know, has no legal qualification. (Most lawyers have at least four years formal training and then

J3775

Source: mouseinthecourt.co.uk

continuing training with other lawyers before they are allowed to practice on their own account. The law is so complex that the reality is that no good lawyer ever stops learning. I, for example, was called to the Bar in 1973 and have been in practice for almost 40 years, 29 of them as a Q.C. Yet I do not mind admitting that I am still learning!) In my days as a full-time Oxford Don, I would devote an entire term to teaching Equity to undergraduates and almost as much to graduates who were studying Advanced Equity,

I hope you will bear with me in the following account. It may take some time to realise the relevance of this to your query, but I do have to go through this, even though it may at first blush look like ancient history. (I am reminded of one case I took to the Court of Appeal where I analysed the position as it would have been before 1876, on the basis that that was the only way one could understand the present law. The Court of Appeal found against me. The presiding judge went out of his way to be rude to me and said that my submissions were as outdated as Gilbert and Sullivan. On appeal to the House of Lords, the decision of the Court of Appeal was unanimously reversed and their Lordships went out of their way to say how much they had appreciated and relied on my historic analysis.)

First you need to know that historically we had originally the courts of Law (i.e. the common law of England). However, their decisions were rigid and were not always perceived as being equitable, so the Chancellor (i.e. the Lord Chancellor, who in the old days was more like the Prime Minister is nowadays) interfered in their decisions. He did so, as a matter of conscience, by making personal orders requiring persons to act in accordance with his directions, no matter what their rights were in the courts of Law. This eventually evolved into a system of law, called Equity (as it aimed to produce an equitable result), and the court in which it was applied became known as the Court of Chancery (because, originally, the only judge was the Lord Chancellor). Its present incarnation is the Chancery Division of the High Court of Justice, in which I predominantly practice.

Initially, there was some conflict between the two sets of courts and the two systems of law, but over 400 years ago James I made it clear that where the two conflicted, Equity was to prevail. That has never been doubted since. Although the courts of Law and Equity were fused in 1876, the Judicature Acts 1873-1875 make it clear that judges have notionally to apply the two systems of law. First, they apply the common law. If Equity has nothing to say on the matter, that is the end of the matter. They then, however, have to apply Equity and if the result of doing so is to yield a different result, then that must be the judgment of the court.

The greatest invention of Equity was the trust, together with the associated concepts of fiduciaries and fiduciary duties. (Trustees are fiduciaries par excellence. Yet there are other fiduciaries, such as directors of companies, agents and, in the context of a partnership, each of the partners is a fiduciary in that he owes fiduciary duties to the others.) The essence of a trust is that one person can be regarded as the "legal" owner of an asset i.e. the person whom the courts of Law would recognise as the owner, but he can hold it on trust for others, which can include himself, according to their respective interests. Such a person is called a "trustee" and the persons for whom he holds are known as the "beneficiaries". The interest owned by a beneficiary is a proprietary interest, not just a personal right as against the trustee. The beneficiary is, in the eyes of Equity, the "real" owner. For that reason, a beneficiary is often referred to as "the beneficial owner", because he is the person who is, in the eyes of Equity, entitled to benefit from the trust property, according to the nature of his interest in the trust property. An asset held on trust can be any form of asset known to the law. E.g. it can be a merely personal right as against a third party, such as arises under a contract.

A trust can exist contemporaneously with rights and duties recognised by the courts of Law. Perhaps the most common example is the trust which arises when a contract for the sale of land is entered into. At Law, the vendor simply owes

J3776

personal obligations to the purchaser. Yet Equity, while not detracting from the personal obligations recognised by the Law, superimposes a trust on the vendor who, the moment the ink is dry on the contract, holds the land as trustee for the purchaser, notwithstanding that he has not yet conveyed the legal title to him.

Income tax law is, in legal terms, quite a young invention. It was originally introduced during the Napoleonic wars. It was reintroduced only in the Income Tax Act 1842, as an "annual tax", and has been with us ever since. Because the distinction between legal and beneficial ownership had long since been established, the charge to income tax is levied on the person who is beneficially entitled to the income in question. [Sometimes, a legal owner can be accountable for income tax at the basic rate as the person in receipt of the income, but he is taxed only in a representative capacity. At the end of the day, it is the beneficial owner who is taxed on the income: he is given credit for the tax paid on account by the person in receipt and will either receive a refund of tax or be obliged to pay more tax, if tax is due at the higher rates. So, too, there are exceptional situations in which no one is beneficially entitled to income e.g. because as a matter of trust law it is, or has become, capital of the trust. In those exceptional cases, it is established by case law that the trustee is taxable; which is a perfectly understandable exception, as otherwise no one would be charged to income tax on the income. However, in the case of a partnership, this situation can never rise.]

Partnerships were recognised by the courts of Law. However, the mutual rights and duties of the partners as regards each other were regarded as being simply contractual in nature. The common law, was, as it were, two-dimensional. Equity, however, while recognising and giving effect to the contractual rights and duties of the partners amongst themselves, had long since imposed on a partnership another legal construct, that of the trust. It held that all partnership property (including contractual and other merely personal, as opposed to proprietary, rights) was held on trust for the partners, according to their respective rights under the partnership agreement. Thus, just as in the case of a contract for the sale of land, there supervened a trust and fiduciary duties. While the terms of the trust and the fiduciary duties arose out of, and did not contradict, the contractual rights and duties of the partners, as recognised by the common law, a partnership was, and is, in the eyes of Equity three-dimensional. Indeed, so important are the trust and fiduciary aspects that partnership disputes have long since been heard in the Court of Chancery or, since 1876, the Chancery Division of the High Court of Justice.

The RVQC Partnership arises out of agreements between the partners from time to time. Because it was created by a deed and its terms have been amended from time to time by deed, it does not strictly need to be based on a contract, too. Yet it is, the terms of the contract being recorded in the partnership deeds from time to time. Each of the partners gives something. In my case, I principally give my services, although I may also provide capital and / or extend credit to the partnership. In the case of the other partners, they agree to contribute capital to the partnership. Even if the partnership agreements had not been by deed and the matter were one of contract, every student of the law of contract learns in week one of his studies that while *some* consideration is needed to support a contract, the law does not enquire into the adequacy of the consideration. So whether or not the entitlement of a partner to share in profits is more or less than the commercial equivalent of the consideration he gives for it is immaterial.

The only profits which the partnership earns are the profits earned from the contacts into which I enter with my clients in the course of my practice as a barrister. It may well be that at Law, the profits are mine and mine alone. However, the effect of the legally binding partnership agreements is that I am (even in the eyes of the common law) bound to account to my fellow partners for their shares of partnership profits. More importantly, in the context of income tax, I hold the fees received from my clients upon trust for the partners of the partnership and as partnership property. I am at no moment in time ever *beneficially* entitled to the whole of the fees. Similarly, in so far as I properly incur expenses

J3777

in my own name for the purposes of the partnership's business, I am entitled to recoup myself from the partnership property. The (income) profits of the partnership are, of course, ascertained by deducting (income) expenses from (income) receipts. And it is those profits which are in general the taxable profits for income tax purposes.

The Income Tax Acts require a partnership to compute its profits for income tax purposes in the first instance as if it were one person. That is what we do and that is included in the partnership self assessment returns. The Income Tax Acts then require those profits to be apportioned to the partners according to their respective profit-sharing ratios for the relevant period of account (i.e. the basis period for the tax year in question), as laid down in the partnership agreement. That is again what we do. That is a most sensible system as it ensures that each partner is liable to income tax on the amount of partnership profits to which he is beneficially entitled and which belong to him, initially in Equity and then at Law, as and when they are actually paid over to him.

[Many years ago - until, I think, 1995/96, partnerships also had to account for income tax on the shares of profits of individual partners. That was a nightmare for all concerned, including the Revenue. The rule was wisely abolished some time last century.]

So the reason why profits of the partnership are not declared to HMRC as a "sole trade business" in my own name is first that I am not a sole trader: I am a partner in a partnership. Second, the profits are not declared to HMRC as my profits because I am not beneficially entitled to them. Fees earned are paid into a bank account in my own name which is a partnership asset. All fees received (and all rights to fees receivable) are held by me as a partner and thus in a fiduciary capacity, as partnership property. In so far as I am the sole *legal* owner of partnership assets (which I clearly am of e.g. the bank account into which fees are paid), I do not hold legally and beneficially but as trustee for the partnership. True, as one of the partners, I am also one of the beneficiaries. Yet the share of partnership profits to which I am beneficially entitled is properly declared, both on the partnership tax return and on my own personal return.

I hope the above helps. I do appreciate that most of this will be outside your comfort zone as a tax specialist.

PS I do hope you eventually received the partnership deeds on a chip. If you have not had them by now, I will send them again.

Best wishes

Robert Venables

From: stuart.atkinson@...
Sent: 04 March 2019 09:34
To: ...
Subject: RE: Personal (Strictly Private & Confidential)

Dear Mr Venables

Further to my email below I have yet to receive the partnership agreements that you refer to in your email dated 21 February. Could you confirm that the agreements have now been posted please?

J3778

Source: mouseinthecourt.co.uk

Turning to my letter dated 7 November 2018 (copy enclosed) I am now concerned that I have yet to receive your response to my final point under the heading "Information, point 6 (this is set out below)

"6. Details of the regulatory authority under which the RVQC partnership is authorised to provide legal services – I acknowledge your comments, in that the only person ever authorised to provide reserved legal services is yourself. Furthermore the only person who offers themselves out as offering legal services, reserved or otherwise, to the public is yourself. In addition the existence of the partnership is not known to any professional clients and is disclosed to no third party other than HMRC. With this in mind can you please provide a full explanation setting out precisely (referencing legislation/case law as and where appropriate) why profits earned are not declared to HMRC as a sole trade business in your own name?"

Also in terms of your confirmation that "the business of the partnership is to exploit the legal services I perform" can you please explain in further detail:-

- The nature of business undertaken in partnership – if this has changed at any point in time please provide full details*
- The role of each of the partners in the partnership*
- The reason(s) why, based on the above points, profits are taxable on the named partners?"*

Could you please provide the requested information on this specific point no later than close of play 8th March 2019.

I look forward to hearing from you shortly.

Kind Regards

Stuart Atkinson | Investigator | Fraud Investigation Service | OCW Civil | Leeds

HMRC | Castle House | 31 Lisbon Street | Leeds | LS1 4SD

Tel : 03000 565105 | Fax : 03000 565702

Email [REDACTED]

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From: Atkinson, Stuart (FIS Offshore, Corporate & Wealthy)

Sent: 21 February 2019 12:52

To: 'Robert Venables' [REDACTED]

Subject: RE: Personal (Strictly Private & Confidential)

Sensitivity: Confidential

Dear Mr Venables – Thank you for your email.

I look forward to receiving the documents your refer to in your email below and also a full response to all the points raised in my letter dated 7 November 2018 by 1st March 2019.

I can also confirm that the USB stick enclosed with your letter dated 4 February 2019 was safely received and the data contained on the USB stick has now been successfully uploaded onto HMRC' computer systems.

J3779

I look forward to hearing from you on or before 1st March 2019.

Source: mouseinthecourt.co.uk

Kind Regards

Stuart Atkinson | Investigator | Fraud Investigation Service | OCW Civil | Leeds

HMRC | Castle House | 31 Lisbon Street | Leeds | LS1 4SD

Tel : 03000 565105 | Fax : 03000 565702

Email: [REDACTED]

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From: Robert Venables [REDACTED]

Sent: 21 February 2019 10:22

To: Atkinson, Stuart (FIS Offshore, Corporate & Wealthy) [REDACTED]

Subject: Re: Personal (Strictly Private & Confidential)

Sensitivity: Confidential

Dear Mr Atkinson

I am sorry not to have replied to you earlier.

I have been in Western Australia since February 12th. Email connection is intermittent here. I return to the UK this Monday, the 25th.

I have been working on the numerous partnership agreements - of which there are about 20 - under which partners were admitted who first became entitled to profit shares in the accounting periods 2013 to 2017.

Although they are now scanned, the files are far too big to send by internet. Some of them exceed ten million bytes. So I shall have to wait until my return as they will be have to be by post.

I would hope to deal as fully as I can with your letters by the end of March 1st.

Yours sincerely,

Robert Venables

From: stuart.atkinson [REDACTED]

Sent: 18 February 2019 09:56

To: [REDACTED]

Subject: RE: Personal (Strictly Private & Confidential) EMAIL 1

Dear Mr Venables

J3780

Source: mouseinthecourt.co.uk

file:///C:/...20Ref%20ODEA%200037%20Email%20chain%20dated%2028012019%20to%2012032019%20between%20SA%20to%20RV htm[10/07/2023 16:29:49]

Further to your email dated 12 February below – could you confirm that you are now in a position to provide a full response to my letter dated 7 November 2018, if so could you reply via email by close of play tomorrow please? If you are not in a position to provide a full response please confirm the date you now expect to respond to all the points raised in my letter?

I look forward to hearing from you shortly.

Kind Regards

Stuart Atkinson | Investigator | Fraud Investigation Service | OCW Civil | Leeds

HMRC | Castle House | 31 Lisbon Street | Leeds | LS1 4SD

Tel : 03000 565105 | Fax : 03000 565702

Email: [REDACTED]

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From: Robert Venables [REDACTED]

Sent: 12 February 2019 08:51

To: Atkinson, Stuart (FIS Offshore, Corporate & Wealthy) [REDACTED]

Subject: Re: Personal (Strictly Private & Confidential) EMAIL 1

Sensitivity: Confidential

Dear Mr Atkinson

I had hoped to reply to you by yesterday but deeds are still being scanned.

I am now departing from Australia.

I hope to get back to you tomorrow.

Best wishes

Robert Venables

From: stuart.atkinson [REDACTED]

Sent: 04 February 2019 15:45

To: [REDACTED]

Subject: RE: Personal (Strictly Private & Confidential) EMAIL 1

Dear Mr Venables – Thank you for your emails.

If I could respond as follows:-

J3781

Source: mouseinthecourt.co.uk

Receipts for VAT periods 01/04/12 to 20 June 2016 – I appreciate that the files are too large to send via email and that you will send them via a USB memory stick. I will of course acknowledge safe receipt of the USB stick on the day of receipt.

I look forward to receiving a full response to my letter dated 7 November 2018 on or before 12th February 2019.

Regarding a meeting – I note your comments.

I look forward to hearing from you shortly.

Kind Regards

Stuart Atkinson | Investigator | Fraud Investigation Service | OCW Civil | Leeds
HMRC | Castle House | 31 Lisbon Street | Leeds | LS1 4SD
Tel : 03000 565105 | Fax : 03000 565702
Email: [REDACTED]

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From: Robert Venables [REDACTED]
Sent: 04 February 2019 14:29
To: Atkinson, Stuart (FIS Offshore, Corporate & Wealthy) [REDACTED]
Subject: Re: Personal (Strictly Private & Confidential) EMAIL 1
Sensitivity: Confidential

Dear Mr Atkinson

The files are so large that I cannot realistically send them by email.

I am sending them on a USB stick.

Best wishes

Robert Venables

From: Robert Venables [REDACTED]
Sent: 04 February 2019 14:25
To: stuart.atkinson [REDACTED]
Subject: Re: Personal (Strictly Private & Confidential) EMAIL 1

Dear Mr Atkinson

I am sorry for the delay in replying. I was waiting for the return from holiday of Amanda West, a free language interpreter who gives the records of the RVQC Partnership and submits the VAT returns.

J3782

Source: mouseinthecourt.co.uk

I am now attaching scans made by her of receipts for the VAT periods April 1st 2012 to June 20th 2016, which cover the basis periods for the Partnership's income tax returns for 13/14 to 16/17.

I am sending them in several emails as I suspect they will be too big for one alone.

I hope to let you have further information by Tuesday 12th, when I leave for abroad for two weeks.

As regards a meeting, while I am not adverse to holding one in due course, it really would be premature at the moment. You have made various allegations which are still not particularised. As and when I know what precisely you are alleging and why, it might then be appropriate to hold a meeting if the matter cannot be resolved by correspondence.

Yours sincerely,

Robert Venables

From: stuart.atkinson [REDACTED]
Sent: 04 February 2019 09:56
To: [REDACTED]
Subject: RE: Personal (Strictly Private & Confidential)

Dear Mr Venables

Further to my previous email dated 24 January 2019 (copy attached) can you please confirm (by close of play today) the date a full response will be received to my letter dated 7 November 2018?

If you are amenable to holding a meeting could you confirm (again by close of play today) your availability in say w/c 18th and 25th February 2019 and also venue(s)/time(s) that would be convenient for you?

I look forward to hearing from you shortly.

Kind Regards

Stuart Atkinson | Investigator | Fraud Investigation Service | OCW Civil | Leeds
HMRC | Castle House | 31 Lisbon Street | Leeds | LS1 4SD
Tel : 03000 565105 | Fax : 03000 565702
Email [REDACTED]

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From: Atkinson, Stuart (FIS Offshore, Corporate & Wealthy)
Sent: 28 January 2019 12:57

J3783

Source: mouseinthecourt.co.uk

To: 'Robert Venables' <[REDACTED]>
Subject: Personal (Strictly Private & Confidential)
Sensitivity: Confidential

Dear Mr Venables

I acknowledge safe receipt of your letter dated 21 January 2019 (plus enclosures - namely bank statements covering the period April 2012 to April 2018).

I look forward to receiving your reply to my previous email dated 24 January 2019 shortly.

Kind Regards

Stuart Atkinson | Investigator | Fraud Investigation Service | OCW Civil | Leeds
HMRC | Castle House | 31 Lisbon Street | Leeds | LS1 4SD
Tel : 03000 565105 | Fax : 03000 565702
Email [REDACTED]

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J3784

Source: mouseinthecourt.co.uk



ENVA35352082

GK 6673 0693 3GB

Robert Venables



STRICTLY PRIVATE AND CONFIDENTIAL

S Atkinson, Esq,
HM Inspector of Taxes
FIS
HM Revenue and Customs
BX9 1LL.

My ref: C:\1\REV\2018 COP9\190301 RV to SA.wpd

1 March 2019

Dear Mr Atkinson

Your ref: Leeds FIS/SA
UTR: 51872
Case ref: CFS-

Further to my email of this afternoon, I now enclose a USB memory stick containing copies of Supplementary Partnership Deeds of the RVQC Partnership.

Yours sincerely,



From: Robert Venables
Sent: 12/08/2019 15:59
To: Atkinson, Stuart (FIS Offshore, Corporate & Wealthy)
Subject: Re: STRICTLY CONFIDENTIAL - JULY 24th No 3

Dear Mr Atkinson

While I shall attempt to get the information to you within ten days, I am abroad and do not return to Studley Priory until the 24th and the lady who keeps the books is on holiday until the 19th.

Best wishes

Robert Venables

From: stuart.atkinson [REDACTED]
Sent: 12 August 2019 13:12
To: [REDACTED]
Subject: RE: STRICTLY CONFIDENTIAL - JULY 24th No 3

Dear Mr Venables – Thank you for your email with confirmation that you have never had a capital account concerning the RVQC partnership.

In terms of transactions between yourself and the partnership could you please provide a copy of your “current account” or the nominal account, however named, which reflects all money flows between yourself and the partnership i.e. dates, amounts for the years ending 9th April 2014, 9th April 2015 and 9th April 2016.

I can now confirm that the USB stick, which arrived at my offices on 18 July has now been successfully uploaded onto HMRC’ computer systems.

If you could provide the requested documentation within the next 10 days I would be grateful.

Kind Regards

Stuart Atkinson | Investigator | Fraud Investigation Service | OCW Civil | Leeds
HMRC | Castle House | 31 Lisbon Street | Leeds | LS1 4SD
Tel : 03000 565105 | Fax : 03000 565702
Email: [REDACTED]

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From: Robert Venables [REDACTED]
Sent: 11 August 2019 11:38
To: Atkinson, Stuart (FIS Offshore, Corporate & Wealthy) [REDACTED]
Subject: Re: STRICTLY CONFIDENTIAL - JULY 24th No 3
Sensitivity: Confidential

Dear Mr Atkinson

My apologies. On further enquiry, an additional reason I had not sent you my capital account with the RVQC Partnership is that I have never had one. The original Partnership Deed (of April 14th 1999) specified in clause 8 "The Senior Partner [I.e. myself] shall not be obliged to introduce any capital." That was no doubt because I would be rendering services to the Partnership.

J4036

Best wishes

Robert Venables

From: stuart.atkinson@hmrc.gov.uk
Sent: 31 July 2019 08:58
To: [REDACTED]
Subject: RE: STRICTLY CONFIDENTIAL - JULY 24th No 3

Dear Mr Venables

Thank you for your email. I look forward to receiving a copy of your capital account for the years ending 9th April 2014, 9th April 2015 & 9th April 2016 on or before 22nd August.

I apologise - my email issued yesterday should have also acknowledged safe receipt of the USB memory stick – the device concerned arrived at my office on 18 July whilst I was away from the office. I will now arrange for the data contained on the memory stick to be uploaded onto HMRC' computer system.

I look forward to hearing from you in due course.

Kid Regards

Stuart Atkinson | Investigator | Fraud Investigation Service | OCW Civil | Leeds
HMRC | Castle House | 31 Lisbon Street | Leeds | LS1 4SD
Tel : 03000 565105 | Fax : 03000 565702
Email [REDACTED]

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From: Robert Venables [REDACTED]
Sent: 31 July 2019 08:43
To: Atkinson, Stuart (FIS Offshore, Corporate & Wealthy) [REDACTED]
Subject: Re: STRICTLY CONFIDENTIAL - JULY 24th No 3

Dear Mr Atkinson

I think there must have been a misunderstanding between us. I thought you required the capital accounts of only the *other* partners. My apologies if I misunderstood.

The accounts are kept at [REDACTED], to which I do not return until the 22nd. However, I will see if I can get my capital account printed out and scanned so I can send it to you by email.

PS You should have received by some form of recorded delivery sent, I believe, directly to you around July 18th, a small external storage device containing files of invoices etc. Please let me know if it has not arrived.

Best wishes

Robert Venables

J4037

From: stuart.atkinson
Sent: 30 July 2019 16:09
To:
Subject: RE: STRICTLY CONFIDENTIAL - JULY 24th No 3

Dear Mr Venables

I acknowledge safe receipt of all 3 emails issued earlier today (and attachments).

With reference to drawn down from the Partnership i.e. a drawing between yourself and the partnership I do not appear to have received a copy of your personal capital account with the partnership covering the period 10th April 2013 to 9th April 2016 inclusive (my letters of 7 November 2018 and 13 May 2019 refer)

I acknowledge that your previous email dated 4 July (08:25) enclosed an attachment entitled "*part scanned Partners Capital accounts*". Furthermore your email dated 18/07/19 (09:57) included 2 further attachments also entitled "*part scanned Partners Capital accounts*". I have reviewed the attachments the only capital a/c I could locate which could potentially refer to you personal is marked "3932 RVTT916 Capital account". However the only 2 transactions recorded on this capital account are both dated 7 April 2003 (some 10 years earlier). With this in mind could you please forward a copy of your partner capital account for the years ending 9th April 2014, 9th April 2015 & 9th April 2016. Could I ask that this information is provided within the next 14 days please?

I look forward to hearing from you shortly.

Kind Regards

**Stuart Atkinson | Investigator | Fraud Investigation Service | OCW Civil | Leeds
HMRC | Castle House | 31 Lisbon Street | Leeds | LS1 4SD
Tel : 03000 565105 | Fax : 03000 565702
Email:**

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From: Robert Venables
Sent: 30 July 2019 11:46
To: Atkinson, Stuart (FIS Offshore, Corporate & Wealthy)
Subject: FW: STRICTLY CONFIDENTIAL - JULY 24th No 3

Dear Mr Atkinson

I am forwarding my email of July 24th in three parts, each with one attachment only.

Best wishes

Robert Venables

From: Robert Venables
Sent: 24 July 2019 12:04
To: stuart.atkinson
Subject: STRICTLY CONFIDENTIAL

Dear Mr Atkinson

J4038

I now attach the loan documentation relating to the 2017 / 18 loans to Mr Dunne as well as the assignment of my rights under them.

I attach also a pdf file of bank statements. I have put relevant figures in a square and marked with an X. The debits are payments by me to Mr Dunn. The credits are payments by the assignee to me. (These relate not only to 2017/18 loans but also to the previous "OMR" loans.)

The funds I lent to Mr Dunn were from cash I had on hand. In some cases, this was already in my current account. In other cases, I drew down on my account with the RVQC Partnership, the bank account of which is the R Venables Chambers 4 account. You will see that on one occasion, because Mr Dunn required funds in a hurry, payment was made to him directly from the latter account, this being treated as between myself and the RVQC Partnership as a drawing made by me.

Best wishes

Robert Venables

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J4039

From: Robert Venables
Sent: 31/08/2019 14:25
To: Atkinson, Stuart (FIS Offshore, Corporate & Wealthy)
Subject: STRICTLY PRIVATE AND CONFIDENTIAL EX RV QC

Dear Mr Atkinson

I now attached a scanned print-out of my current account with the RVQC Partnership spanning the accounting periods ended April 9th 2014, 2015 and 2016.

Best wishes

Robert Venables

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For more information please visit <http://www.symanteccloud.com>

[190827 RV Current ACs with RVQC Parntership April 10 2013 - April 9 2016.pdf](#)



J4046

Register

26/08/2019

3902 - RV Current A/C's - Totals Register through 10/04/16:

Date	No./Ref.	Name	Account	Memo	Amount	C	Balance
06/04/13			6475 - Finance Cha...	Revaluatio...	14,303.21		-11,153,638.23
10/04/13			6880 - Telephone	Phone (incl...	1,000.00		-11,154,638.23
14/08/13	TRA		1100 - HSBC Ch 4 ...	Transfer ex...	23,849.30		-11,178,487.53
20/11/13	101248	Tax Chambers	1100 - HSBC Ch 4 ...		-167.96		-11,178,319.57
20/01/14			-split-	TWM'S FE...	900.00		-11,179,219.57
20/01/14			6640 - Professional ...	TWM'S DIS...	749.19		-11,179,968.76
21/01/14			1432 - 25B Kelso Pl...	TWM SOL...	910.50		-11,180,879.26
21/01/14			6486 - LOAN COST...	TOTAL TW...	1,649.19		-11,182,528.45
21/01/14			1432 - 25B Kelso Pl...	TWM SOL...	342.21		-11,182,870.66
22/01/14			-split-	SAVVY INL...	5,750.00		-11,188,620.66
13/03/14			-split-	SAVVY INL...	31,500.00		-11,220,120.66
31/03/14			1432 - 25B Kelso Pl...	PART PAY...	430.58		-11,220,551.24
31/03/14			6042 - 61 HG EXPS	50% 61 HG...	5,500.00		-11,226,051.24
31/03/14			6900 - Travel	Travel (incl...	12,000.00		-11,238,051.24
31/03/14			6900 - Travel	Portion of c...	800.00		-11,238,851.24
31/03/14			6880 - Telephone	Phone (incl...	800.00		-11,239,651.24
31/03/14			6044 - Claviers and ...	Claviers onl...	3,500.00		-11,243,151.24
31/03/14			-split-	PROFIT S...	168,949.88		-11,412,101.12
31/03/14			3922 - RV Profit Sh...	PROFIT S...	475,773.45		-11,887,874.57
31/03/14			3822 - St Roger's Tr...		475,773.45		-12,363,648.02
31/03/14			3820 - St Roch's Tr...		80.00		-12,363,728.02
31/03/14			2078.2 - STUDLEY ...		21,718.09		-12,385,446.11
01/04/14	Pd Via H...		-split-	0207 7937 ...	67.99		-12,385,514.10
06/04/14			6475 - Finance Cha...	Revaluatio...	15,447.47		-12,400,961.57
11/06/14	TRA		1100 - HSBC Ch 4 ...		-5,500,000.00		-6,900,961.57
18/06/14	TRA		1100 - HSBC Ch 4 ...		-402,000.00		-6,498,961.57
30/06/14	RV Disbu...		6030 - BOOKS, ETC.	WADE	41.00		-6,499,002.57
30/06/14			-split-	Q/e June 1...	752.86		-6,499,755.43
01/07/14	TRA		1100 - HSBC Ch 4 ...		-255,000.00		-6,244,755.43
09/07/14	TRA		1100 - HSBC Ch 4 ...		-45,000.00		-6,199,755.43
17/07/14	TRA		1100 - HSBC Ch 4 ...		-48,000.00		-6,151,755.43
18/07/14			2080 - RVPERS pd ...		1,952.37		-6,153,707.80
22/07/14	TRA		1100 - HSBC Ch 4 ...		234,000.00		-6,387,707.80
31/07/14	TRA		1100 - HSBC Ch 4 ...		-7,000.00		-6,380,707.80
06/08/14			1100 - HSBC Ch 4 ...		-78,000.00		-6,302,707.80
12/08/14	CR		1100 - HSBC Ch 4 ...		11,000.00		-6,313,707.80
20/08/14	TRA		1100 - HSBC Ch 4 ...		-106,000.00		-6,207,707.80
27/08/14	TRA		1100 - HSBC Ch 4 ...		6,000.00		-6,213,707.80
27/08/14	TRA		1100 - HSBC Ch 4 ...		2,000.00		-6,215,707.80
18/09/14	TRA		1100 - HSBC Ch 4 ...		-36,000.00		-6,179,707.80
22/09/14	TRA		1100 - HSBC Ch 4 ...		2,000.00		-6,181,707.80
29/09/14	TRA		1100 - HSBC Ch 4 ...		24,000.00		-6,205,707.80
30/09/14			-split-	Q/e Sept 1...	2,041.73		-6,207,749.53
01/10/14	TRA		1100 - HSBC Ch 4 ...		-164,000.00		-6,043,749.53
09/10/14	TRA		1100 - HSBC Ch 4 ...		-77,000.00		-5,966,749.53
15/10/14	TRA		1100 - HSBC Ch 4 ...		164,000.00		-6,130,749.53

Register

26/08/2019

3902 · RV Current A/C's - Totals Register through 10/04/16:

Date	No./Ref.	Name	Account	Memo	Amount	C	Balance
24/10/14	DEP		1100 · HSBC Ch 4 ...		3,000.00		-6,133,749.53
30/10/14	TRA		1100 · HSBC Ch 4 ...		-72,000.00		-6,061,749.53
05/11/14	TRA		1100 · HSBC Ch 4 ...		-107,000.00		-5,954,749.53
07/11/14	TRA		1100 · HSBC Ch 4 ...		-60,000.00		-5,894,749.53
13/11/14	TRA		1100 · HSBC Ch 4 ...		-110,000.00		-5,784,749.53
19/11/14	TRA		1100 · HSBC Ch 4 ...		-23,000.00		-5,761,749.53
26/11/14	TRA		1100 · HSBC Ch 4 ...		-7,000.00		-5,754,749.53
28/11/14	TRA		1100 · HSBC Ch 4 ...		15,000.00		-5,769,749.53
02/12/14	TRA		1100 · HSBC Ch 4 ...		-71,000.00		-5,698,749.53
09/12/14	TRA		1100 · HSBC Ch 4 ...		-38,000.00		-5,660,749.53
11/12/14	TRA		1100 · HSBC Ch 4 ...		31,000.00		-5,691,749.53
15/12/14	TRA		1100 · HSBC Ch 4 ...		68,000.00		-5,759,749.53
22/12/14	TRA		1100 · HSBC Ch 4 ...		-40,000.00		-5,719,749.53
31/12/14	VAT JNL		-split-	Q/e Dec 14...	787.01		-5,720,536.54
06/01/15	TRA		1100 · HSBC Ch 4 ...		-45,000.00		-5,675,536.54
08/01/15	Norton		6049 · Computer So...		64.99		-5,675,601.53
15/01/15	TRA		1100 · HSBC Ch 4 ...		-8,000.00		-5,667,601.53
21/01/15	TRA		1100 · HSBC Ch 4 ...		256,000.00		-5,923,601.53
30/01/15	TRA		1100 · HSBC Ch 4 ...		21,000.00		-5,944,601.53
10/02/15	TRA		1100 · HSBC Ch 4 ...		5,000.00		-5,949,601.53
11/02/15	TRA		1100 · HSBC Ch 4 ...		5,000.00		-5,954,601.53
12/02/15	Bar Council		6771 · Subscription...	Fees & Sub...	1,763.00		-5,956,364.53
18/02/15			1103 · HSBC Depos...	PARNTER...	367,310.60		-6,323,675.13
18/02/15	TRA		1100 · HSBC Ch 4 ...		8,000.00		-6,331,675.13
19/02/15			1103 · HSBC Depos...		-5,000.00		-6,326,675.13
10/03/15			1103 · HSBC Depos...		-20,000.00		-6,306,675.13
18/03/15	TRA		1100 · HSBC Ch 4 ...		-20,000.00		-6,286,675.13
25/03/15			1103 · HSBC Depos...		-38,000.00		-6,248,675.13
25/03/15			1103 · HSBC Depos...		-42,000.00		-6,206,675.13
31/03/15	VAT Jnl		1432 · 25B Kelso PL...	Q/e Mar 15...	13,807.85		-6,220,482.98
31/03/15			6900 · Travel	Travel (incl...	12,000.00		-6,232,482.98
31/03/15			6880 · Telephone	Phone (incl...	800.00		-6,233,282.98
31/03/15			6900 · Travel	Portion of c...	800.00		-6,234,082.98
31/03/15			6044 · Claviers and ...		4,000.00		-6,238,082.98
31/03/15			3820 · St Roch's Tr...	Profit Shar...	816,349.64		-7,054,432.62
31/03/15			7600 · Allcation of p...	Profit share...	75,000.00		-7,129,432.62
31/03/15			7600 · Allcation of p...	RV net inte...	2,259.79		-7,131,692.41
31/03/15	TRA		1103 · HSBC Depos...		62,000.00		-7,193,692.41
31/03/15	VAT JNL		1432 · 25B Kelso PL...	VOID: Q/e ...	0.00	X	-7,193,692.41
31/03/15			4004 · St Julius Cur...		80.00		-7,193,772.41
31/03/15			3820 · St Roch's Tr...		816,349.64		-8,010,122.05
31/03/15			2078.3 · Studley ex...		52,682.11		-8,062,804.16
01/04/15	DR		1103 · HSBC Depos...		-10,000.00		-8,072,804.16
01/04/15	DR		1103 · HSBC Depos...		-45,000.00		-8,007,804.16
01/04/15	DR		1103 · HSBC Depos...		-45,000.00		-7,962,804.16
04/04/15			6475 · Finance Cha...	Revaluatio...	16,683.27		-7,979,487.43

J4395

Register

26/08/2019

3902 - RV Current A/C's - Totals Register through 10/04/16:

Date	No./Ref.	Name	Account	Memo	Amount	C	Balance
09/04/15	TRA		1103 · HSBC Depos...		125,000.00		-8,104,487.43
10/04/15			6044 · Claviers and ...	14/15	3,500.00		-8,107,987.43
22/04/15	TRA		1100 · HSBC Ch 4 ...		-7,000.00		-8,100,987.43
27/04/15	TRA		1103 · HSBC Depos...		-20,000.00		-8,080,987.43
29/04/15	TRA		1103 · HSBC Depos...		-16,000.00		-8,064,987.43
07/05/15	TRA		1100 · HSBC Ch 4 ...		-16,000.00		-8,048,987.43
18/05/15	HSBC CC		-split-	366) Porteg...	1,261.52		-8,050,248.95
20/05/15	TRA		1103 · HSBC Depos...		-18,000.00		-8,032,248.95
23/05/15	CC		6550 · Office Supplies	Norton	64.99		-8,032,313.94
27/05/15	TRA		1103 · HSBC Depos...		-40,000.00		-7,992,313.94
02/06/15	TRA		1103 · HSBC Depos...		-20,000.00		-7,972,313.94
08/06/15	TRA		1103 · HSBC Depos...		-23,000.00		-7,949,313.94
15/06/15	TRA		1103 · HSBC Depos...		-14,000.00		-7,935,313.94
18/06/15	CC		6550 · Office Supplies	Norton	49.99		-7,935,363.93
23/06/15	TRA		1103 · HSBC Depos...		-8,000.00		-7,927,363.93
30/06/15	VAT JNL		-split-	Q/e June 1...	803.58		-7,928,167.51
01/07/15	CC		-split-	373) 2x pas...	109.98		-7,928,277.49
02/07/15	TRA		1103 · HSBC Depos...		-50,000.00		-7,878,277.49
15/07/15	TRA		1103 · HSBC Depos...		-5,000.00		-7,873,277.49
23/07/15	TRA		1103 · HSBC Depos...		-6,000.00		-7,867,277.49
27/07/15	TRA		1103 · HSBC Depos...		-6,000.00		-7,861,277.49
27/07/15	TRA		1103 · HSBC Depos...		-10,000.00		-7,851,277.49
27/07/15	TRA		1103 · HSBC Depos...		-10,000.00		-7,841,277.49
06/08/15	TRA		1103 · HSBC Depos...		-85,000.00		-7,756,277.49
18/08/15	TRA		1103 · HSBC Depos...		-16,000.00		-7,740,277.49
19/08/15	TRA		1103 · HSBC Depos...		-20,000.00		-7,720,277.49
25/08/15	TRA		1103 · HSBC Depos...		-20,000.00		-7,700,277.49
03/09/15	TRA		1103 · HSBC Depos...		-6,000.00		-7,694,277.49
10/09/15	TRA		1103 · HSBC Depos...		-14,000.00		-7,680,277.49
17/09/15	TRA		1103 · HSBC Depos...		-4,000.00		-7,676,277.49
29/09/15	TRA		1103 · HSBC Depos...		-39,000.00		-7,637,277.49
30/09/15	VAT JNL		-split-	Q/e Sept 1...	136.77		-7,637,414.26
07/10/15	TRA		1103 · HSBC Depos...		-979,600.00		-6,657,814.26
15/10/15	TRA		1103 · HSBC Depos...		-5,000.00		-6,652,814.26
28/10/15	TRA		1103 · HSBC Depos...		-17,000.00		-6,635,814.26
03/11/15	RV Cash		-split-	391) 500G...	44.99		-6,635,859.25
03/11/15	TRA		1103 · HSBC Depos...		-2,000.00		-6,633,859.25
10/11/15	Del PC st...		-split-	385) Office ...	43.19		-6,633,902.44
10/11/15	TRA		1103 · HSBC Depos...		60,000.00		-6,693,902.44
16/11/15	TRA		1103 · HSBC Depos...		-4,000.00		-6,689,902.44
17/11/15	Del 265		-split-	386) Office ...	41.14		-6,689,943.58
17/11/15	CC 2060		-split-	389) Dell O...	1,162.72		-6,691,106.30
20/11/15	TRA		1103 · HSBC Depos...		-77,000.00		-6,768,106.30
23/11/15	TRA		1103 · HSBC Depos...		-10,000.00		-6,804,106.30
26/11/15	TRA		1103 · HSBC Depos...		-13,000.00		-6,817,106.30
10/12/15	CC		6049 · Computer So...	397) Laplin...	56.95		-6,817,163.25

4396

Register

26/08/2019

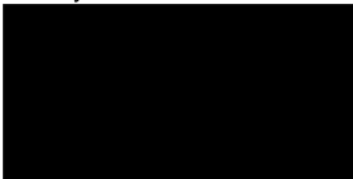
3902 - RV Current A/C's - Totals Register through 10/04/16:

Date	No./Ref.	Name	Account	Memo	Amount	C	Balance
10/12/15	CC		6049 - Computer So...	398) Laplin...	56.95		-6,591,220.20
10/12/15	dc		1103 - HSBC Depos...		-11,000.00		-6,580,220.20
15/12/15	TRA		1100 - HSBC Ch 4 ...	personal ex...	-505.80		-6,579,714.40
15/12/15	TRA		1103 - HSBC Depos...		-23,000.00		-6,556,714.40
23/12/15	TRA		1103 - HSBC Depos...		-41,000.00		-6,515,714.40
29/12/15	TRA		1103 - HSBC Depos...		-20,000.00		-6,495,714.40
31/12/15	KP 25% ...		-split-	25% K P E...	118.93		-6,495,833.33
31/12/15	VAT Jnl ...		-split-		653.88		-6,496,487.21
31/12/15	VAT Jnl ...		-split-	Exps from ...	399.34		-6,496,886.55
04/01/16	TRA		1103 - HSBC Depos...		-5,000.00		-6,491,886.55
12/01/16	TRA		1103 - HSBC Depos...		-20,000.00		-6,471,886.55
25/01/16	TRA		1103 - HSBC Depos...		5,000.00		-6,476,886.55
28/01/16	TRA		1103 - HSBC Depos...		-4,000.00		-6,472,886.55
10/02/16	TRA		1103 - HSBC Depos...		-519,000.00		-5,953,886.55
15/02/16	TRA		1103 - HSBC Depos...		-34,000.00		-5,919,886.55
22/02/16	TRA		1103 - HSBC Depos...		-43,000.00		-5,876,886.55
01/03/16	TRA		1103 - HSBC Depos...		-47,000.00		-5,829,886.55
08/03/16	TRA		1103 - HSBC Depos...		-35,000.00		-5,794,886.55
14/03/16	TRA		1103 - HSBC Depos...		-10,000.00		-5,784,886.55
29/03/16	TRA		1103 - HSBC Depos...		-30,000.00		-5,754,886.55
31/03/16			1432 - 25B Kelso Pl...	25% K P E...	-109.01		-5,754,777.54
31/03/16			6900 - Travel	Car, petrol,...	800.00		-5,755,577.54
31/03/16			6880 - Telephone	Phone and ...	800.00		-5,756,377.54
31/03/16			6900 - Travel	upgrade far...	10,000.00		-5,766,377.54
31/03/16			3998A - St Claire's ...	Profit share...	65,825.47		-5,832,203.01
31/03/16			7600 - Allocation of p...	Interest for ...	5,751.70		-5,837,954.71
31/03/16	VAT JNL		1432 - 25B Kelso Pl...	VOID: 25%...	0.00	X	-5,837,954.71
31/03/16			2078.4 - Studley Lia...		43,521.55		-5,881,476.26
04/04/16			6475 - Finance Cha...	Revaluatio...	18,017.93		-5,899,494.19
05/04/16	TRA		1103 - HSBC Depos...		-72,000.00		-5,827,494.19
06/04/16			2533 - HSBC Mortg...	Assumptio...	-482,867.18		-5,344,627.01
10/04/16			6044 - Claviers and ...	15/16	3,500.00		-5,348,127.01

J4397



Mr R Venables QC
Strictly Private & Confidential



Phone 03000 565105

Email [Redacted]

Web www.gov.uk

Date 15 April 2020
NI number [Redacted]
UTR [Redacted] 51872
Case Ref CFS-1561816

Dear Mr Venables

Discovery assessments – Section 29 TMA 1970 – Tax Years 2000/01 to 2017/18 inclusive

Following information/documentation provided during my Code of Practice 9 investigation, I have now concluded that discovery assessments are required for the purpose of making good a loss of tax/NIC. The legislation under which discovery assessments are made is Section 29 Taxes Management Act 1970.

During my investigation I have discovered: -

- The partnership (declared on tax returns submitted to HMRC named the “RVQC Partnership”) is not known to any other 3rd party (except for HMRC) e.g. clients, clerk in chambers, Bar Standards Board etc. I note specifically that the Bar Standards Board website confirms your practicing status as “self-employed”.
- The partnership concerned is not regulated to provide legal services.
- You confirmed, in your email dated 10 March 2019 that “*The only profits which the partnership earns are the profits earned from the contacts (sic) into which I enter with my clients in the course of my practice as a barrister.*”

As a matter of law, this does not come within the definition of a partnership in that it is inconsistent with the basic proposition that a partnership under the Partnership Act 1890 involves the partners being in business in common with a view of profit. A business in common is not affected by a “partner” enjoying, in equity, some economic interest in the activities of another.

Given the above, in my view it is clear that you (throughout the entire period) have personally entered into contracts with your clients and have not operated as a member of a bona fide partnership. As such, my conclusion is that all profits earned and declared to HMRC via the purported Partnership should have been declared by you, in full as income

earned from self-employment with tax calculated and paid accordingly. The failure to do so is, in my view, deliberate.

In terms of the tax years for which assessments are issued, I am of the view that extended time limits are in point i.e. deliberate behaviour, and as such time limits are extended to cover assessments for the last 20 years.

Right to Appeal

I refer you to HMRC Factsheet 1 - HM Revenue and Customs (HMRC) decisions – what you can do if you disagree.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/763386/HMRC1.pdf

Should you wish to appeal against the assessments made, could you please confirm this in writing, together with the grounds for your appeal within the next 30 days.

As referred to in HMRC's factsheet 1 when submitting your appeal please also confirm if you would like an independent review to be undertaken of my decision. Also please confirm if you wish the tax charged to be postponed until the appeal is settled. Should you request postponement interest will continue to accrue on any postponed amount and unpaid tax that is due when the appeal is settled, or the tribunal has made its decision.

Important information about Coronavirus (COVID-19)

If you have any health or personal circumstances that may make it difficult for you to deal with us, please tell us. We'll help you in whatever way we can.

Problems paying your tax because of Coronavirus (COVID-19)

We're continuing to follow government advice and are regularly reviewing our processes to make sure we're supporting customers.

If you're concerned about being able to pay your tax because of COVID-19, we can agree 'time to pay' arrangements with you. We agree these on a case-by-case basis and tailor them to meet individual circumstances.

We've set up a dedicated helpline for dealing with time to pay arrangements. If you need help or want to talk about your options, you can phone us on 0800 024 1222. Lines are open from 8am to 4pm Monday to Friday and we have 2,000 staff ready to help.

More information about Coronavirus COVID-19

You can find more information online. Go to www.gov.uk and search for 'Coronavirus COVID-19'.

About using references and sending us documents

If you send us original documents or records, you must tell us so that we can send these back to you. If you do not tell us, then we will securely destroy anything you send after 50 working days. We will not return memory sticks or any other removable media. It's our policy to destroy these rather than return them. Whichever method you choose to contact us, you need to quote the case reference CFS-1561816.

Yours sincerely

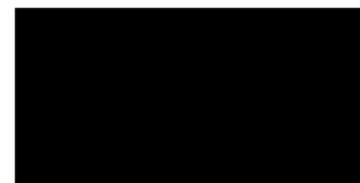
Mr S Atkinson

HM Inspector of Taxes

If you need extra support, go to www.gov.uk/dealing-hmrc-additional-needs For example if you have a disability, a mental health issue, or do not speak English.

J4054

Robert Venables Q.C.



STRICTLY PRIVATE AND CONFIDENTIAL

Stuart Atkinson, Esq,
HM Inspector of Taxes
FIS
HM Revenue and Customs
BX9 1LL.

My ref: C:\1\REV\2018 COP9\200511 to re 200415 ex.wpd

11 May 2020

Dear Mr Atkinson

NI Number: [REDACTED]
UTR: [REDACTED] 51872
Case ref: CFS-1561816

I acknowledge receipt of your letter dated April 15th 2020 (but received somewhat later) and “discovery” assessments for the years 2000/01 to 2017/18:

Covid 19

You mentioned the pandemic. I am writing this letter as best I can. As a person of advanced years, I have, in accordance with government advice, been staying at the above address (since March 20th). While I have access to internet and certain legal materials, I do not have access to the full legal materials which would be available if we were not in lock-down and which I believe are required fully to deal with the points in your letter. My Chambers in London is physically closed. It is therefore not even possible for me to ask a third party to send me scanned copies of potentially relevant legal materials which might be available in the Chambers or in the local law libraries.. I would hope to be able to provide a fuller reply once the lock-down is over.

Appeals and Application to Postpone Tax Assessed

I hereby appeal against all the assessments and also apply to postpone all tax charged by them.

For the reasons given below, I am not at this stage able to give definitive grounds of appeal, but list my provisional grounds of appeal, while reserving the right to amplify and / or amend them.

When were the “Discoveries” Made?

I note that the assessments are “discovery” assessments, issued, I assume, under the authority of Taxes Management Act 1970 section 29. Can you please inform me when you “discovered” that these amounts of tax had been under-assessed? I imagine it was some time before you first contacted me by letter dated 30th May 2018 but I would seek your confirmation, please.

Provisional Grounds of Appeal

A Power to Make the Assessments

A.1 As regards years before 2016/17, the assessments are out of time: see Taxes Management Act 1970 section 34. I note that the only reason you suggested you are entitled to rely on

extended time limits are on account of “deliberate behaviour”. I take it that this is a reference to Taxes Management Act 1970 section 36(1A) which, so far as material, provides:

“(1A) An assessment on a person in a case involving a loss of income tax or capital gains tax-

(a) brought about deliberately by the person,

...

may be made at any time not more than 20 years after the end of the year of assessment to which it relates ...”

I note that the “deliberate behaviour” must be deliberate behaviour to prevent income tax chargeable being recovered. You are in effect alleging fraud. When fraud is alleged against anyone, let alone a barrister and one of Her Majesty’s Counsel, it is incumbent on the person making the allegation fully to particularise it and to discharge what is in practice the heavy burden of proof of establishing that fraud. You have provided no particulars. I content myself with saying at this stage that, even if I am wrong in my contentions on the substantive grounds of dispute between us, that falls a great deal short of my having been fraudulent.

A.2 As regards all years of assessment, I duly made self-assessment returns. Section 29(3) therefore prima facie prevents any assessment being made under that section. I note that you have not suggested any reason why section 29(3) is not in point.

A.3 As respects many of the earlier years, an enquiry was opened and closed without amending my self-assessment return. (I will need to research which years these were, although I believe you may be aware of them.)

B Grounds Relating to whether Additional Tax was Ever Chargeable.

B.1 There was a partnership, as evidenced by the partnership deeds from time to time, and my share of partnership profits, as computed for United Kingdom income tax purposes has been properly self-assessed over the years and I have paid income tax referable to those profits. There are no further profits of mine which are capable of being lawfully assessed. I expand below on this in the light of your letter.

B.2 In the alternative (and very much in the alternative, as my primary contention is very much B.1), even if for some reason there was not a partnership, I am liable to pay tax only on professional profits to which I am beneficially entitled (and not on profits to which someone else was beneficially entitled). The charge to tax is under Income Tax (Trading and Other Income) Act 2005 Part 2 (Trading Income), Chapter 2 (Income Taxed As Trade Profits).¹ Income Tax (Trading and Other Income) Act 2005 section 8 (person liable) provides “The person liable for any tax charged under this Chapter is the person receiving or entitled to the profits.” It is well established that “entitled” means “beneficially entitled”. I have self-assessed and paid tax referable to all taxable profits

¹ Despite the headings, it is clear that the provisions apply to professions as well as to trades.

to which I was beneficially entitled. While a person who is merely in receipt of profits² to which another is beneficially entitled may be accountable for income tax on the profits received, it is again well established that he liable is only in a representative capacity (and only at the basic rate) and that such profits do not form part of his own income.³

Even if there was for some reason no partnership (just as if there was) the effect of the “partnership” deeds was that other partners were beneficially entitled to their respective profit shares as per the partnership deeds and were so entitled at the very moment the partnership profits arose. There was never a moment in time (a “*scintilla temporis*”, as we lawyers used to say when we were allowed to use learned languages) when I was beneficially entitled to any of those profit shares. Hence, I could not be liable to tax on those profit shares on the basis that I was (beneficially) entitled to those profit shares.

Further, even if might have been liable in a representative capacity on account of being somehow in receipt of profit shares other than my own, to the best of my knowledge and belief, all the other partners declared the shares of the profits of the trade to which they were beneficially entitled and duly paid tax on them. Hence, I cannot now be assessed (whether under Taxes Management Act 1970 section 29 or otherwise) as all income which ought to have been assessed to tax has been assessed to tax (and duly paid).

It would add that it is obviously the case and has never previously, to my knowledge, been disputed by HMRC (or their predecessors, the Commissioners of Inland Revenue) that one person may carry on a trade or profession as trustee for others, who are beneficially entitled to the profits of that trade or profession.⁴ For example, over a century ago in *Fry v Shiels' Trustees* (1915) 6 Tax Cases 583 a business had been carried on by trustees for the benefit of others. The only question which arose was whether profits of the business carried on by the trustees were “immediately derived” by the beneficiaries from the carrying on of the trade (so as to entitle them to a relief, long since repealed, known as “earned income relief”). The Commissioners of Inland Revenue⁵ not only accepted but relied on the fact that it was the beneficiaries who were beneficially entitled to the profits of the trade and only they could be ultimately taxed on them (as opposed to some third party being taxable in a representative capacity on their behalf). Indeed, the assessments under appeal had been made on that very basis. Mr Fry, the Inspector of Taxes, won the case, not because the beneficiaries were not the persons chargeable to tax on the profits, but because their share of profits was not “immediately derived” by them from carrying on the trade. If the beneficiaries had not been the persons

² This is not an altogether easy concept to apply to a trade or profession, where the profits are an merely an arithmetical difference rather than represented by a receipt of “pure income profit”.

³ Prior to the introduction of self-assessment in the mid 1990's, partnerships (including each of the partners) were expressly liable (in a representative capacity) for income tax on every partner's share of profits. However, the rules were then changed to the present situation where neither the partnership nor any of the partners is liable to pay tax on a share of partnership profits to which another person is entitled.

⁴ Or, as in this case, for himself and others who are beneficially entitled to the profits of the trade or profession according to a profit-sharing formula.

⁵ the predecessors of HMRC.

ultimately chargeable on their profit shares, they would not have been liable to income tax at all (and so the question of earned income relief would not have arisen). The trustees would have been the only persons assessable and, ironically enough, they would have been entitled to earned income relief.

C Grounds Relating to the Quantum of Tax Assessed

C.1 In the alternative (and very much in the alternative) the amounts of tax assessed are incorrect.

I am under the difficulty that the assessments simply assess an amount of tax and I do not have your calculations as to how this amount was arrived at. I do not even know the amount of taxable income assessed.

Further, it would appear that the assessments neither make any allowance for nor give any credit for tax paid by other partners on what I claim were their shares of partnership profits and / or income to which they were beneficially entitled but which you claim were my taxable profits.

C.2 It may be that there could be further grounds of appeal which relate to the above. At the moment, however, I am not in any position to advance them.

Review

In my view, the holding of a review would be premature at this point. I very much agree with what is stated in HMRC 1 “We find that most disagreements are resolved by discussing them with us.” I consider that several matters need to be discussed further. It may be that we can resolve them between ourselves.

My understanding is that neither your letter nor any of the assessments contains an offer of a review, falling within Taxes Management Act 1970 section 49C and that you are simply pointing out that my entitlement, under section 48B, to ask for a review.

If that understanding is not correct, please let me know as soon as possible, so that I can take further steps.

Your Substantive Grounds for Raising the Assessments

You state, in paragraph 2 of your letter:

“... ”

“the partnership (declared on tax returns submitted to HMRC named the “RVQC Partnership”) is not known to any other 3rd party (except for HMRC e.g. clients, clerk in chambers, Bar Standards Board etc. I note specifically that the Bar Standards Board website confirms your practising status as “self-employed”.

the partnership concerned is not regulated to provide legal service

you confirmed in your email dated 10 March 2019 that “*the only profits which the partnership earns are the profits earned from the contacts [sic into which I enter with my clients in the course of my practice as a barrister.*”

As a matter of law, this does not come within the definition of a partnership in that it is inconsistent with the basic proposition that a partnership under the Partnership Act 1890

involves the partners being in business in common with a view of profit. A business is common is not affected [sic] by a “partner” enjoying, in equity some economic interest in the activities of another.”

You omit to mention that there was a number of partnership deeds entered into over the years and that many partners were aware that there was a partnership and, indeed, have filed their self-assessment returns and paid income tax on that basis. Are you seriously suggesting that the partners never really intended to enter into partnership?

It is not necessary for the existence of the partnership to be known to clients, clerks or the Bar Standards Board. In the earlier years, before the current regulatory system came in, I could contract either as undisclosed agent for a principal, namely the partnership or as bare trustee for the partnership. After the current regulatory system was introduced, I contracted as bare trustee for the partnership. The concept of a person contracting as agent for an undisclosed principal, including the case where not even the fact that the person is contracting as agent is not disclosed, is well known to the common law. Similarly, a person contracting as trustee for others is well established. At common law, the contract is between only the third party and the trustee. In equity, however, the trustee holds his legal rights on trust for the beneficiaries, in this case the members of the partnership.

There was no need to disclose the existence of the partnership to clients, clerks or the Bar Standards Board. Each of them was concerned only that legal services were being provided by someone who had the appropriate qualifications and was duly authorised to practice. The Bar Standards Board in particular, exists for the benefit of the public, to ensure that unsuitable persons do not hold themselves out as competent to provide legal services. That was satisfied by my having the appropriate qualifications and being otherwise fit to render legal services.

You say “I note specifically that the Bar Standards Board website confirms your practising status as “self-employed”.” First, the Bar Standards Board authorises different categories of barrister to practice. I have at all material times been authorised to provide legal services as a “self-employed” barrister (as opposed, for example, to an “employed barrister”). Whether I am doing so as a sole “trader” or as agent or trustee for a partnership of which I am a member, I am still “self-employed”. Members of a partnership are, in that capacity, all self-employed. They are not employed by an entity which is the partnership.

The partnership as such did not need to be regulated to provide legal services. I was regulated and that was sufficient. See above.

As stated above, I of course entered into contracts with clients. Yet that is not inconsistent with the contracts being entered into by me as agent or trustee for the partnership.

As to the second paragraph from your letter I have cited, I do not currently have access to standard books on partnership law. However, with respect, whatever your reasoning it, your conclusions cannot be right. I wonder if you are under the impression that in order for a person to be a partner and to “carry on business in partnership” it is necessary that they are directly involved in the provision of goods or services to third parties. If so, that is simply not the case. The concept of a “sleeping partner” has long since been known to the law. Indeed, it was expressly recognised in The Limited Partnerships Act 1907. That Act can apply only to common law partnerships, such as the RVQC Partnership, and does not create a new form of partnership otherwise unknown to the common law. When the conditions of that Act are complied with, the effect is to give sleeping partners limited liability for the debts of the common law partnership provided they certain conditions are complied with. (The position at common law is that each and every partner is liable for all of the debts of the partnership.) One of the conditions is that “A limited partner shall not take part in the management of the partnership business”: see section

6(1).⁶ Hence, Parliament expressly recognised what had long been regarded as settled law, namely that a person can be a partner, carrying on business in common with others with a view to profit, even though he takes no part in the management of the partnership business.

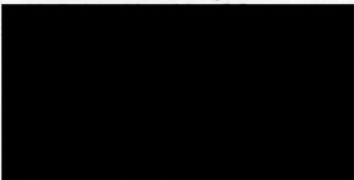
Yours sincerely,

⁶ Section 6(1) continues “and shall not have power to bind the firm”.



HM Revenue
& Customs

Strictly Private & Confidential
FAO Addressee Only



HM Revenue & Customs
Offshore Corporate and Wealthy
Fraud Investigation Service
1 Ruskin Square
Croydon CR0 1XJ

Phone

Fax

Email



Date 7th July 2021

Our ref

Your ref

ENF3387

Web www.gov.uk

Dear Mr Robert Venables QC

RE: INVITATION TO ATTEND A VOLUNTARY INTERVIEW

I am an officer of HMRC's Fraud Investigation Service, and I am currently conducting a criminal investigation into the suspected offences of fraudulent evasion of income tax and money laundering. You are a suspect in this investigation.

Mr Robert Venables QC, you are believed to have committed the offences of fraudulent evasion of income tax and money laundering by implementing a partnership structure (the RVQC partnership) which is believed to have been used as a vehicle for the purpose of evading the correct amount of income taxes due from you and laundering the proceeds of that evasion. This "partnership" is believed not to be a genuine partnership and has been created to enable the fraudulent evasion of income tax due from you leading to a tax loss of approximately £1.5 million. It is suspected that you have been knowingly concerned in this income tax evasion and in laundering the proceeds of this evasion via your role in the creation and implementation of the supposed partnership and your role as a "senior partner" in the partnership.

In order to properly investigate this matter, I need to conduct an interview with you under caution and in accordance with the provisions set out in section 29 of the Police and Criminal Evidence Act 1984 (PACE) and PACE Code of Practice C. The interview will be recorded and you will be entitled to have a solicitor present (if you do not have a solicitor and you need the services of a duty solicitor or need to see the list of local solicitors, please let me know).

The interview has been arranged for 10am on 24th July 2021 at HMRC, 1 Ruskin Square, Croydon CR0 1XJ. **Please let me by if you will be attending this interview by 14/07/2021.**

J3123

Information is available in large print, audio and Braille formats.
Text Relay service number – 18001



Please be aware that this interview would be voluntary, you would not be under arrest and would be free to leave at any time. You would only be prevented from leaving at will if, during your attendance, it was decided that your arrest is necessary.

You should also be aware that if you do not contact me in response to this letter, decline to attend a voluntary interview, fail to attend the interview at the time agreed or having attended, fail to remain for the interview to be completed, your arrest may be necessary to enable you to be interviewed.

Further information on your rights and entitlements are contained within the attached document, "Notice to Voluntary Attenders" (ENF 1239A).

I also attach a Notice of Intention to Apply for a Production Order in respect of Breangale Ltd. This is sent to you as a person affected by this application.

I also attach a Notice of Intention to Apply for a Production Order in respect of Old Square Tax Chambers. This is likewise sent to you as a person affected by this application.

You may wish to seek legal advice regarding this letter.

If you have any questions, please contact me at the above address.

Yours,

A black rectangular redaction box covering the signature of Mrs Kiran O'Dea.

Mrs Kiran O'Dea

ENF3387

J3124



STRICTLY PRIVATE AND CONFIDENTIAL

Mrs Kiran O’Dea
HM Revenue & Customs
Offshore Corporate and Wealthy
Fraud Investigation Service
1 Ruskin Square
Croydon CRO 1XJ.

Your reference ENF3387¹

11 July 2021

By email to [REDACTED] with hard copy letter to follow

Dear Mrs O’ Dea,

Preliminary

I refer to your letter² to me personally of 7th July 2021, which I found most surprising, not to say “shocking”.

I have not responded earlier as, quite apart from other commitments, I have been engaged in helping provide responses to letters, also of 7th July, sent either by or on behalf of yourself or Mr Levent Karaoglan, also of the Offshore Corporate and Wealthy Fraud Investigation Service (“the Service”), to the Head Clerk to my Chambers, to my brother Michael Venables Q.C. (in his own capacity), to Gary Bernard Morris and to Derek John Thomas Murray, as well as to my brother in his capacity as a director of Breangale Limited.

On account of the urgency of the matter, I am, exceptionally, sending this letter by email. However, should you have any response to me, I would prefer you to respond by hard copy letter addressed to me at my home address above, as email is not always secure.

I am also copying in Mr Levent Karaoglan, as I have comments on letters sent out by him or on his authority and because he, too, needs to read most carefully what I have to say about the implied threat of arrest contained in your letter to me (and in your letters to others).

¹ This is erroneously shown on your letter as my reference.

² While it purported to be from you, it was signed "pp" with an undecipherable signature. I shall assume in this letter that it was indeed sent with your authority.

The Key Allegation

In your letter you state:

“Mr Robert Venables QC, you are believed to have committed the offences of fraudulent evasion of income tax and money laundering by implementing a partnership structure (the RVQC partnership) which is believed to have been used as a vehicle for the purpose of evading the correct amount of income taxes due from you and laundering the proceeds of that evasion. This "partnership" is believed not to be a genuine partnership and has been created to enable the fraudulent evasion of income tax due from you leading to a tax loss of approximately £1.5 million. It is suspected that you have been knowingly concerned in this income tax evasion and in laundering the proceeds of this evasion via your role in the creation and implementation of the supposed partnership and your role as a "senior partner" in the partnership.

“In order to properly investigate this matter, I need to conduct an interview with you under caution and in accordance with the provisions set out in section 29 of the Police and Criminal Evidence Act 1984 (PACE) and PACE Code of Practice C. ...”

Let me make clear at the outset that I, as well as my brother, utterly repudiate the allegations which have been made against us and which, so far as we can tell, are made without any “reasonable and probable cause”. I look forward, as does he, to receiving from you details of who entertains the beliefs mentioned and on what rationale basis.

The Background to the Allegation

In case this letter is put before one of Her Majesty’s Judges, e.g. with a view to obtaining a warrant of some nature,³ I shall set out some basic facts, of most of which HMRC will no doubt be well aware but of which the learned Judge might not be.

It is also written so that, should it be necessary for me to bring proceedings for damages on account of the unlawful action of anyone within HMRC, any potential tortfeasor (and HMRC) will be fully aware in advance of the extent of the loss which would be inflicted on me, so that it cannot be claimed that the loss would not have been foreseeable.

I was called to the Bar in 1973, took up full-time practice in 1979 and took Silk in 1990. Although now 73, I am still in practice, since 1989 at what is now called “Old Square Tax Chambers”, in Lincoln’s Inn. The centre of my practice is tax, although I sometimes advise on Chancery matters which have no, or virtually no, tax content, such as matters relating to trusts, estates or charities.

³ as to which, see further below.

I have no expertise in the criminal side of tax.⁴

Much of my work involves advising taxpayers how to avoid disputes with HMRC or how best to conduct disputes which have arisen with HMRC, including, but only if necessary, litigation.⁵ I do not hesitate to point out, not only in both in my practice at the bar but in my public writings and talks, what are in my view the shortcomings within HMRC, especially when they act in a way which suggests they are ignorant of the law or have no concern for the law and simply wish to ride roughshod over the rights of taxpayers. I am particularly critical of the practice one sometimes encounters within HMRC nowadays which I term “Taxation by Intimidation”.

I was Chairman of the Revenue Bar Association from 2001 to 2005, I have been a Bencher of the Middle Temple since 1999 and was a Council Member of the Chartered Institute of Taxation, of which I have been a Fellow for almost 40 years, for the maximum period allowed of 12 years.

I am first and foremost an academic. One of the reasons I chose to specialise in tax law was because it is one of the most academic areas of the law and because the sums at stake often mean that I can devote proper time and attention to the academic research which is needed if I am to make my advice to my clients the best I which I am capable.

I was from 1975 - 1980 a full-time Oxford Law Don, as an Official Fellow of the College of St Edmund Hall and a CUF lecturer of the University. From 1992 to 2020, I was a Fellow by Special Election (in effect, a non-executive Fellow) of St Edmund Hall. Just over a year ago I was elected, together with Lord (Mark) Sedwill (the former Cabinet Secretary), to an Honorary Fellowship, the highest honour the College can bestow. As such, I find myself in the company of some very distinguished lawyers (of which I do not mind admitting I am the least distinguished), including Lady Justice Sarah Asplin, Sir Stanley Burnton (a former Judge of the Court of Appeal, David Gauke (a former Lord Chancellor), the Hon Justice Elizabeth Hollinsworth (of the Supreme Court of Victoria), the Hon Salman Khurshid (former Cabinet Minister for Law and Justice of India), Lord (Kenneth) Macdonald, the former Director of Public Prosecutions, and Sir Keir Starmer.

I have written a very large number of books, usually on tax or tax-related matters. I usually give around four public lectures a year (although this has been restricted during the pandemic).

I was earlier this century elected to membership of the Athenaeum, on the basis of my standing as an academic (as well as a practising) lawyer.

While I do not claim that I am always right or am infallible, my whole adult life has been dedicated to the law, both as an academic and as a practitioner, and to ensuring that everything I might advise

⁴ I did once represent, together with Counsel specialising in criminal law, a convicted taxpayer in an appeal which went to the Court of Appeal and House of Lords but the appeal turned entirely on substantive points of tax law. See *R v Dimsey* reported at 74 T.C. 263.

⁵ I have never been instructed on behalf of HMRC (or by its predecessors). That, of course, was their choice.

my readers, hearers or clients is as legally sound and robust as possible. The very idea that I should engage in some sort of crude fraud, especially an easily provable one, is, frankly, risible.

The History of Correspondence etc between with Mr S Atkinson, Inspector of Taxes and Myself

Mr S Atkinson, who is an Inspector of Taxes, whose address is given as “Castle House, 31 Lisbon Street LS1 4SA” has been in correspondence with me, beginning with a letter of his to me dated 30th May 2018. He contended that the profits of the RVQC Partnership are in reality my profits and that income tax on them should have been accounted for accordingly and on the basis of that contention assessments have been made on me personally against which I have made appeals which I intend strenuously to pursue, if necessary. I shall refer to these appeals and related matters as “the civil proceedings”.

Most of the assessments in the civil proceedings would have been out of time unless authorised by Taxes Management Act 1970 Section 36 (1A) which provides (as it did at the time the assessments were made:

“An assessment on a person in a case involving a loss of income tax or capital gains tax-

- (a) brought about deliberately by the person,
- (b) attributable to a failure by the person to comply with an obligation under section 7, 10
- (c) attributable to arrangements in respect of which the person has failed to comply with an obligation under section 309, 310 or 313 of the Finance Act 2004 (obligation of parties to tax avoidance schemes to provide information to Her Majesty's Revenue and Customs), or
- (d) attributable to arrangements which were expected to give rise to a tax advantage in respect of which the person was under an obligation to notify the Commissioners for Her Majesty's Revenue and Customs under section 253 of the Finance Act 2014 (duty to notify Commissioners of promoter reference number) but failed to do so,

may be made at any time not more than 20 years after the end of the year of assessment to which it relates (subject to any provision of the Taxes Acts allowing a longer period).”

The only paragraph of section 36(1A) conceivably in point would have been (a). I took the view - indeed, it seemed to me that any other view was completely untenable - that the word “deliberately” entailed fraud, i.e. criminality, on the part of the person in question.⁶ Hence, the question of

⁶ While I now understand that that view had been challenged in certain contexts by HMRC, the challenge was completely exploded by the subsequent unanimous

whether I had engaged in criminal behaviour arose directly in the case of these assessments. I return to this point below in the context of my last (substantive) letter to Mr Atkinson, of May 11th 2020.

The basis of Mr Atkinson's assessments is that, for some reason which I, as a Chancery lawyer, do not even begin to understand⁷ the RVQC Partnership was somehow not a partnership at all. That contention I had rejected, with detailed reasoning, in the correspondence between us, including the letter of May 11th 2020.

While I do not for one moment accept that the partnership was not a partnership at all, I has also put forward an alternative contention (which would equally mean that the assessments would fail) that, even if there was for some reason no "partnership", I still held the profits of my profession upon trust for myself and the "partners" in the same proportion in which we would have been entitled to the share of partnership profits (on the basis that there was a partnership) and that on that basis I had fully disclosed and accounted for my full liability for income tax as regards the share of profits to which I was beneficially entitled (as have, in addition the other "partners", to the best of my knowledge and belief).

At Mr Atkinson's request, I provided him with copious files and information and have been fully cooperative. I took the view that I had nothing to hide.

While I last corresponded with Mr Atkinson by email in May 2020, I have yet to receive a substantive response to my latest email / letter (as to which, see below), which did not altogether surprise me, given the pandemic and the necessity for Mr Atkinson to take legal advice from someone with the appropriate standing and expertise.

At no stage in the correspondence has the lightest justification been put forward which would support an allegation of criminal behaviour on the part of myself (or, for that matter, anyone else). In my view, no reasonable person could entertain the view that I had engaged in criminal behaviour.

I have referred twice above to the last substantive letter I sent Mr Atkins. I am attaching it again to this email / enclosing a copy with the hard copy version of the this letter I am sending to you. **Please read it and consider it very carefully.**

I would in particular refer you to **Provisional Grounds of Appeal** paragraph A.1 in which I state (in the context of Taxes Management Act 1970 section 36(1A):

decision of the Supreme Court in *Revenue and Customs Commissioners v Tooth* [2021] United Kingdom SC 17.

⁷ In my view, that the claim could have been put forward only by someone ignorant of the law relating to partnerships and trusts (as well as that relating to agency and in particular the doctrine of an agent for an undisclosed principal) and who had failed properly to inform themselves by taking the advice of a Chancery barrister with a knowledge of the law of partnership as well as the law of trusts and the law of agency.

“I note that the "deliberate behaviour" must be deliberate behaviour to prevent income tax chargeable being recovered. You are in effect alleging fraud. When fraud is alleged against anyone, let alone a barrister and one of Her Majesty's Counsel, it is incumbent on the person making the allegation fully to particularise it and to discharge what is in practice the heavy burden of proof of establishing that fraud. You have provided no particulars. I content myself with saying at this stage that, even if I am wrong in my contentions on the substantive grounds of dispute between us, that falls a great deal short of my having been fraudulent.”

That Mr Atkinson has provided no particulars or evidence of his alleged fraud is not surprising: there was no fraud and so there is no evidence.

What is truly shocking is that, instead of Mr Atkinson responding to me, you have written your letter to me (as well as those of the same date to others) in which you make allegations of criminal conduct without:

(i) any particulars whatsoever being provided and

(ii) any explanation of the grounds on which any reasonable person, familiar (as members of HMRC's Fraud Investigation Service ought to be) with the relevant law, could conceivably have entertained the belief that I, or any of us, could have engaged in any criminal conduct

or otherwise dealing with the points as to fraud I made in my last substantive letter to Mr Atkinson.

I now call upon you to do so, if you can. If you cannot, I invite you to withdraw your baseless allegations in writing sent not only to me but to each person to whom you published them.

You will understand that, as things stand, I shall not be attending the “voluntary” interview you propose. I am not ruling out an interview but before I agree to one, you would first have to provide full particulars of the precise criminal conduct in which someone believes I have been engaged and make out that there is a real case for me to answer, in order to justify my wasting considerable time and incurring the considerable expense of engaging the services of a solicitor to represent me and attend the interview.⁸ My view may or may not change in the light of legal advice (yet to be obtained) on the lawful sanctions if I fail to attend a “voluntary” interview.

Needles to say, if there is any matter which you believe I may be able to help you clear up in correspondence, I am happy to do so, if I am able. You will note in that respect that:

(a) I provided copy documentation to Mr Atkinson at his request;

⁸ As I have already explained, although I have some expertise in tax law, I do not any expertise in the criminal side of tax or criminal law or practice and procedure in general.

(b) I have already this week agreed that Old Square Tax Chambers can provide particulars of fees charged by me and payments made by the Chambers to me and

(c) I have advised my brother that he should, on behalf of Breamgale Limited, write to Mr Levent Karaoglan offering to provide copies of various documents, even without a disclosure order, despite the fact that that would be onerous, and I believe that he has already done so.

The Implicit Threat of Arrest

You should read this section particularly carefully as it explains that if HMRC officials act unlawfully, they would risk being convicted of the indictable common law offence of false imprisonment.

While this concerns the implicit threat of *my* arrest if I do not accept the “invitation” to a “voluntary” interview, what I have to say applies equally to the similar threats made to my brother, to Gary Bernard Morris and to Derek John Thomas Murray.

You state in your letter:

“You should also be aware that if you do not contact me in response to this letter, decline to attend a voluntary interview, fail to attend the interview at the time agreed or having attended, fail to remain for the interview to be completed, your arrest may be necessary to enable you to be interviewed.”

Although, as I have already explained, I have no expertise in criminal law, practice and procedure, it seems to me *a priore* inherently unlikely that my arrest would be lawful simply because the motive was to compel me to attend an interview. That may be the case in some less fortunate nations on this earth. Yet in England we are proud that the Rule of Law appertains and that the organs of the state cannot simply coerce its citizens without lawful justification which, in this context, must at the very least involve the official(s) involved having reasonable grounds for suspicion that the subject has committed a crime and those grounds being articulated to the citizen in advance so that he can make a rational judgment as to whether he should accept the “invitation” to a “voluntary” interview.

Given that the understanding of the law within the Service appears to be less than perfect (see below), I require you to specify, please, what statutory provision would make it

(a) “necessary” or

(b) even lawful

to arrest a person simply on the ground that they had failed to accept an "invitation" to a "voluntary" interview.

If you cannot produce any such provision, then I require you, please to explain clearly what you

meant to say in the last paragraph I quoted from your letter. You will appreciate that if you do neither, you are at risk of it being suspected that you were simply engaging in intimidation and bullying, i.e. conduct which falls far short of the highest standards the Courts expect from public officials, especially Revenue officials.⁹

Were I to be unlawfully arrested, that would of course constitute a tort and all involved, whether as principals, aiders and abettors, counsellors and procurers or conspirators, would be liable to pay me damages. I could proceed against any one or more of them. Although it is over 40 years since I taught tort law at Oxford University, my recollection is that where the defendant is a public official, the damages could be not only compensatory only but exemplary damages could be awarded in addition.

More importantly, any such person would, if they knew that the arrest was lawful or was reckless as to whether or not it was lawful, be committing the common law indictable offence of false imprisonment. In that regard, I would remind you of the oft-quoted dictum of (I recall) Lord Ellenborough, Lord Chief Justice, in the not dissimilar context of malicious prosecution: “From want of reasonable and probable cause, malice can be and often is inferred.”¹⁰ Applying that in the context of the offence of false imprisonment, if the arrest were in itself based on grounds which no reasonable person could have believed were adequate, that would more than entitle the jury to conclude that the defendant did not believe that the arrest was lawful. That would be all the more so where the defendant was a member of the Service, who ought to be familiar with the relevant law.

Just in case it is considered that those responsible for the arrest could hide behind a warrant obtained from one of Her Majesty’s Judges on an *ex parte* application,¹¹ I would respectfully remind you that such an application imposes a duty of candour and full disclosure on the part of the applicant and that if the applicant does not bring all material matters to the attention of the Judge, then the warrant would be vitiated. See the decision of Underhill J in *R (on the application of Mercury Tax Group and another) v Revenue and Customs Commissioners and others* [2008] EWHC 2721 (Admin) [2009] STC 13 in which he quashed on that very ground a warrant issued at

⁹ See, for example, *Regina v. Commissioners of Inland Revenue ex parte Mattessons Wall's Ltd.* (1996) 68 TC 205 per Sir Thomas Bingham, Master of the Rolls (the chief judge of the Court of Appeal) when he spoke of “the Revenue's acknowledged duty to act fairly and in accordance with the highest public standards”. The case concerned various companies in the Unilever group. All four judges who heard the application and the appeal accepted my submissions on behalf of those companies that the Commissioners of Inland Revenue (one of the predecessors of HMRC) had been guilty of an abuse of power. I doubt that the Commissioners of Inland Revenue were appreciative of my efforts ...

¹⁰ The quotation may not be entirely accurate as I am quoting from memory as I have no books at Studley Priory on malicious prosecution.

¹¹ i.e. one where the person proposed to be arrested was not represented.

the behest of HMRC and sought on the grounds of suspected fraud.

If, therefore you, or any one else in the Service, in particular Mr Levent Karaoglan, of, indeed, anyone else within HMRC, does make an ex parte application for a warrant for my arrest, I require you to bring to the attention of this judge this letter and the prior correspondence between Mr Atkinson and myself, in particular my letter to him of May 11th 2020. If that were not done, then any warrant issued could in principle be quashed, leaving you without any protection from legal proceedings, civil or criminal, it might otherwise have afforded. It would also, of course, make even stronger the inference that those involved knew that the proposed arrest was unlawful or were reckless as to whether it was unlawful and thus increase the chance of their being convicted of false imprisonment.

OTHER LETTERS SENT FROM THE SERVICE ON JULY 7TH 2021

I comment on these, even though they were not addressed to me, because they are relevant to the whole manner in which you appear to be conducting this “investigation” and reflect on the degree of professionalism of those involved. My comments could also be relevant if you or someone else in the Service (or elsewhere within HMRC) were to make an *ex parte* application for a warrant adverse to my interests.

Production Notice letter to the Head Clerk Old Square Tax Chambers

The Clerks of course consulted me when the letter sent to the Head Clerk was received. Their first reaction was that this was simply another scam of the type which is current whereby someone claims to be an officer of HMRC, in this case so as improperly to obtain access to privileged and confidential information. I was able to advise them that, sadly, that was unlikely to be the case.

The Clerks cannot, of course, release any information they hold on my behalf, without my authority, as it could well be the subject to legal professional privilege (and, possibly, data protection laws). It was necessary for us to contact the Head of Chambers, James Kessler Q.C. when he later became free.

I indicated that, as I had nothing to hide, I had no objection to there being disclosed fees charged by me and payments made by my Chambers to me. (The latter were largely in respect of professional fees collected by Chambers on my behalf. However, there would also have been some refunds of overpaid Chambers expenses - we pay monthly on account and there is an adjustment at the end of each quarter and then again each calendar year - with which I imagine HMRC are not concerned.) However, I made it clear that no details could be disclosed of the identity of my clients or of the work done for them on account of legal professional privilege, which is the privilege of my clients and not of myself. Hence, the request for copies of fee notes could not be complied with as they would show both.

I understand that James Kessler has been in contact with you and it may well be that this is a matter which can be settled by agreement.

I must comment, however, on the less than competent matter in which this matter was handled.

Those involved were apparently relying on the first set of access conditions set out in Schedule 1 to the Police and Criminal Evidence Act 1984. That makes it very clear that, inter alia, there must be “reasonable grounds for believing-

- (i) that an indictable offence has been committed”

The Service failed to specify what your grounds were so and why they were reasonable, so that the intended recipient of a production order would not be able properly to consider their position.

Further, there is a condition that

- “(b) other methods of obtaining the material-

- (i) have been tried without success, or
- (ii) have not been tried because it appeared that they were bound to fail”

That condition was clearly not satisfied. You could simply have asked me for the documents. Or you could have asked my Chambers for the documents. And there can be no pretence that either approach would have been unproductive.

I am at a loss to understand how you could have failed to construe the conditions on which you were relying. There is nothing ambiguous or abstruse of them. Any person of intelligence familiar with the English language, particularly any one in the Service, should be able to understand them.

It is for this reason in particular that I am wary of believing anything you say about the law, especially when it is not stated clearly but merely hinted at. See above my comments on the implicit threat to arrest me if I do not accept the “invitation” to a “voluntary” interview.

Finally, you were asking for documents the disclosure of which was protected by legal professional privilege, which neither my Chambers nor I had the right to waive. That a layman should be unaware of this might be understandable. That persons within the Service should not seem to suggest that it is not fit for purpose. The law is very clear. It was laid down by the House of Lords in a case which the Commissioners of Inland Revenue, one of the predecessors of HMRC, lost. It is *Regina (Morgan Grenfell Co Ltd) v Special Commissioner of Income Tax and another* [2002] UKHL 21, reported at [2003] 1 AC 563. I quote from the head note: “Held, allowing the appeal and quashing the notice, that legal professional privilege was a fundamental human right that could be overridden only by express words or necessary implication”. See also the earlier proceedings, against a Tax Q.C., which the Commissioners of Inland Revenue also lost: *R v Inland Revenue Commissioners, ex parte Goldberg* [1988] STC 524

The Letter to Breangale Limited

I make the same comments (except as to legal professional privilege) as regards the letter sent to Breamgale Limited.

The Letter to Michael Venables QPM in His Personal Capacity

As regards the letter you sent to my brother in his personal capacity, it was stated that it was believed - by whom or on what conceivable basis you did not deign to specify - that he had been engaged in tax evasion, by the most unusual means, it appears, of procuring that Breamgale Limited self-assessed non-existent income of trusts of which it was trustee and paid, in respect of that non-existent income, income tax which was never due.

The belief is, with respect to whoever held it, a ludicrous one. It is even more ludicrous (if that were possible) than the idea that I should have been engaged in tax evasion. So far as he is aware (and I am aware) that is not a shred of evidence which would justify any reasonable suspicion that he had acted fraudulently.

Although my brother is 70, he is fortunately more robust than most. Although he was too modest to say so himself in his letter to you, he had a highly successful career in the South Yorkshire police force (from which he had retired before acting as director of Breamgale Limited), rising to the rank of Inspector and being decorated at Buckingham Palace with the Queen's Police Medal, an honour normally reserved for Chief Constables (or Deputy Chief Constables of larger police authorities). He was thus able without my help to form his own view as to the letter sent to him personally and the competence and ethics of its writer and to do so by considering what would have been proper police practice. I shall not embarrass you by recording his comments on it.

The Letters to the Joint Company Secretaries

I refer to the letters which you have sent to the joint company secretaries of Breamgale Limited. You will by now have seen their responses to you. You made allegations against them which no one familiar with even the elements of company law could ever have made. A company secretary has no part in the management or control of the business of a company. Only the director(s) do. To accuse them on the simple basis that they were company secretaries of being involved in tax avoidance was even more ridiculous than of so accusing my brother, who was at least a director.

Those letters were highly defamatory of me. It may need to be considered in future whether they enjoyed the benefit of even qualified privilege. That, however, is for another day.

You may or may not be delighted to learn that you have caused distress to the joint company secretaries. And you have done so, it seems to me, without the slightest justification. They are just ordinary persons of only normal education who lack the robustness which a Q.C. or a police inspector must develop if he is properly to conduct his professional activities.

I am, in the course of my practice as a barrister, well used to the bullying tactics so often nowadays employed by some HMRC officials, who often appear to have little knowledge of the law and to care for it even less. They are not.

Although there are (unflattering) words to describe my view of your treatment of them, I have decided, on reflection, not to include them in this letter.

Yours sincerely,

Robert Venables Q.C.

Strictly private and confidential

Mrs Kiran O'Dea
HM Revenue & Customs
Offshore Corporate & Wealthy
Fraud Investigation Service
1 Ruskin Square
Croydon
CR0 1XJ

By email only [REDACTED]

31 August 2021

Our ref: JMG/JMG/JMG/69245-1/26415674.1

Your ref:

Dear Madam

Our client: Mr Robert Venables QC

We write further to our client's interview on 24 July 2021.

The purpose of this letter is to address the specific allegation made at the conclusion of the interview that two colleges of the University of Oxford – St Edmund Hall and Merton College – had not received significant profits to which they were purportedly entitled. Specifically, it was asserted that *“Those Oxford colleges were due the allocated £542,676 and £84,400 less any expenses as soon as the profits were available”*.

The St Augustus's Trust

Please find enclosed a copy of the Deed of Settlement dated 2 January 2013 and a Deed of Appointment dated 2 July 2013.

You will see from those documents that, as from the date of execution of the Deed of Appointment on 2 July 2013, the Trust Fund of The St Augustus's Trust was held on trusts under which Robert Venables was beneficially entitled to receive the net income of the trust until the end of 5 April 2017. Thereafter, from 6 April 2017, Merton College was entitled to receive the net income of the trust until 5 April 2018.

The key parts of the Deed of Appointment are as follows:

- a) Clause 1(1) provides that the trusts set out in the Deed of Settlement of 2 January 2013 were to continue unchanged until the end of 5 April 2017. You will see from the Deed of Settlement that the “Trust Fund” was held on trust to pay the income to Robert Venables, as “Principal Beneficiary”, during his lifetime – see clause 1(2) of the Deed of Settlement replacing clause 5(1) of the Deed Poll so that the “Principal Beneficiary” was to be entitled to income during their lifetime and the designation in clause 2 of Robert Venables as the “Principal Beneficiary”.
- b) Clause 1(2) provides that after the end of 5 April 2017 the Trust Fund and the income thereof shall be held upon the trusts set out in the Schedule to the Deed of

Appointment. You will see that under clause 1 of the Schedule, Merton College was entitled to the income of the trust from 6 April 2017 until 5 April 2018 (i.e. the tax year 2017/18). The trust came to an end at the end of that tax year. As Robert Venables (the “Settlor”) remained alive at the end of that year, Merton College became entitled to what was left of the initial capital settled of £50. St Edmund Hall never became entitled to any income or capital.

The St Matthias’s Trust

Please find enclosed a copy of the Deed of Settlement dated 6 March 2012 and a Deed of Appointment dated 2 July 2013.

You will see from those documents that, as from the date of execution of the Deed of Appointment on 2 July 2013, the Trust Fund of the St Matthias’s Trust was held on trusts under which [REDACTED] was beneficially entitled to receive the net income of the trust until the end of 5 April 2017. Thereafter, from 6 April 2017, Merton College was entitled to receive the net income of the trust until 5 April 2018.

The key parts of the Deed of Appointment are as follows:

- a) Clause 1(1) provides that the trusts set out in the Deed of Settlement of 6 March 2012 were to continue unchanged until the end of 5 April 2017. You will see from the Deed of Settlement that the “Trust Fund” was held on trust to pay the income to [REDACTED], as “Principal Beneficiary”, during his lifetime – see clause 1(2) of the Deed of Settlement replacing clause 5(1) of the Deed Poll so that the “Principal Beneficiary” was to be entitled to income during their lifetime and the designation in clause 2 of [REDACTED] as the “Principal Beneficiary”.
- b) Clause 1(2) provides that after the end of 5 April 2017 the Trust Fund and the income thereof shall be held upon the trusts set out in the Schedule to the Deed of Appointment. You will see that under clause 1 of the Schedule, Merton College was entitled to the income of the trust from 6 April 2017 until 5 April 2018 (i.e. the tax year 2017/18). The trust came to an end at the end of that tax year. As Robert Venables (the “Settlor”) remained alive at the end of that year, Merton College became entitled to what was left of the initial capital settled of £100. St Edmund Hall never became entitled to any income or capital.

Conclusion

We trust that the documents enclosed, as summarised above, make plain the extent of the beneficial entitlements of Merton College and St Edmund Hall under the two trusts. In that light, as regards the specific allegation that *“Those Oxford colleges were due the allocated £542,676 and £84,400 less any expenses as soon as the profits were available”*:

- a) That allegation was made by reference to the RVQC Partnership’s tax return for the year ended 5 April 2018 (ODEA 004). You will note that the “accounting period” for the RVQC Partnership’s tax return was from 10 April 2016 to 9 April 2017 (page 2). You will also note that the “basis period” for The St Augustus’s Trust’s tax return for the same period (KARAOGLAN 004) was 10 April 2016 to 9 April 2017 (page TP 1). As is made clear by the enclosed documents, neither Merton College nor St Edmund Hall was entitled to the income from that period.
- b) Similarly, you will also note that the “basis period” for The St Matthias’s Trust’s tax return for the same period (KARAOGLAN 09) was 10 April 2016 to 9 April 2017 (see

J4056

page TP 1). As is made clear by the enclosed documents, neither Merton College nor St Edmund Hall was entitled to the income from that period.

We appreciate that you did not have the relevant trust deeds at the time of the interview, albeit we had asked that you postpone the interview until you had received the material requested by way of service of a draft production order. Now that you have these documents, we trust that you will agree that there is no foundation to the allegation that the two Oxford colleges "*were due the allocated £542,676 and £84,400 less any expenses*".

Yours faithfully,



Kingsley Napley LLP



HM Revenue
& Customs

Kingsley Napley LPP

HM Revenue & Customs
Offshore Corporate and Wealthy
Fraud Investigation Service
1 Ruskin Square
Croydon CR0 1XJ

Phone

Fax

Email

Date 09 December 2021
Our ref Op Lighter
Your ref AK14/AYC/VEN33.1

Web www.gov.uk

Dear Jonathan Grimes

Your client: Mr Robert Venables QC

I am writing to you to request from your client to voluntarily provide to HMRC any documentation including and not limited to emails, payment details, invoices, instructions in relation to the payments (credits) into the **Breamgale Ltd account number: [REDACTED]** sort code 40-02-07 listed below:

Breamgale Ltd - Ac: [REDACTED] CREDITS

Period: 10/04/2018 to 09/04/2019		
Date	Description	Credit (£)
27/07/2018	[REDACTED]	20,000
27/07/2018	[REDACTED]	100,000
30/07/2018	[REDACTED]	79,000
06/12/2018	[REDACTED]	9,900
23/01/2019	[REDACTED]	9,900
13/02/2019	[REDACTED]	240,000
18/02/2019	[REDACTED]	10,000
21/02/2019	[REDACTED]	32,000
26/02/2019	[REDACTED]	9,900

Information is available in large print, audio and Braille formats.
Text Relay service number – 18001



J4425

21211209-Request to provide Breamgale account material voluntarily -71228137

27/02/2019		100,000
01/03/2019		180,000
06/03/2019		100,000
26/03/2019		9,900
Total for period		900,600

Period: 10/04/2019 to 09/04/2020		
Date	Description	Credit (£)
17/04/2019		440,961
10/05/2019		9,900
16/05/2019		99,278
20/05/2019		10,000
21/05/2019		10,000
22/05/2019		10,000
23/05/2019		10,000
24/05/2019		10,000
25/05/2019		10,000
26/05/2019		10,000
27/05/2019		10,000
28/05/2019		10,000
14/06/2019		9,000
26/06/2019		60,000
26/06/2019		60,000
03/07/2019		9,900
03/08/2019		9,900
12/09/2019		9,900
Total		798,839

HMRC have not currently approached Breamgale Ltd or Michael Venables (Director of Breamgale Ltd) as Mr Robert Venables QC was the only signatory to this bank account until 26th November 2019, therefore he had sole control up until that date. HMRC are also aware that there are other credits into this bank account, however, at this stage, the payments listed above are the key transactions that are of interest to us.

I have also attached a GDPR letter to cover the request for this information that could include personal data. If your client is prepared to provide this material voluntarily, please can the documents be produced by **Wednesday 5th January 2022**. Alternatively, if your client is not prepared to provide the material to HMRC by consent, please can you also notify me by the same date.

If you have any questions, please do not hesitate to contact me.

Yours,

J4426



Kiran O'Dea
HM Revenue & Customs

REQUEST FOR PERSONAL DATA

Please provide me with the information listed below. I need this information to assist me in my enquiries, which relate to a criminal investigation into suspected tax evasion.

1. Any documentation including and not limited to emails, payment details, invoices, instructions in relation to payments made into bank account Breamgale Ltd, sort code: 40-02-07, account number [REDACTED] as detailed below.

Breamgale Ltd - Ac: [REDACTED]	CREDITS
---------------------------------------	----------------

Period: 10/04/2018 to 09/04/2019		
Date	Description	Credit (£)
27/07/2018	[REDACTED]	20,000
27/07/2018	[REDACTED]	100,000
30/07/2018	[REDACTED]	79,000
06/12/2018	[REDACTED]	9,900
23/01/2019	[REDACTED]	9,900
13/02/2019	[REDACTED]	240,000
18/02/2019	[REDACTED]	10,000
21/02/2019	[REDACTED]	32,000
26/02/2019	[REDACTED]	9,900
27/02/2019	[REDACTED]	100,000
01/03/2019	[REDACTED]	180,000
06/03/2019	[REDACTED]	100,000
26/03/2019	[REDACTED]	9,900
Total for period		900,600

Period: 10/04/2019 to 09/04/2020		
Date	Description	Credit (£)
17/04/2019	[REDACTED]	440,961
10/05/2019	[REDACTED]	9,900
16/05/2019	[REDACTED]	99,278
20/05/2019	[REDACTED]	10,000
21/05/2019	[REDACTED]	10,000
22/05/2019	[REDACTED]	10,000

23/05/2019		10,000
24/05/2019		10,000
25/05/2019		10,000
26/05/2019		10,000
27/05/2019		10,000
28/05/2019		10,000
14/06/2019		9,000
26/06/2019		60,000
26/06/2019		60,000
03/07/2019		9,900
03/08/2019		9,900
12/09/2019		9,900
Total		798,839

This information is required for the prevention or detection of crime,

Please only provide information currently within your possession and do not seek further information on behalf of HMRC. Ultimately this material could be used in a court or tribunal case.

This letter should not be read as implying that the subject of the data is themselves the subject of my investigation or suspected of any irregularity. For example, they might be financially associated with someone I am investigating. I confirm however that my investigation is directed at a specific person or entity.

Disclosure of personal data

Under Article 5(1)(a) and (b) of the UK General Data Protection Regulation (UK GDPR), there is an obligation not to process and disclose personal data unfairly, unlawfully or for a purpose incompatible with the purpose for which it was collected. However, Schedule 2 of the Data Protection Act 2018 disapplies those provisions to the extent that they would be likely to prejudice the prevention or detection of crime.

I certify that in this case non-disclosure of the requested information would be likely to prejudice the above purpose(s).

I certify that I have considered the issues of necessity and proportionality under the Human Rights Act 1998. I consider that the requested disclosure is necessary and proportionate, and that the conditions of Article 8(2), European Convention on Human Rights, are satisfied.

Information requested

2. Any documentation including and not limited to emails, payment details, invoices, instructions in relation to payments made into bank account Breamgale Ltd, sort code: 40-02-07, account number [REDACTED] as detailed below:

Period: 10/04/2018 to 09/04/2019

Date	Description	Credit (£)
27/07/2018	[REDACTED]	20,000
27/07/2018	[REDACTED]	100,000
30/07/2018	[REDACTED]	79,000
06/12/2018	[REDACTED]	9,900
23/01/2019	[REDACTED]	9,900
13/02/2019	[REDACTED]	240,000
18/02/2019	[REDACTED]	10,000
21/02/2019	[REDACTED]	32,000
26/02/2019	[REDACTED]	9,900
27/02/2019	[REDACTED]	100,000
01/03/2019	[REDACTED]	180,000
06/03/2019	[REDACTED]	100,000
26/03/2019	[REDACTED]	9,900
Total for period		900,600

Period: 10/04/2019 to 09/04/2020

Date	Description	Credit (£)
17/04/2019	[REDACTED]	440,961
10/05/2019	[REDACTED]	9,900
16/05/2019	[REDACTED]	99,278
20/05/2019	[REDACTED]	10,000
21/05/2019	[REDACTED]	10,000
22/05/2019	[REDACTED]	10,000
23/05/2019	[REDACTED]	10,000
24/05/2019	[REDACTED]	10,000
25/05/2019	[REDACTED]	10,000
26/05/2019	[REDACTED]	10,000
27/05/2019	[REDACTED]	10,000
28/05/2019	[REDACTED]	10,000
14/06/2019	[REDACTED]	9,000
26/06/2019	[REDACTED]	60,000
26/06/2019	[REDACTED]	60,000
03/07/2019	[REDACTED]	9,900

03/08/2019		9,900
12/09/2019		9,900
Total		798,839

This request for information does not include a request for any Communications Data, and you must not send Communications Data in response. If you are unable to separate the information requested from any associated Communications Data please do not provide any data and notify HMRC accordingly.

Signed *Kiran O'Dea*

Name Mrs Kiran O'Dea

For more information and help in understanding your obligations under the General Data Protection Regulation, visit the website of the Information Commissioner's Office at <https://ico.org.uk>

From: Robert Venables [REDACTED]
Sent: 05 January 2022 14:33
To: Op Lighter Case Team (FIS)
Cc: Jonathan Grimes
Subject: CONFIDENTIAL EX RV QC FAO Ms Kiran O'Dea and Mr Karaoglan
Attachments: 21211209-Request to provide Breangale account material voluntarily -71228137.pdf; 20211129 dpa-GDPR HMRC - Robert Venables.pdf

Dear Ms O'Dea (and Mr Karaoglan),

Jonathan Grimes of Kingsley Napley has forwarded to me Ms O'Dea's email of December 10th. You will appreciate that the time-scale for replying of only 15 working days, including technical "working days" which fell during the Christmas and New Year holiday season when hardly anyone works, was particularly short.

Given that Kingsley Napley are not my tax advisers or generally authorised representative to receive communications from HMRC on my behalf, I can only assume that this enquiry relates to the criminal investigation of which you had already advised me.

First, I am glad that you have decided to ask for information in advance of making allegations. That is a much more efficient and productive way forward and you are to be congratulated on it. Had you obtained copies of the trust deeds relating to the trusts which have been during the relevant period partners of the RVQC Partnership, had you taken advice from within HMRC as to the rudiments of the law relating to the taxation of partnerships (and their partners) and of the law relating to the taxation of trusts (and their beneficiaries) and had you acceded to our request to give us in advance an indication of the allegations which were going to be made at the "voluntary" interviews held on July 24th, then the only particularised allegation made against me at my interview (that Oxford Colleges had been defrauded of vast sums by me) could have readily been shown to be based on a complete misconception as to both the facts and the law and very considerable and needless expense, both public and private, could have been avoided.

That said, your recent communication was laconic in the extreme. It is not stated how the information requested could be relevant to the enquiry. It looks more like a "fishing expedition". You should long-since have been sent by Old Square Tax Chambers a copy of the (redacted) fee notes relating to fees paid to me (on behalf of the RVQC Partnership) in respect of fees for work done by me as a barrister. You will thus be in a position to see that none of these payments relates to any payment recorded in the Chambers accounting system as being paid in respect of work done by me. While it is hoped that you will find this email a sufficient explanation of what you wish to know (and are legitimately entitled to know), should you maintain that that is not so, you would need to provide further particulars as to why you claim that you need to know more. You will appreciate that confidential information cannot be given to HMRC simply because HMRC requests it.

It is true that I was a signatory on the bank account of Breangale Limited which you mention. However, that does mean that I am a director of that company or authorised to disclose to you confidential details regarding the affairs of that company. In accordance with Article 21 of the Articles of Association of that company (added back in 1999), which are of course, a public document, I had "no rights or powers over or respecting the Company save that [my] signature shall be necessary to operate any bank or other account of the Company. [I] shall sign any cheque or other banking document if and when requested to do so by the Director provided that [I am] satisfied that the request is a lawful one." My role was simply to act as a safeguard against a director acting improperly. I had no role in the crediting of any payments to the account.

I was able to discuss (but only on January 2nd) the matter at an in-person meeting with the sole director who is a natural person and he has authorised me to provide you with the following information. It is true to the best of my knowledge and belief.

None of the payments into the account represented receipts which were due to me or in respect of services rendered by me to the persons by or on behalf of whom the payments were made.

Breangale has many functions, particularly to act as trustee of trusts which have nothing to do with the RVQC Partnership. An English company, NewCo, had been incorporated in 2018 which traded for only one year, April 1st 2018 to March 31st 2019. That it would trade for only a brief period was contemplated at the outset. You may be unaware that it is extremely difficult to set up a bank account for a company nowadays, especially where it is a new company which has no trading history. Given that it did not expect to receive a large number of payments, it made arrangements whereby payments from its customers should be made to this bank account of Breangale but for its own account. All the payments referred to by you constituted trading receipts of NewCo. NewCo was duly registered for VAT and corporation tax. It is believed that it paid all VAT and corporation tax due and that it duly made its corporation tax return for the period April 1 2018 to March 31st 2019 before the statutory deadline (of March 31st 2020) and that HMRC did not open up any enquiry into that return. In that regard, you will no doubt have obtained the bank statements relating to the account to the end of 2019. The cheque no 100111 for £266,506 drawn on the account in early November 2019 was paid to HMRC in satisfaction of the corporation tax liability of NewCo. There had also been a charitable donation made by NewCo to a bona fide registered English Charity in the amount of £100,000 towards the end of March 2019, which was deductible in computing its trading profits. That, too, is reflected in the statements relating to the account.

J4423

Yours sincerely,

Robert Venables Q.C.

[Email from J.G. to R.V. forwarding the next email is here redacted as being privileged.]

Dear Jonathan
Please find attached two letters.
Kind Regards
Kiran O'Dea

OFFICIAL

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Fraud warning: Keep a look out for scams. We will never use email to notify you of a change to bank account details which we have already provided to you. Any email appearing to come from us which purports to do this will not be genuine. Do not act on it or reply to it, and instead contact us immediately by telephone not email. We will not accept responsibility if you transfer money into a bank account which does not belong to Kingsley Napley LLP.

KINGSLEY NAPLEY
WHEN IT MATTERS MOST



J4424



HM Revenue and Customs
Fraud Investigation Service
7th Floor
1 Ruskin Square
Dingwall Road
Croydon CR0 2WF

D: [REDACTED]
E: [REDACTED]

Attention: Kevin Waller / Kiran O'Dea

By email: [REDACTED]

Our ref: [REDACTED]
Your ref: Operation Lighter

8 June 2022

Dear Operation Lighter Case Team,

Your Production Order Application dated 7 April 2022 and requests for information held by Breamgale Limited (Breamgale), Citadel Limited (Citadel) and Michael Venables

We refer to HMRC's Application for a Production Order under Schedule 1 of the Police and Criminal Evidence Act 1984 (**PACE**), dated 7 April 2022 (**the Application**), under which, in relation to identified credits into the HSBC account number [REDACTED] 8137 sort code [REDACTED] (**the Account**) held by Breamgale, HMRC have sought the following information:

- bank statements;
- invoices and receipts relating to the payments;
- emails and correspondence relating to the payments;
- licence agreements or other contracts under which payments are made.

While both Breamgale and Citadel have sought to provide information, documentation and assistance to HMRC to assist with its enquiry, this has been hampered, until recently, by being provided with no information as to the nature of HMRC's enquiries and the allegations against our client. Our client has also been constrained by Citadel's obligations of confidence owed to its clients.

Having now seen the nature of the allegations against our client and the extent to which Citadel's clients have waived confidence, our client is better able to understand the nature of the documentation and information which may assist HMRC with its enquiries.

HMRC have requested the Report of Independent Counsel as to the redactions which were applied to the material disclosed on 16 February 2022. Independent Counsel's Report is to be found at IC1.

ADVISORY | DISPUTES | REGULATORY | TRANSACTIONS

rpc.co.uk | [REDACTED]

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J1791

However, we note that, following receipt of the Application and particulars of the nature of the enquiries and allegations, our client decided to voluntarily disclose the information subject to those redactions which HMRC have indicated in the Application are not required for the purpose of the investigation (Application at paragraphs 80-82).

In the Application, HMRC assert that:

“9. This application for a production order is made because of a distinct line of enquiry that has emerged during Operation Lighter. In addition to the RVQC Partnership, it is suspected that RV has used a further device to evade income tax. Payments have been identified that appear to relate to legal services provided by RV but which were not made through his Chambers and were not declared on his tax return. The payments were ostensibly made to a company named Citadel Ltd, although the monies were actually transferred to a bank account in the name of Breamgale Ltd (another company connected to RV) and transferred into accounts under RV’s control.

10. The purpose of this application is to establish whether the Citadel Ltd payments were made for legal services provided by RV and whether he should have paid income tax on those payments. ...”

The purpose of this letter is to address those allegations which HMRC make in relation to the specified receipts into the Account as set out in HMRC’s letter to Breamgale dated 11 January 2022, and in particular, in relation to the incorrect allegations that:

1. these payments are receipts of fees for the provision of legal services by Robert Venables QC (**RVQC**) on which tax was not paid at the correct rate; and
2. these payments were transferred from the Account to, ultimately, an account under the control of RVQC, as onward payments to him of fees for the provision of legal services.

Our client has interrogated the records to which he has access, but he has to a large extent (this not being his area of expertise) relied on the assistance of others in the preparation of this letter, in particular, on RVQC and the records RVQC has maintained.

Receipts into the Account

As explained previously, payments due to Citadel were made to the Account due to the difficulties in opening a bank account for Citadel (E2). All payments made to the Account for Citadel’s credit were recorded as being for Citadel and Citadel included them in its corporation tax return.

As referred to in paragraph 78 of the Application, on 5 January 2022, RVQC advised HMRC that these payments were not for legal services. Our client understands that to be correct and also understands that:

- Citadel would become aware of business opportunities which involved the licencing of solutions involving tax planning structures.
- RVQC provided legal advice and legal services (including the drafting of documents) to his client, Citadel, for which Citadel paid fees to RVQC through RVQC’s Chambers, Old Square Tax Chambers (**Chambers**) and which, to the best of our client’s understanding and knowledge, were taken into account in calculating the profits of the RVQC Partnership assessable to income tax and reflected in the income tax and value added tax returns made by the RVQC Partnership.
- as part of those legal services, RVQC would normally provide to Citadel a generic opinion and draft documents in relation to each Solution. On occasion, RVQC would be instructed to settle draft sub-licence agreements between Citadel and proposed clients.

- Citadel would licence the use of the generic opinion and drafts to its clients for which Citadel's clients would pay Citadel fees pursuant to a Licencing Agreement (**Licencing Fees**).

In relation to all Licencing Fees received by Citadel:

- Citadel accounted for VAT on Licence Fees (where it had been appropriate to charge VAT); and
- Citadel accounted for all Licence Fees in its corporation tax return and tax was paid on Citadel's profits.

Aldaja Payment Solutions Ltd

Eric

Payment Date	Payment Amount (£)	Payment Reference from bank statements	Relevant document (D)/Email (E)/Invoice (I) disclosed 16 February 2022	Additional Documents
Eric 2018				
27/07/18	20,000	Gerald Edelman - CLIENT ALDAJA PAYMNT SOLS	D1, I1, E6	EA1, IA1, IA2
27/07/18	100,000	Gerald Edelman - CLIENT ALDAJA PAYMNT SOLS	D1, I3, E6	EA1, IA1, IA2
30/07/18	79,000	BOSL MANAGEMENT SE ERIC2018-ALDAJA for 30/7/18	D1, I2, E6	EA1, IA1, IA2
Eric PSC				
6/12/18	9,900	ALDAJA PAYME PSC ERIC ALDAJA 1	D2, I6, E6	IA3, IA4
23/1/19	9,900	ALDAJA PAYME PSC ERIC ALDAJA 2	D2, I6, E6	IA3, IA4
26/2/19	9,900	ALDAJA PAYME PSC ERIC ALDAJA 3	D2, I6, E6	IA3, IA4
26/3/19	9,900	ALDAJA PAYME PSC ERIC ALDAJA	D2, I6, E6	IA3, IA4
10/5/19	9,900	ALDAJA PAYME PSC ERIC ALDAJA	D2, I6, E6	IA3, IA4
3/8/19	9,900	ALDAJA PAYME PSC ERIC ALDAJA	D2, I6, E6	IA3, IA4
12/9/19	9,900	ALDAJA PAYME PSC ERIC ALDAJA	D2, I6, E6	IA3, IA4

Eric 2018

On 23 July 2018, Citadel emailed Penny Services (**PS**), who were connected to Aldaja Payment Solutions Ltd (**Aldaja**), and Gerald Edelman (**GE**) (EA1):

- noting that Citadel understands that supplies it will make to Aldaja are outside the scope of UK VAT, so VAT would not be included on the invoiced to be rendered, but Citadel reserved the right to be paid VAT if any was due;
- introducing 4 new clauses into the Licence Agreement in relation to the payment of licence fees by instalments and one clause nominating the bank account into which payments to Citadel were to be made;
- modifying the clause relating to Aldaja's entitlement to electronic copies of Solution documentation; and
- requesting execution of the draft documents.

On 24 July 2018, GE replied to Citadel advising:

- the full payment of the licence fee would be made upfront and credit terms would not be required;
- no indemnifier or indemnities would be required, nor any consequential loss on late payment and interest provisions; and
- GE should be removed as a party.

Citadel sent the Licence Agreement for execution on 25 July 2018.

On 26 July 2018, the Licence Agreement was entered into between Citadel Ltd, Aldaja and Alain Gareth Lotter (**Lotter**) relating to Eric 2018 (D1) and the executed document emailed to Citadel (EA1). Recorded in the Second Schedule are the terms on which RVQC granted a licence to Citadel, including:

- Citadel is RVQC's client and the opinion (and advice contained in it) are provided for Citadel; and
- RVQC retains the copyright and IP in the opinion, but it may be shown by Citadel to its clients subject the licencing conditions at clauses 12 and 13 of the Second Schedule.

Clause 2 of the Licensing Agreement (D1) states:

"The Licensee shall pay or procure the payment on its behalf to the Licensor by transfer of funds to the Nominated Bank Account the total sum of Ninety-Nine Thousand Pounds (£199,000) plus any value added tax eligible in respect thereof ("the Licence Fee") in the following instalments (plus in the case of each instalment any value added tax thereon) on or before the day on which shall expire the following periods beginning on the date on which the Licensor shall in fact comply with clause 5(a) of this Agreement."

PS confirmed, on 26 July 2018, that it had instructed that £79,000 be paid to Citadel and it had instructed GE to release £120,000 for the balance of the payment (EA1).

Pursuant to this agreement (D1), a total Licence Fee of £199,000 was paid to the Account for the credit of Citadel as follows:

- A sales receipt in the sum of £20,000 was issued by Citadel to Aldaja on 27 July 2018 (I1) and was in accordance with the clause mentioned above.
- A sales receipt in the sum of £100,000 was issued by Citadel to Aldaja/GE on 27 July 2018 (I3), in accordance with the clause mentioned above.
- A sales receipt in the sum of £79,000 was issued by Citadel to Aldaja on 30 July 2018 (I2), in accordance with the clause mentioned above.

On 4 January 2019, a fee note was raised by Chambers (reference 57496) under which Citadel Ltd was invoiced the sum of £100 plus VAT for the work done by RVQC in preparing Eric 2018 (IA1). This fee note was sent to Citadel via email on 4 January 2019 and then re-sent to Citadel on 12 February 2019. This fee was paid by Citadel on 25 February 2019 and a receipt issued by Chambers with the corresponding reference number (57496) (IA2).

Eric PSC

On 5 September 2018, Citadel, Aldaja and Lotter entered into a further Licence Agreement for the work product 'PSCs with Eric 2018' (D2). Recorded in the Second Schedule are the terms on which RVQC granted a licence to Citadel, including:

- Citadel is RVQC's client and the opinion (and advice contained in it) are provided for Citadel; and
- RVQC retains the copyright and IP in the opinion, but it may be shown by Citadel to its clients subject to the licencing conditions at clauses 12 and 13 of the Second Schedule.

Clause 2 of the Agreement (D2) states:

"The Licensee shall pay or procure the payment on its behalf to the Licensor by transfer of funds to the Nominated Bank Account the total sum of Ninety-Nine Thousand Pounds (£99,000) plus any value added tax eligible in respect thereof ("the Licence Fee") in the following instalments (plus in the case of each instalment any value added tax thereon) on or before the day on which shall expire the following periods beginning on the date on which the Licensor shall in fact comply with clause 5(a) of this Agreement."

Pursuant to this agreement (D2), an invoice addressed to Aldaja dated 1 October 2018 for the sum of £99,000 (I6) records receipt of instalments of £9,900 received by Citadel in accordance with clause 2 of the said Licencing Agreement. We note that only eight of the ten instalments are recorded as having been received. Citadel has made enquiries and cannot locate any additional documents in this regard.

A Referral Agreement was entered into by the same parties on 18 February 2019, (D6). This agreement recognises that Citadel may refer potential sub-sub-licencees to Aldaja for a fee of 2% of turnover which Aldaja will pay to Breamgale's HSBC account.

A fee note was raised by Chambers on behalf of RVQC on 4 January 2019 (reference 57495) for the sum of £100 plus VAT (IA3) relating to RVQC's services provided in connection with the 5 September 2018 Licence Agreement. This fee note was emailed to Citadel on 4 January 2019, 11 January 2019 and 12 February 2019. It was then amended to include the £100 plus VAT fee incurred by Citadel in relation to RVQC's services provided in connection with the Referral Agreement. This amended fee note was emailed to Citadel on 19 February 2019. This fee was paid by Citadel Ltd on 25 February 2019 and a receipt issued by Chambers with the corresponding reference number (57496) (IA4).

Justice BOT

Payment Date	Payment Amount (£)	Payment Reference from bank statements	Relevant document (D)/Email (E)/Invoice (I) disclosed 16 February 2022	Additional Documents
27/2/19	100,000	ALDAJA PAYME JUSTICE BOT PART	D3, 14	
6/3/19	100,000	ALDAJA PAYME JUSTICE BOT PART	D3, 15	
16/5/19	99,278 99,278.29	ALDAJA PAYME JUSTICE BOT FINAL	D3, 124	

On 28 November 2018, a Licence Agreement was entered into by Citadel, Aldaja and Lotter relating to the work product 'Justice 2018 BOT Version' (D3). Recorded in the Second Schedule are the terms on which RVQC granted a licence to Citadel, including:

- Citadel is RVQC's client and the opinion (and advice contained in it) are provided for Citadel; and
- RVQC retains the copyright and IP in the opinion, but it may be shown by Citadel to its clients subject the licencing conditions at clauses 12 and 13 of the Second Schedule.

The Third Schedule of this agreement (D3) at clause 1 states:

"The Licensee shall pay or procure the payment on its behalf to the Licensor by transfer of funds to the Nominated Bank Account the minimum amount of £99,000 in the following instalments (plus in the case of each instalment any value added tax there on) on or before the day on which shall expire the following periods beginning on the date on which the Licensor shall in fact comply with clause 5(a) of this Agreement:"

The fee was to be paid in 10 monthly payments of £9,900, beginning with the third month after the agreement was entered into by the parties, i.e. February 2019.

Clause 2 of this agreement states:

Subject to paragraph 3 of this Schedule, the Licensee shall in addition pay or procure the payment on its behalf to the Licensor by transfer of funds to the Nominated Bank Account the following amounts in respect of total Turnover (as hereinafter defined) as at December 31 2018 and as at the last day of each succeeding month (but, in the case of any succeeding month, after deducting any sum which has already become payable under this paragraph). Each payment shall be due by the last day of the next month. The amount payable shall be

Total Turnover less than £5,000,000: NIL

Total Turnover £5,000,000 but less than £10,000,000: two per cent. of Total Turnover in excess of £5,000,000

Total Turnover more than £10,000,000: £100,000 plus one per cent. of Total Turnover in excess

of £10,000,000.

There shall be added to each sum so payable any value added tax thereon.

Pursuant to this agreement:

- A sales receipt, dated 27 February 2019, was issued by Citadel to Aldaja for the sum of £100,000 (I4) which records that it relates to Justice BOT.
- A sales receipt, dated 6 March 2019, was issued by Citadel to Aldaja for the sum of £100,000 (I5) which records that it relates to Justice BOT.
- An invoice, dated 16 May 2019, was issued by Citadel to Aldaja for the sum of £99,278.29 (I24), which records that it was paid on the same day. The invoice records that it relates to Justice BOT.

On 4 January 2019, a fee note was raised by Chambers on behalf of RVQC in respect of services provided by RVQC to Citadel (reference 57497) for the sum of £100 plus VAT, in connection with Justice BOT (IA5). This fee note was initially emailed to Citadel on 4 January 2019 and was re-sent on 12 February 2019. A receipt for payment of this fee by Citadel, dated 25 February 2019, with the corresponding reference number (57476), was emailed to Citadel (IA6).

Justice Reporting

Payment Date	Payment Amount (£)	Payment Reference from bank statements	Relevant document (D)/Email (E)/Invoice (I) disclosed 16 February 2022	Additional Documents
18/2/19	10,000	ALDAJA PAYME JUSTICE REPORTING	D5, I10	

On 30 January 2019, RVQC emailed Citadel, copying in Cliff Holland and Franco Lombardi, Clerks at Chambers, in relation to Justice Reporting. Much of this communication is legally privileged, relating to instructions and advice, however, RVQC concludes that Chambers Clerks will give Citadel a fee quote, which they provide the same day, together with the Terms of Engagement applying (EA2). The fee quote and terms are accepted by Citadel the same day (EA3).

The work product 'Justice Reporting' was prepared by RVQC on 30 January 2019 and proposed to Citadel along with the fee for the product of £100 plus VAT on the same date. This is shown in an email chain between, RVQC, Chambers, and Citadel. The same chain shows Citadel accepted the work product and proposed fee on the same day.

The Licencing agreement between Citadel, Aldaja and Lotter was entered into on 30 January 2019 (D5) for the work product 'Justice and Freedom Reporting'. Recorded in the Second Schedule are the terms on which RVQC granted a licence to Citadel, including:

- Citadel is RVQC's client and the opinion (and advice contained in it) are provided for Citadel; and
- RVQC retains the copyright and IP in the opinion, but it may be shown by Citadel to its clients subject the licencing conditions at clauses 12 and 13 of the Second Schedule.

Clause 2 of this agreement states:

"The Licensee shall pay or procure the payment on its behalf to the Licensor by transfer of funds to the Nominated Bank Account the sum of ten thousand pounds plus any value

added tax eligible in respect thereof. Such sum (including any value added tax eligible in respect thereof) is hereinafter referred to as ("the Licence Fee").

Pursuant to this agreement, Citadel was paid a Licence Fee of £10,000. An invoice, dated 18 February 2019, for the sum of £10,000 was sent by Citadel to Aldaja (I10). The invoice records that it was paid on 23 January 2019; as the payment was recorded as received into the account on 18 February 2019, it is likely that this is an error and it should read 18 February 2019.

On 30 January 2019, a fee note was raised by Chambers on behalf of RVQC for the sum of £100 plus VAT (reference 57573) and emailed to Citadel on 4 February 2019. It was re-sent on 12 February 2019 (IA7). This was paid by Citadel on 25 February 2019 and receipt with the corresponding reference was issued by Chambers the same day (IA8).

Elite Management / Purdy 2019

Payment Date	Payment Amount (£)	Payment Reference from bank statements	Relevant document (D)/Email (E)/Invoice (I) disclosed 16 February 2022	Additional Documents
26/6/19	60,000	ELITE MANAGEMENT & P Mellor Licence	I13	
26/6/19	60,000	ELITE MANAGEMENT & P Mellor Licence	I13	

On 15 March 2019, RVQC emailed Citadel, copying his Clerks in relation to 'The Contractor with Purdy 2019'. Much of this communication is legally privileged, relating to instructions and advice, however, the email records that the instruction is subject to Chambers' standard terms and conditions and records the terms on which RVQC granted a licence to Citadel, including (EA7):

- Citadel is RVQC's client and the opinion (and advice contained in it) are provided for Citadel; and
- RVQC retains the copyright and IP in the opinion, but it may be shown by Citadel to its clients subject the licencing conditions at clauses 12 and 13.

Following this email, the Clerks emailed Citadel advising that RVQC's fee for the advice would be £100 plus VAT and enclosing a copy of the terms of engagement under which RVQC would be engaged (EA7). Citadel replied on 16 March 2019, accepting both the fee quote and the terms and conditions.

A sales receipt, dated 26 June 2019, was raised by Diamondsurre Limited¹ and sent to Elite Management Limited for the sum of £100,000 plus VAT (£120,000) in relation to *Contractor with Purdey (sic)* (I13).

The instruction from Citadel to RVQC on 15 March 2019 was later withdrawn due to a change in Citadel's client's requirements, as such the work product was not licenced as a result no sub-licence of this product was ever created by Citadel and no payments have been paid or are due in respect of the work product 'The Contractor with Purdy 2019'.

¹ Diamondsurre Limited was the transferee of Citadel's business as a going concern and assumed Citadel's rights and obligations under the Licence Agreements.

Insella Services Limited

Payment Date	Payment Amount (£)	Payment Reference from bank statements	Relevant document (D)/Email (E)/Invoice (I) disclosed 16 February 2022	Additional Documents
1/3/19	180,000	I LIMITED PART PAYMENT FOR L	D9, E1, I8, I9	

On 5 December 2018, RVQC emailed Citadel, copying his Clerks in relation to 'Liberation RT Version'. Much of this communication is legally privileged, relating to instructions and advice, however, the email records that the instruction is subject to Chambers' standard terms and conditions, contains a request from RVQC for his Clerks to provide a fee quote for the work and records the terms on which RVQC granted a licence to Citadel, including (EA9):

- Citadel is RVQC's client and the opinion (and advice contained in it) are provided for Citadel; and
- RVQC retains the copyright and IP in the opinion, but it may be shown by Citadel to its clients subject the licencing conditions (all numbered clause '1').

Following this email, the Clerks emailed Citadel advising that RVQC's fee for the advice would be £100 plus VAT and enclosing a copy of the terms of engagement under which RVQC would be engaged (EA8). Citadel replied accepting both the fee quote and the terms and conditions.

On 10 December 2018, Citadel, Insella Services Limited (**Insella**), Philip Terence Manley (**Manley**) and Justin Webster (**Webster**) entered into a Licence Agreement in relation to 'Liberation 2018' (D9). The Second Schedule records the same licencing conditions as in the above email chain (EA9), albeit recorded as clauses 12 and 13 of the Second Schedule.

The Third Schedule clause 1 of this agreement (D9) states:

"The Licensee shall pay or procure the payment on its behalf to the Licensor by transfer of funds to the Nominated Bank Account two hundred thousand pounds (£200,000) (plus any value added tax which might be payable in respect thereof) on or before the June 30th 2019".

On 10 December 2018, an invoice in the sum of £200,000 was sent by Citadel to Insella (I8). This invoice is stamped as paid on 27 February 2019. On 1 March 2019, £180,000 was received into the Account. The difference of £20,000 is contained in the credit note, dated 31 March 2019, sent by Citadel to Insella (I9).

Insella defaulted on the payment of the basic fee payable for the work product D9, this basic fee was paid in part by Webster, however, Manley did not pay his part of the indemnity due. The credit note I9 represents the unpaid part of the fee due being written off due to it being unrealistically recoverable. Our client does not believe that he has any other documentation to evidence the writing off of this debt.

Three fee notes were raised by Chambers and sent to Citadel via email:

- Fee note 57065, was raised on 3 October 2018 for the sum of £100 plus VAT. It was sent on 8 October 2018 and resent on 14 November 2018, 11 December 2018 and 11 December 2019 (IA12).

- Fee note 57453, was raised on 7 December 2018 for the sum of £100 plus VAT. It was sent to Citadel the same day and re-sent on 11 January 2019 (IA13).
- Fee note 57499, was raised on 4 January 2019 for the sum of £100 plus VAT and sent to Citadel via email the same day (IA14).

All three fee notes were paid by Citadel on 25 February 2019 by Citadel as shown by the three receipts with the corresponding reference numbers (IA15, IA16 and IA17).

Webster / Freedom 2018

Payment Date	Payment Amount (£)	Payment Reference from bank statements	Relevant document (D)/Email (E)/Invoice (I) disclosed 16 February 2022	Additional Documents
20/05/19	10,000 [£9,999.99]	WEBSTER J Webster	D7, I14	
21/05/19	10,000 [£9,999.99]	WEBSTER J Webster	D7, I15	
22/05/19	10,000 [£9,999.99]	WEBSTER J Webster	D7, I16	
23/05/19	10,000 [£9,999.99]	WEBSTER J Webster	D7, I17	
24/05/19	10,000 [£9,999.99]	WEBSTER J Webster	D7, I18	
25/05/19	10,000 [£9,999.99]	WEBSTER J Webster	D7, I19	
26/05/19	10,000 [£9,999.99]	WEBSTER J Webster	D7, I20	
27/05/19	10,000 [£9,999.99]	WEBSTER J Webster	D7, I21	
28/05/19	10,000 [£9,999.99]	WEBSTER J Webster	D7, I22	
14/6/19	9,000	WEBSTER J Webster	I23	

On 24 November 2018, RVQC emailed Citadel, copying his Clerks in relation to 'Freedom 2018'. Much of this communication is legally privileged, relating to instructions and advice, however, the email records that the instruction is subject to Chambers' standard terms and conditions, contains a request from RVQC for his Clerks to provide a fee quote for the work and records the terms on which RVQC granted a licence to Citadel, including (EA10):

- Citadel is RVQC's client and the opinion (and advice contained in it) are provided for Citadel; and
- RVQC retains the copyright and IP in the opinion, but it may be shown by Citadel to its clients subject the licencing conditions in clauses 12 and 13.

On 26 November 2018, the Clerks emailed Citadel advising that RVQC's fee for the advice would be £100 plus VAT and enclosing a copy of the terms of engagement under which RVQC would be

engaged (EA10). Citadel replied the same day accepting both the fee quote and the terms and conditions.

On 28 April 2019, Citadel, Diamondsure Limited (**Diamondsure**), Manley and Webster entered into a Licence Agreement in relation to 'Justice and Freedom' (D7). The Licence Agreement replicates the terms of the licence between RVQC and Citadel as set out above (EA10).

Clause 3(1) of this agreement provides that the indemnifiers (Manley and/or Webster) will pay the sum of £120,000 to Citadel in respect of the work product. The clause states:

"The Indemnifiers shall between them pay the total sum of one hundred and twenty thousand pounds (£120,000) (in one or more payments) to the Nominated Bank Account before close of banking business in the United Kingdom on Wednesday May 22nd 2019".

Between 21 and 28 May 2019, the following sales receipts were issued:

- to Webster on 20 May 2019 for £9,999.99 (I14);
- to Webster on 21 May 2019 for £9,999.99 (I15);
- to Webster on 22 May 2019 for £9,999.99 (I16);
- to Webster on 23 May 2019 for £9,999.99 (I17);
- to Webster on 24 May 2019 for £9,999.99 (I18);
- to Webster on 25 May 2019 for £9,999.99 (I19);
- to Webster on 26 May 2019 for £9,999.99 (I20);
- to Webster on 27 May 2019 for £9,999.99 (I21);
- to Webster on 28 May 2019 for £9,999.99 (I22);
- to Webster on 14 June 2019 for £9,000.09 (I23).

The reference of Roger 2019 on I23 is believed to be an administrative error as no work product was sub-licensed by Citadel to Webster, the payment should have been given the same description in that it was an indemnity payment made by Webster for Insella.

Clause 4(1) of this agreement records that Manley, as the First Indemnifier, shall pay a further sum of £115,000 in 38 monthly instalments of £3,000 and one final instalment of £1,000 beginning on 1 July 2019, with the final instalment on 1 September 2022.

These payments payable by Manley were never paid to Citadel or to its assignee, Diamondsure, and as such there is no documentation in relation to them.

Pursuant to the fee agreement reached between Citadel and RVQC's Clerks on 26 November 2018, Chambers raised an invoice in the sum of £100 plus VAT on 1 February 2019 (reference 57426), which was emailed to Citadel on 4 February 2019 (IA18). The invoice was re-emailed to Citadel on 12 February 2019 and payment was received from Citadel on 25 February 2019, with a receipt of the same reference number being generated the same day (IA19).

Premiere First Ltd

Payment Date	Payment Amount (£)	Payment Reference from bank statements	Relevant document (D)/Email (E)/Invoice (I) disclosed 16 February 2022	Additional Documents
13/2/19	240,000	PREMIERE FIRST LIMITED (Payment Ref: Citadel Ltd)	E3, E4, E5, E7, E8, I7	
17/4/19	440,961	PREMIERE FIRST LIMITED (Payment Ref: Invoice 7 and 8)	I12, I25	

Justice for Sovereign

The initial proposal for this work product arose in an email exchange on 4 February 2019, in which the mechanics were discussed between 4 and 10 February 2019 (E5).

On 11 February 2019, RVQC emailed Citadel, copying his Clerks in relation to 'Justice for Sovereign'. Much of this communication is legally privileged, relating to instructions and advice, however, the email records that the instruction is subject to Chambers' standard terms and conditions, contains a request from RVQC for his Clerks to provide a fee quote for the work and records the terms on which RVQC granted a licence to Citadel, including (EA11):

- Citadel is RVQC's client and the opinion (and advice contained in it) are provided for Citadel; and
- RVQC retains the copyright and IP in the opinion, but it may be shown by Citadel to its clients subject the licencing conditions (see the licensing conditions both numbered clause '1').

On 11 February 2019, RVQC emailed Citadel copying his Clerks advising that due to his Clerks experiencing "problems", RVQC was taking the "unusual step" of negotiating his fees (EA12). RVQC proposed two separate fees of £100 plus VAT. The same day, Citadel replied to RVQC, cc'ing his Clerks accepting the standard terms and conditions of engagement (EA11).

On 11 February 2019, Citadel, RVQC and David Rogers (**Rogers**) exchanged emails in relation to the terms of the licence to be granted by Citadel to Premiere First Limited (**Premiere**) (E3). It is of note that, when discussing the potential for RVQC to be instructed directly to prepare a separate opinion, RVQC is clear that this is separate from his advice to his client, Citadel and RVQC is clear that this instruction would need to be conducted through Chambers and through Chambers' Clerks.

On 11 February 2019, Citadel, and Premiere entered into a Licence Agreement in relation to Justice for Sovereign (DA1). The Licence Agreement replicates the terms of the licence between RVQC and Citadel as set out above (EA11)

Clause 1 of the Third Schedule of this agreement (DA1) states:

"The Licensee shall pay or procure forthwith this deed takes effect the payment to the Licensor by transfer of funds to the Nominated Bank Account two hundred thousand pounds (£200,000) plus value added tax payable in respect thereof".

On 12 February 2019, Citadel issued an invoice to Premiere in the sum of £200,000 plus £40,000 VAT in respect of Justice for Sovereign (I7). On 12 February 2019, Rogers emailed Citadel that he would instruct the payment to be made (E3/E7). An exchange followed between Citadel and Rogers in relation to the receipt of the funds transferred under the 12 February 2019 invoice (E4/E9), culminating in Citadel's confirmation of receipt on 13 February 2019 (E8).

Clause 2 of the Third Schedule of this agreement states:

"The Licensee shall in addition pay or procure the payment on its behalf to the Licensor by transfer of funds to the Nominated Bank Account the following amounts in respect of total Turnover (as hereinafter defined) as at February 28th 2019 and as at the last day of each succeeding month (but, in the case of any succeeding month, after deducting any sum which has already become payable under this paragraph). Each payment shall be due by the last day of the next month.

The amount payable shall be one per cent of Total Turnover but excluding the first Twenty Million points (£20,000,000) of Total Turnover.

There shall be added to each sum so payable any value added tax thereon."

Pursuant to this clause, an invoice was issued by Citadel to Premiere on 31 March 2019 in the sum of £314,942.83 plus VAT, in the sum of £62,988.57 (I12) and on 17 April 2019 for £52,524.38 plus VAT, in the sum of £10,504.88 (I25). These invoices were both paid simultaneously by Premiere on 17 April 2019 (although it is of note that the payment reference states that it relates to invoice numbers "7 and 8" when the invoice numbers are in fact 7 and 3).

A fee note for this product was raised by Chambers on behalf of RVQC on 11 February 2019 (reference 57596) for the sum of £200 plus VAT and sent to Citadel via email on 12 February 2019 (IA20). and this was the fee for providing an opinion and draft licence. Payment of this fee note was recorded on a receipt of the same reference as having occurred on 25 February 2019 (IA21).

Justice for Sovereign Reporting

On 18 February 2019, RVQC emailed Citadel, copying his Clerks in relation to 'Justice for Sovereign Reporting'. Much of this communication is legally privileged, relating to instructions and advice, however, the email records that the instruction is subject to Chambers' standard terms and conditions, contains a request from RVQC for the Clerks to provide a fee quote for the work and records the terms on which RVQC granted a licence to Citadel, including (EA13):

- Citadel is RVQC's client and the opinion (and advice contained in it) are provided for Citadel; and
- RVQC retains the copyright and IP in the opinion, but it may be shown by Citadel to its clients subject the licencing conditions in clauses 12 and 13.

The same day, the Clerks emailed Citadel advising that RVQC's fee for the advice would be £100 plus VAT and enclosing a copy of the terms of engagement under which RVQC would be engaged. Citadel replied the same day advising that due to a change of circumstances, the advice would not be required (EA13).

A second work product titled 'Justice for Sovereign Reporting' was drafted by RVQC and proposed to Citadel on 18 February 2019, along with a fee quote for the work. However, this work product was not taken up by the client and therefore Citadel rejected the proposal and also RVQC's anticipated fees for the product. This is shown in an email chain between RVQC, Chambers and Citadel.

The fee note was paid on 25 February 2019 by Citadel as shown by the receipt with the corresponding reference number (57596).

Document I12 is an invoice raised by Citadel for Premier in respect of the work product 'Justice for Sovereign' and is for a total of £314,942.83. This invoice is dated 31 March 2019 and it is marked as paid, although undated.

Document I25 is an invoice raised by Citadel for Premier in respect of the work product 'Justice for Sovereign' and is for a total of £52,524.38. This invoice is dated 17 April 2019 and it marked as paid on the same day.

SUBSEQUENT FLOW OF FUNDS FROM CITADEL

HMRC state in the Application:

"57. Records held at Companies House for Citadel Ltd for the year ending 31 March 2019, indicate one trading year with a turnover of ££1,504,762 and ££266,507 paid in Corporation Tax. As noted above, this was paid using a cheque signed by RV drawn on the Breamgale account [REDACTED] 8137 account. There was an after-tax profit of ££1,136,155 and no deduction was made in computing the profit for any wages or salaries paid.

"58. Between 28/11/2019 and 11/12/2019 payments totalling ££1,136,000 were made from the Breamgale account 71228137 to the BREAMGALE GROSVENOR TRUSTEES CELESTIAL Account [REDACTED] 5857. This amount reflects the net profit of ££1,136,155 for Citadel Limited, for the year ending 31 March 2019.

"59. Banking records show an onward payment totalling ££1,135,000, on 27/08/2020, was made from the BREAMGALE CELESTIAL Account [REDACTED] 5857 to the Robert Venables QC No4 Chambers Account [REDACTED] 9905. This account is the RVQC partnership account. The net profit for Citadel Ltd was therefore moved on into the Robert Venables QC No4 Chambers Account [REDACTED] 9905.

"60. RV was the sole signatory of RVQC Partnership Bank Account, Robert Venables QC No4 Chambers Account [REDACTED] 9905 and all of the Breamgale Limited Accounts until 26 November 2019. Therefore, RV had full control over these deposits. On 11 March 2022, RV voluntarily provided bank statements for the Robert Venables QC No4 Chambers Account [REDACTED] 9905, from 21 March 2020 to 8 March 2022 It is shown on the statements that on 26 February 2022 £1M was transferred from Robert Venables QC No4 Chambers Account [REDACTED] 9905 to another account under RV's name and control ([REDACTED] 6229). As at 8 March 2022 the credit balance in the No 4 Chambers Account [REDACTED] 9905 was £10,057.61."

Payments from the Account to Breamgale Grosvenor Trustees Celestial Account (Celestial Account)

As set out in the Application, for the year ending 31 March 2019, Citadel had, following payment of corporation tax in the sum of £266,507, an after-tax profit of £1,136,000.

Pursuant to Article 31 of Citadel's Articles of Association, adopted on 13 February 2018:

"(1) Without derogating from the object of the Company to carry on business as a general commercial company, it shall also be an independent object of the Company to pay, apply or appropriate the assets of the Company, or any part or parts thereof, whether gratuitously or otherwise, to or for the benefit of such charity or charities or such person or persons (including the trustee or the trustees of a trust) and in such manner as the Company shall think fit, in the manner and subject to the conditions (if any) specified in this Article.

"(2) Subject to any overriding considerations of company law, the directors may, with the prior consent of all the shareholders, or such person as may be from time to time be nominated by them, pay, apply or appropriate the assets of the Company, or any part or parts thereof, to or for the benefit of such charity or charities or such person or

persons (including the trustee or the trustees of a trust or settlement) and in such manner as the directors may think fit.”

This Article empowers Citadel to make donations of its net profits to third parties. This power was exercised to make donations as follows:

- £100,000 to a registered charity, the Yves Guihanec Foundation on 23 March 2019 [Tab 1];
- £11,700 to Simon Alexander Hatley on 17 July 2019 [Tab 2]; and
- ten payments of £113,600 to the Celestial Account (referred to in error as “the Celestial Account of Grosvenor Trustees Limited” and corrected on 3 March 2021 to “The Grosvenor Trustees Celestial Account”) to be held on trust, one for each of the ten Mel Trusts known as The Mel Trusts Nos 1 to 10 between 28 November 2019 and 11 December 2019 [Tab 3].

When the accounts of Citadel, for the year ending 31 March 2020, were being prepared it was appreciated that at the date of the 18 November 2019 resolutions, the bookkeeper had failed to record the donation resolved to be made on 17 July 2019, so that the purported donations were in excess of the net assets of the company which could be validly donated and thus invalid as to the excess (£1,116.49 per donation). To regularise the position, the resolution and agreements of 3 March 2021 were entered into [Tab 4].

Payment from the Celestial Account to RVQC No4 Chambers Account [REDACTED] 9905 (Chambers 4 Account)

On 27 August 2020, the Celestial Account paid £1,135,000 to the Chambers 4 Account, which was ten loans of £113,500 from each of the Mel Trusts (made by Breamgale as trustee) to the Grosvenor 2017 Trust in its capacity as a partner of the RVQC Partnership, pursuant to a Loan Agreement dated 10 April 2020 [Tab 5].

The money transferred was, as between each Mel Trust and the Grosvenor 2017 Trust (**the Grosvenor Trust**), a loan, and as between the Grosvenor Trust and the RVQC Partnership a contribution of capital by the Grosvenor Trust for the credit of its capital equity account with the RVQC Partnership.

The reason for the delay between the Loan Agreement, being 10 April 2020 and the payment date, being 27 August 2020, was due to the actions of HSBC, which had wrongfully dishonoured cheques on 15 April 2020 and 1 June 2020, the payment only being effected when it was effected in person at a branch of HSBC.

This capital contribution by the Grosvenor Trust to the RVQC Partnership resulted in the Grosvenor Trust being entitled to £222,575 of the profits of the RVQC Partnership for the period 10 April 2020 to 31 March 2021. The Grosvenor Trust returned income and paid income tax on it. Grosvenor Trustees Ltd, which was beneficially entitled to the income of the Grosvenor Trust, included that amount of income as beneficiary of the Grosvenor Trust in its corporation tax return for the accounting period 1 April 2020 to 31 March 2021.

It is expected that the Grosvenor Trust (and, through it, its income beneficiary, Grosvenor Trustees Ltd) will again be entitled to a substantial profit share from the RVQC Partnership for the 2021/22 period, although the accounts have yet to be finalised.

Payment from Chambers 4 Account to Account [REDACTED] 6229

In consequence of the application for a Production Order mandating HSBC to provide information to HMRC, granted on 20 November 2020, HSBC decided to terminate the banking relationship and issued a closure notice in respect of the Chambers 4 Account.

Our client understands that RVQC took steps to obtain alternative banking services, but the Chambers 4 Account was due to close before another bank account had been opened. At that stage, the [REDACTED] 6229 Account with HSBC remained open and our client understands that RVQC was concerned that, should the Chambers 4 Account close with a credit balance, accessing and transferring those funds could prove difficult (as indeed happened in the case of the closure of another (personal) account of RVQC).

RVQC transferred £1,000,000 from the Chambers 4 Account to the [REDACTED] 6229 Account on 26 February 2022, leaving a balance to ensure that any future obligations could be met. The Chambers 4 Account was closed in early March 2022. The transfer was duly recorded in the books of the RVQC Partnership as a debit to RVQC's current equity account.

Conclusion

Our client has spent a considerable amount of time locating documentation relating to the allegations made in the Application as well as other documentation which may help explain his position regarding the allegations contained in the Application. Our client believes he may have identified further documentation and signed versions of documents otherwise provided without signatures, which may be relevant, however, due to the Jubilee bank holiday weekend and Covid-related illnesses we have not yet been able to review these for relevance and legal privilege and as such they have not been provided with this letter.

We trust that our client's efforts to provide information and to assist your investigation have addressed your concerns in relation to the allegations made in the Application.

Our client is willing to assist further, however, as indicated above and in our letter of 12 November 2021, material held by our client is, for the most part, held subject to express or implied undertakings to hold such material in confidence and, absent a clear understanding of the precise nature of the allegations made against him and enquiries being undertaken, cannot make a proper assessment as to the information which he can properly disclose. We trust that any further assistance which is requested from our client will therefore be accompanied by a clear summary of the allegations and enquiries, such as that contained in the Application.

Yours faithfully



RPC



HM Revenue
& Customs

Strictly Private & Confidential
FAO Addressee Only



HM Revenue & Customs
Offshore Corporate and Wealthy
Fraud Investigation Service
1 Ruskin Square
Croydon CR0 1XJ

Phone

Fax

Email



Date 21st June 2022

Our ref

Your ref

Web www.gov.uk

Dear Robert Venables QC

RE: INVITATION TO ATTEND A VOLUNTARY INTERVIEW

As you are aware, you are a suspect in a criminal investigation being conducted by Her Majesty's Revenue and Customs (HMRC).

The investigation concerns the activities of the RVQC Partnership. You are believed to have committed offences of income tax evasion and money laundering by implementing the RVQC partnership which has been used as a vehicle for the purpose of evading the correct amount of taxes due by you and laundering the proceeds of that evasion leading to a tax loss of approximately £1.5 million. It is suspected that you have been knowingly concerned in this income tax evasion and in laundering the proceeds of this evasion via your role as Senior Partner in the RVQC Partnership.

As you know, we have recently been investigating the activities of Citadel Ltd and your connection with that company. It is suspected that you have used this company as a vehicle to commit further offences of income tax evasion and money laundering leading to an additional tax loss of approximately £430,000. It is suspected that you have been knowingly concerned in this income tax evasion and in laundering the proceeds of this evasion via your role as person of significant control of Citadel Ltd and Breamgale Ltd.

You were interviewed under caution on 24th July 2021. I now consider it necessary to interview you under caution again as I believe such an interview is necessary for a prompt and effective investigation of the offences in question. This interview will be concerned with the activities of Citadel Ltd and the RVQC Partnership, in the light of new evidence I have obtained since your previous interview, and your involvement in those activities. The interview will be conducted under the provisions of the Police and Criminal Evidence Act (PACE) and PACE Code of Practice C. The interview will be recorded.

Information is available in large print, audio and Braille formats.
Text Relay service number – 18001



J3125

You will be entitled to have access to free independent legal advice before and during the interview. Legal representation can be arranged by HMRC via the duty solicitor scheme. Alternatively, you may wish to choose legal representation for yourself prior to the interview and attend the interview with your legal representative, that is a decision for you. Please let me know if you require HMRC to arrange legal representation for you.

The interview has been arranged for **10.30 am on 16th July 2022 at HMRC, 1 Ruskin Square, Croydon CR0 2WF**. Please let me know, by **4pm on 1st July 2022**, if you will be attending this interview. Pre interview disclosure will be provided to you in advance of the interview.

Could I request that you provide beforehand or bring to the interview:

- All the trust deeds for the 'Mel Trusts'.

Please be aware that this interview would be voluntary, you would not be under arrest and would be free to leave at any time. You would only be prevented from leaving at will if, during your attendance, it was decided that your arrest is necessary.

You should also be aware that if you do not contact me in response to this letter, decline to attend the interview at the time agreed or having attended, fail to remain for the interview to be completed, your arrest may be necessary to enable you to be interviewed.

You may wish to seek legal advice regarding this letter.

If you have any questions, please contact me on the e-mail stated at the top of the letter or at the above address.

Yours,



Mrs Kiran O'Dea

Case Manager

J3126

MEMORANDUM

of Robert Venables Q.C.

Re the United Kingdom income taxation of trustees of settlements which are / have been partners of partnerships and of their beneficiaries with particular reference to settlements which are or were within the meaning of the RVQC Partnership Deeds a “Residuary Partner” or a “GBM Partner”

Prepared 8 July 2022

For the attention of

Mrs Kiran O’Dea
Mrs Maryann Dufton
Mr James Banks

all of HMRC

Introduction

1. It was obvious from the “voluntary” interview I attended with Mrs Dufton and Mr Banks on 5th July 2022 that there were still fundamental misunderstandings on the part of those conducting the enquiry (and, evidently, those on whom they relied for advice) as to the basic rules of United Kingdom income tax law relating to this matter. It would appear that the advice, both as to trust law and as to taxation law, which HMRC has received in relation to this matter has not been fit for purpose.
2. I am therefore setting out my view of the relevant law, being that on which I have acted in making my own tax returns and in preparing (as to trust income) the tax returns of Gary Bernard Morris (“GBM”).
3. It is possible that the principal reason that tax evasion has been suspected is that no one within HMRC has appreciated that the taxable income of GBM and myself from these trusts has been less than our actual income. And no one sought to obtain advice from an external source which would be as authoritative (or almost authoritative) as my own. The discrepancy between actual income and taxable income is the result of peculiar, highly prescriptive, statutory rules which were enacted in the mid 1990's at the behest of Commissioners of Inland Revenue, later merged into HMRC. These rules tax not real income but fictitious income. It should therefore be hardly surprising that they can produce some startling results. Indeed, it was only after the July 2021 interviews that HMRC announced they were reviewing whether these rules should be changed and that, in Finance Act 2022, these rules are to be abolished with effect from the tax year

2024/25, with certain transitional provisions taking effect in the year 2023/24.

4. I have already explained, in a communication sent to Mrs O’Dea through Kingsley Napley in August 2021, how partners in partnerships are taxed not on their real share of partnership profits for a tax year but on a fictional amount computed in accordance with express, prescriptive, statutory provisions. I shall not repeat that here. I was pleased to see in the interview on July 5th that Mrs Dufton appeared to understand how those rules work.

The Law

5. The trustee(s) of a “settlement”¹ are deemed for income tax purposes to be a single and continuing body of persons.² Where the trustees of a settlement are partners of a partnership, their deemed share of partnership profits for income tax purposes for a tax year falls to be ascertained in the same way as if they were an individual.
6. The rules concerning the deemed taxable share of profits of the trustees of a settlement for a tax year can produce some unexpected results, particularly when one then applies the rules as to how the income of the trust of a beneficiary who is entitled to that income as it arises (in trust terminology, an individual who is entitled to an “interest in possession”) is taxed for a tax year. All the settlements in question were at all material times interest in possession trusts.
7. Where the trustee(s) of a settlement are a partner in a partnership, while the basic rules (including Income (Trading and other Income) Tax Act 2005 section 852) still apply to them (so that if the trustee(s) begin or cease to be a partner in a tax year there are special rules for calculating their deemed taxable income in opening and closing years) there are no special rules which apply where there is simply a change in the beneficiaries of the settlement beneficially entitled to its income (provided the trustee(s) themselves remain a partner). **The result is that real income of the trust from the partnership in Year X can escape income tax in the hands of the beneficiary who is as a matter of trust law beneficially entitled to it whereas it will be taxed in the hands of the trustees in Year X +1 but only at the basic rate. HMRC have clearly failed to appreciate this fundamental point. I suspect that this failure to appreciate how tax law words may be at the root of the suspicion that RV (and, possibly GBM) may have under-declared their taxable income.**

¹ This term is so defined to include most trusts but does not include a bare trust, even where the beneficiary is a minor. A bare trust is one which has only one beneficiary. I myself was a partner of the Partnership in my capacity as trustee of bare trusts. This Memorandum has no relevance in the case of such trusts.

² See Income Tax Act 2007 section 474.

8. While I shall shortly explain this by a concrete illustration, I first need to set out some of the basic rules relating to the taxation of the trusts and their beneficiaries.³
9. Trustees will generally be taxable on taxable income of the trust at a rate at least equal to the basic rate. Taxation at the basic rate is the default position. They may be taxable, however, in a representative capacity (on behalf of a beneficiary beneficially entitled to the income) or in their own right.
10. The effect of the decision of the House of Lords in the classic case of *Williams v Singer* (1920) 7 TC 387 is that, although the trustees are taxable on so much of the income arising to them to which a beneficiary is beneficially entitled as it arises, that is for income tax purposes the income of only the beneficiary and not of the trustees, so that any liability of the trustees would be representative.⁴ The trustees would be taxable in their own right only on such part of the income to which no beneficiary was beneficially entitled as it arose.⁵ (Typically, that would be in respect of trust expenses which, under

³ It was quite obvious that Mrs O’Dea and Mr Karaoglan, who conducted my interview on July 24th 2021, were ignorant of these basic rules. While it is perhaps not altogether surprising that these individuals, engaged full-time in criminal enforcement, with no legal or tax qualifications and, it appeared, no experience of working in the HMRC Trusts department, where, one would have hoped, they might have picked up at least some rudimentary knowledge of the subject, were totally at sea, what is amazing is that either they did not seek competent advice from a specialist of appropriate standing or that, if they did, they either did not receive it or did not understand it.

⁴ In that in that case, United Kingdom resident trustees held income-producing property which had a non-UK source for United Kingdom income tax purposes, on trust for a beneficiary who was not resident or ordinarily resident in the UK. The House of Lords decided that the source of the beneficiary’s income was not the trust (which would thus have been a United Kingdom source) but the trust property, just as if the beneficiary had owned that property absolutely. In the circumstances, therefore, the income was not United Kingdom taxable income at all, as it had a foreign source and belonged beneficially to a non-UK resident. Thus the trustees were not liable to tax on it, even in a representative capacity. It is abundantly clear from the later decision of the House of Lords in *Archer-Shee v Baker*(1927) 11 TC 749 that the ratio of *Williams v Singer* is as I have described it.

⁵ [This footnote is not believed to be relevant to the Instructions but is included for completeness.] At least, beneficially entitled as it arose, i.e. by virtue of an interest in possession. There is a fascinating point, not relevant to these instructions as to whether the same rule applies when trustees have a discretion to distribute income

the general law or the trust instrument in question, were chargeable to income but there are other possibilities, one of which is in point here. See below.)

11. The way in which it is expressed is that the beneficiary is beneficially entitled to the entire income of the trust but subject to a charge as respects trust expenses chargeable to income.⁶ The taxable income of the beneficiary, therefore, would be not the amount of trust income free from the charge but the net amount after the charge had been satisfied. In fact, in the case of the interest in possession trusts in question in this case, the trust expenses were minimal, so this is not of any importance.
12. It is well established that the lack of symmetry between the trust's taxable income and the beneficiary's taxable income operates the other way, too. Suppose trustees to have income of £1,000 and no expenses chargeable to income but to be entitled to capital allowances of £100 so that the trustees have taxable income of £900. It has never been disputed that the taxable income of the beneficiary is (a maximum of) only £900, even though he has an actual income of £1,000.⁷ He is taxed on the whole of the trust income but the taxable amount is determined in an artificial way, just as the income of the trustees is so calculated.
13. If, however, the quantum of the trust's income for a tax year for income tax purposes is greater than its real income, then clearly the beneficiary entitled for an interest in possession can be entitled only to a (maximum) of the real trust income. He is taxable only on that portion of the (taxable) trust income to which he is in fact beneficially entitled.

amongst one or more beneficiaries and do distribute it as income. That turns on the true interpretation of the House of Lords decision in *Drummond v Collins* (1915) 6 TC 525, which is made a little clearer by the decision of the Court of Appeal in that case.

⁶ and any prior interests which fall to be satisfied out of income e.g. the payment of annuities. That is not in point in the present context.

⁷ See *In Re Pelly's Will Trusts. Ransome v. Pelly* [1957] Ch. 1 In that case, the non-taxability of the beneficiary on an amount of income equal to the amount of the capital allowance had been accepted by the Revenue and the only question was whether the beneficiary had to account to the trust for the amount of tax saved by him on account of the trustees being entitled to the capital allowance. The Court of Appeal held that he was not. As the Master of the Rolls said (the other Judges agreed with him): "In my judgment, ... the question of tax liability for present purposes is in truth distinct from the beneficial right to the receipt of the income under the trust instrument." That is very much in point in this case.

14. This could result in striking consequences in the past - and can still result, in these days of lower rates of tax, in rather less striking consequences. Suppose the trust income was investment income, taxable in the hands of the beneficiary at 75%. The trust benefits from a capital allowance of £1,000, thus reducing the beneficiary's income tax liability by £750. Suppose the trustees sell the capital asset and suffer a balancing charge of £1,000. They will be liable to a charge to income tax at the basic rate, say, £200. The beneficiary will not be liable to any charge to tax at the higher rates as the £1,000 is purely notional income to which he therefore cannot be beneficially entitled.

Application to the Residuary Partners and their Income Beneficiaries

15. I shall now give an illustration of how these rules work in the case of the Residuary trusts.⁸ This illustration is concerned with the St Augustus Trust and the tax year 2017/18, which is the trust and the year on which HMRC chose to concentrate in the interviews held with me on July 24th 2021 and July 5th 2022.
16. The St Augustus Trust became a partner of the Partnership on January 8th 2013 but first had income from the Partnership in the tax year 2015/16. I was beneficially entitled to an interest in possession (i.e. to receive the net income of the Trust) until the end of April 5th 2017. See the original trust deed of 2012 as modified by the 2013 Deed of Appointment. As from April 6th 2017, Merton College was entitled to an interest in possession until April 5th 2018, when the trust came to an end by absolute vesting.
17. I now set out a table showing the contrast between the actual income of the settlement for a year and its taxable income for that year.

⁸ The GBM trusts are somewhat less complicated as one need not have regard to the Income Tax (Trading and Other Income) Act 2005 Settlement Provisions, RV being excluded from benefit under all these trusts. (GBM is not the spouse or civil partner of RV.)

Tax Year	Actual Income Share of Trust [from April 10 th to April 5 th] ⁹	Trust's Taxable Income For the Tax Year
2013/14	£0	£0
2014/15	£0	£0
2015/16	£100	£0
2016/17	£543,676.57	£100
2017/18	£50	£543,726.57

18. For the year 2015/16, my real income from the trust was £100 but as the trust's taxable income was zero (the basis period being 2015/16), I had no tax liability on that income.
19. For the year 2016/17, my real income from the trust was £543,676.57.¹⁰ Yet because of the artificiality purposely introduced by Parliament, the measure of the taxable trust income for that year was only £100 (being calculated by reference to the actual income of 2015/16). One must bear in mind the classic statements about taxation on the preceding year basis (which used to apply to a great deal more than income of trades and professions) that while the income of the preceding year¹¹ is the *measure* or the *quantum* of the charge to income in the current year, what is being charged to tax is the income of the current year and not the income of the preceding year. See, for example, *W M G Singer v A W Williams (Surveyor of Taxes)* (1920) 7 TC 419 (which is a different authority from *Williams v Singer* (1920) 7 TC 387).
20. Thus, in 2016/17, the whole income of the year (in fact £543,676.57) was charged to tax but was deemed to be only £100; whereas in 2017/18 the whole income of the year (in fact £50) was charged to tax and was deemed to be £543,726.57 (being calculated by reference to the actual income of 2016/17 plus, because the trust ceased to be a partner in 2017/18, the actual income of 2017/18). Further, what was being taxed in 2017/18 was only the (deemed) income for 2017/18 and not any part of the (real) income of 2016/17. See *W M G Singer v A W Williams*.
21. The result was that, although my actual income from the trust for the years 2015/16 and

⁹ It is expressly provided that the profit share of the trust is not to come out of any part of the profits of an accounting period of the Partnership (ending on April 9th) between April 5th and 9th. Hence, the actual income is for the period in the tax year April 10th to April 5th next.

¹⁰ I am ignoring any trust expenses, which might be payable. In the case of these trusts, they would have been absolutely negligible,

¹¹ or years. Sometimes, the quantum of the income for income tax purposes was based on an average of two or more preceding years.

2016/17 was in total £543,776.57, because of the artificial rules of tax law, my total taxable income was only £100. If you find this result preposterous, blame (a) the Commissioners of Inland Revenue who persuaded Parliament to enact such legislation and (b) HMRC who, until 2021, did not question whether such legislation was appropriate.

22. That is not quite the full picture. As a matter of trust accounting, I was not entitled to require the trustees to hand over £543,676.57 at the end of the 2016/17. Because the actual income of the trust for 2016/17 was £543,676.57, the Trustees knew that they would face an income tax liability in the following year equal to 20% of that amount (in addition to 20% of the amount of their actual income share for that next year). (For why this is the appropriate rate, see below.) Hence, they were entitled to withhold from me £108,731.31 towards their tax liability for 2017/18 and thus needed to hand over only £434,926.06.¹² The *practical* result was the same as if I had suffered tax at 20% on the £543,676.57.¹³ However, for income tax purposes, it was not I but the trustees who were taxable on the £543,676.57 and at the rate applicable to them and for 2017/18, not 2016/17. **That is why this amount did not fall to be entered in my self assessment return as forming part of my taxable income.**
23. In 2017/18, Merton College was entitled to the actual income of £50 (minus trust expenses chargeable to income). The trustees were taxable on £543,726.57. However, the beneficiary was taxable (if at all, given it is a United Kingdom charity) only on the income to which it is beneficially entitled, a maximum of £50. And the trustees would be taxable on such amount of income as was needed to discharge trust expenses chargeable to income. In both cases, they would be chargeable at the basic rate only (of 20%).
24. As to the remaining £543,676.57, the trustees are of course taxable at the basic rate. They are not taxable at any higher rate. It has always been accepted that trustees are chargeable only at the basic rate (previously called “the standard rate”) absent some express provision to the contrary. That was, and remains, the default position.
25. There is one general and various specific sections which impose a charge at a higher rate. They are contained in Income Tax Act 2007 Part 9 Chapter 3, being sections 479 onwards. None of the specific ones were (or are) in point.

¹² They were entitled to do so specifically as a matter of equitable accounting as between beneficiaries. They were also entitled to do so more generally by virtue of their trustees’ lien for costs, expenses and charges properly incurred by them in the performance of the trusts.

¹³ In the same way, in 2015/16, the trustees had been entitled to retain £20 of the £100 of real income, in order to pay the tax which would be due from them in 2016/17.

26. The general provision is section 479, to be read in conjunction with section 480, which provide:

“479 Trustees' accumulated or discretionary income to be charged at special rates

(1) This section applies if-

(a) accumulated or discretionary income arises to the trustees of a settlement, and

(b) the income does not arise under a charitable trust.

(2) Income tax is charged on the income at the rates referred to in this section instead of at the rates which would otherwise apply (for which see Chapter 2 of Part 2 (rates at which income tax is charged)).

(3) Income tax is charged on the income at the dividend trust rate so far as the income is dividend income.

(4) Otherwise, income tax is charged on the income at the trust rate.

(5) Section 488 disapplies this section in cases relating to Schedule 2 share incentive plans.

480 Meaning of “accumulated or discretionary income”

(1) Income is accumulated or discretionary income so far as-

(a) it must be accumulated, or

(b) it is payable at the discretion of the trustees or any other person,

and it is not excluded by subsection (3).

(2) The cases covered by subsection (1)(b) include cases where the trustees have, or any other person has, any discretion over one or more of the following matters-

(a) whether, or the extent to which, the income is to be accumulated,

(b) the persons to whom the income is to be paid, and

(c) how much of the income is to be paid to any person.

- (3) Income is excluded for the purposes of subsection (1) so far as-
- (a) before being distributed, it is the income of any person other than the trustees,
 - (b) it is income from property within subsection (4), or
 - (c) it is income from service charges which are paid in respect of dwellings in the United Kingdom and are held on trust.

[(4) and (5) apply for (3)(b) and (c) which are clearly not in point. In fact, (3) is not relied on at all.]”

27. In the specific circumstances, it would appear to be the case that section 479(1)(b) would not be satisfied, given that the only beneficiaries of the trust in the tax year in question are charities and thus the trust could be fairly called a “charitable trust”.¹⁴ So for that reason, section 479 did not apply at all.
28. However, there is a more general reason why the section does not apply in that section 480(1) was not satisfied. That is because, although the section applies in principle to income for tax purposes, that subsection can apply only to that which is in reality income for trust purposes, whereas this “income” for 2017/18 is (apart from the £50, to which section 480 clearly does not apply) purely (fictitious) income for the purposes of the income tax legislation and is not trust income at all for trust purposes (or otherwise in reality). First, as regards section 480(1)(a), the concept of “accumulation” is a term of trust law and involves converting that which is income for trust purposes into that which is capital for trust purposes. Second, as regards section 480(1)(b), there are two reasons. (A) “income” in the opening words of (1) must mean the same in relation to both (a) and (b), i.e. income for trust purposes. (B), given that the income is fictitious income, it cannot be paid at all.
29. It is believed that HMRC have always accepted the above. Indeed, when I argued *Howell v Trippier*, (2004) 76 TC 415, before the Court of Appeal, Henderson Q.C. for HMRC (he later became Lord Justice Henderson) accepted as much. That case concerned receipts which were capital of the trust for trust purposes. The actual decision did not depend on this point but on the provision treating stock dividends etc as distributions (Income and Corporation Taxes Act 1988 section 246).
30. RI 163 (December 1996) (Tax relief for trustees on mineral leases and timber cropping) shows that the Revenue accepted that where a profit was taxable income for income tax

¹⁴ I cannot find any relevant definition of the term.

purposes but capital for trust purposes, then it was not caught by what is now Income Tax Act 2007 sections 479 and 480. This is also reflected in HMRC's Trusts and Estate Manual at TSEM3196 " Because it is already capital ... it cannot be 'accumulated' in the sense of S479 ITA 2007, and so is not subject to the trust rate." What is vital, of course, is not so much that what is deemed for income tax purposes to be taxable income of the trustees is capital for trust purposes but that it is not income for trust purposes. Hence, if deemed income for income tax purposes does not exist at all for trust purposes, the same result follows.

31. Perhaps the best evidence that this is the accepted treatment by HMRC and of Parliament's understanding of the position is the large number of specific additional cases where the higher-rate charge is expressly imposed. See sections 481 and 482, These are needed because in each case the profit realised by the trust is in fact capital for trust purposes and merely deemed to be income for income tax purposes or in a specific case where there is in fact no profit at all but purely fictitious income. While this is not obvious from Income Tax Act 2007, which is a consolidating act, these additional provisions were added piecemeal over the years.
32. Thus, this is a case where Parliament has specifically provided very detailed rules as to when trustees are liable to tax at a rate higher than the basic rate. All that either the trustees or I have done is to accept "an offer of freedom from taxation" at the higher rate "which Parliament has offered" by ensuring that the trusts do not fall within any of them. That cannot even be characterised as "tax avoidance", let alone "tax evasion". See *Commissioners of Inland Revenue v. Willoughby* (1997) 70 TC 57 per Lord Nolan in his speech with which all the other law lords agreed when dismissing the Revenue's appeal from the decision of the Court of Appeal without even needing to hear Counsel for the taxpayer.
33. I would repeat that the fact that the *amount* of the actual income of 2016/17 (to which I was beneficially entitled) is used in the *measure* of the taxable income of 2017/18 does not somehow make the income of 2016/17 taxable in 2018/19 and thus there can be no question of it being taxable as mine in 2017/18, a year in which he I was not even a beneficiary of the trust. By 2017/18, I had no interest in the income (or otherwise under the settlement), so I could not begin to be taxed in 2017/18 at the higher rates in respect of it. See the report of *W M G Singer v A W Williams (Surveyor of Taxes)* (1920) 7 TC 419, in particular what was said by the Master of the Rolls and Scrutton LJ in the penultimate paragraph of each of their judgments in the Court of Appeal (with which the House of Lords agreed) and by Lord Atkinson in the penultimate paragraph of his speech in the House of Lords.
34. Mention was made in the 5th July 2022 interview of Income (Trading and other Income) Tax Act 2005 section 625, although there was scant appreciation of its relevance. It *appears* that someone has formed the view that as the St Augustus Trust was "settlor-

interested”, that meant that the taxable income of the trustees for 2017/18 was deemed for income tax purposes to be that of myself as settlor.¹⁵

35. Whatever superficial attraction such an argument might have, it founders on the rocks of the facts. Section 625 is in fact a definition section. It to be found in Income (Trading and other Income) Tax Act 2005 Part 5 (Miscellaneous Income) Chapter 5 (now headed “Settlements: Amounts Treated As Income of Settlor or family”. The provision which whoever had this idea had in mind was no doubt section 619 (Charge to tax under Chapter 5), which provides:

“(1) Income tax is charged on-

(a) income which is treated as income of a settlor as a result of section 624 (income where settlor retains an interest),

...

...”

36. Section 624 (Income where settlor retains an interest) provides:

“(1) Income which arises under a settlement is treated for income tax purposes as the income of the settlor and of the settlor alone if it arises-

(a) during the life of the settlor, and

(b) from property in which the settlor has an interest

...”

37. Section 625 (Settlor's retained interest) provides:

“(1) A settlor is treated for the purposes of section 624 as having an interest in property if there are any circumstances in which the property or any related property-

(a) is payable to the settlor or the settlor's spouse or civil partner,

(b) is applicable for the benefit of the settlor or the settlor's spouse or

¹⁵ I say “appears” because the position taken by HMRC in my July 2021 interview was that it was taxable in the hands of the trustees but at the (higher) trust rate, not the basic rate.

civil partner, or

(c) will, or may, become so payable or applicable.
...”

38. I note that not all trusts are “settlements” within the meaning of the chapter but assume for the moment (without conceding) that the trusts of which the Residuary Partners were trustees were “settlements” within such meaning. Even so, it does not take Albert Einstein to appreciate that the test whether or not income arising under a settlement is caught by the chapter must be determined as and when that income arises. Until the end of April 5th 2017, the St Augustus Trust was settlor interested. After that, however, it was not. There were from that point only two beneficiaries who between them were entitled the entire beneficial interest in the settled property (and the income therefrom). And neither of them was myself (nor, for that matter my spouse or my civil partner as I have never had a spouse or civil partner). Thus, none of the (deemed) income of the trustees for income tax purposes for the tax year 2017/18 was caught by the Chapter.

Application to the Residuary Partners and their Income Beneficiaries

39. In the interview held on July 5th 2022, reference was made to the St Matthias Trust, under which GBM was entitled for an interest in possession until the end of April 5th 2017. Very similar considerations apply, *mutatis mutandis*, to the quantification of his taxable trust income for 2015/16 and 2016/17 as in the case of the St Augustus Trust.

Tax Year	Actual Income Share of Trust [from April 10 th to April 5 th] ¹⁶	Trust’s Taxable Income For the Tax Year
2013/14	£0	£0
2014/15	£0	£0
2015/16	£100	£0
2016/17	£83,400	£100
2017/18	£50	£83,450

40. For the year 2015/16, GBM’s real income from the trust was £100 but as the trust’s taxable income was zero (the basis period being April 10th 2015 to April 9th 2016), he had no tax liability on that income.

¹⁶ It is expressly provided that the profit share of the trust is not to come out of any part of the profits of an accounting period of the Partnership (ending on April 9th) between April 5th and 9th. Hence, the actual income is for the period in the tax year April 10th to April 5th next.

41. For the year 2016/17, his real income from the trust was £83,400.00¹⁷ Yet because of the artificiality purposely introduced by Parliament, the measure of the taxable trust income for that year was only £100 (being calculated by reference to the actual income of the basis period 2015/16). One must again bear in mind the classic statements about taxation on the preceding year basis (which used to apply to a great deal more than income of trades and professions) that while the income of the preceding year is the *measure* or the *quantum* of the charge to income in the current year, what is being charged to tax is the income of the current year and not the income of the preceding year. See, for example, *W M G Singer v A W Williams (Surveyor of Taxes)* (1920) 7 TC 419 (which is a different authority from *Williams v Singer* (1920) 7 TC 387).
42. Thus, in 2016/17, GBM's whole income of the year (in fact £83,400) was charged to tax but was deemed to be only £100; whereas in 2017/18 the whole income of the trust in that year (in fact £50) was charged to tax and was deemed to be £83,450 (being calculated by reference to the actual income of 2016/17 plus, because the trust ceased to be a partner in 2017/18, the actual income of 2017/18). Further, what was being taxed in 2017/18 was only the (deemed) income for 2017/18 and not any part of the (real) income of 2016/17. See *W M G Singer v A W Williams*.
43. The result was that, although GBM's actual income from the trust for the years 2015/16 and 2016/17 was in total £83,500, because of the artificial rules of tax law, his total taxable income was only £100.
44. That is not quite the full picture. As a matter of trust accounting, GBM was not entitled to require the trustees to hand over £83,400 at the end of the 2016/17. Because the actual income of the trust for 2016/17 was £83,400, the Trustees knew that they would face an income tax liability in the following year equal to 20% of that amount (in addition to 20% of the amount of their actual income share for that next year). (For why this is the appropriate rate, see above.) Hence, they were entitled to withhold from him £16,680 towards their tax liability for 2017/18 and thus needed to hand over only £66,720.¹⁸ The *practical* result was the same as if he had suffered tax at 20% on the £83,400.¹⁹ However, for income tax purposes, it was not GBM but the trustees who were taxable by reference

¹⁷ I am ignoring any trust expenses, which might be payable. In the case of these trusts, they would have been absolutely negligible,

¹⁸ They were entitled to do so specifically as a matter of equitable accounting as between beneficiaries. They were also entitled to do so more generally by virtue of their trustees' lien for costs, expenses and charges properly incurred by them in the performance of the trusts.

¹⁹ In the same way, in 2015/16, the trustees had been entitled to retain £20 of the £100 of real income, in order to pay the tax which would be due from them in 2016/17.

to the £83,400 and at the rate applicable to them. **That is why this amount did not fall to be entered into his self assessment return as forming part of his taxable income.**

45. In 2017/18, Merton College was entitled to the actual income of £50 (minus trust expenses chargeable to income). The trustees were taxable on £83,450. However, the beneficiary was taxable (if at all, given it is a United Kingdom charity) only on the income to which it was beneficially entitled, a maximum of £50. And the trustees would be taxable on such amount of income as was needed to discharge trust expenses chargeable to income. In both cases, they would be chargeable at the basic rate only (of 20%).
46. As to the remaining £83,450, the trustees were taxable at the basic rate and not at any higher rate. See above.

Robert Venables Q.C.

8 July 2022