



Tax Evasion, Avoidance and Efficiency: Which are Legal?

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Biography

James Turner, Director at Turner Little (<https://www.turnerlittle.com>), has a proven track record in helping clients maximize their assets in creative and bespoke ways. He is directly responsible for sales and marketing, with considerable specialist knowledge of UK and offshore banking.

James doesn't just have drive in the world of business. In his spare time, he has a passion for fast cars and boats.

Based in the UK, Turner Little has a wealth of experience offering professional services to its clients, as professional Company Registration Agents, Registered Bank Intermediaries, Business Consultants and Trust providers.

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Abstract

In this article the author looks at the themes which run through most conversations with clients, old and new and it is his job to ensure that clients are correctly advised on the legal stand point of tax efficiency, and tax avoidance, to ensure that no client unwittingly falls into the trap of tax evasion.

Introduction

Tax is a subject close to the hearts of most individuals and business owners. Three terms frequently used in conversations around tax savings are tax avoidance, tax evasion and tax efficiency. So let's look at each.

1. **Tax efficiency** – Tax efficiency is what the majority of people are trying to achieve. Understanding the best ways to legally make the most of your personal or business income is the key to success.

There are a number of ways to make sure your income is as tax efficient as possible, and as a result ensuring that you maximize your income. Our job, when advising people in relation to tax matters, is not only to provide guidance that is consistent with the letter of the law, but also to ensure our clients comply with the spirit of the law.

2. **Tax avoidance** – Tax avoidance, is where an individual or company, utilizes tax systems to legally minimize their tax liabilities, for example, contributing to a pension scheme or incorporating and trading from a tax-efficient jurisdiction.



Legal Aspects

When structures are set up correctly, these ensure the person or company pays as little tax as possible whilst staying within the letter, and spirit, of the law.

- Tax evasion** – Tax evasion on the other hand is where a person, or company intentionally sets out to not pay tax, either business or personal and they do so through lying, hiding and cheating the system. Turner Little are often approached by people looking to find a way to do this, and we always tell these clients that we cannot do business with them.



In conclusion

In terms of UK tax efficiency for the lay person, there are a number of vehicles available, set up by Government, that can be utilized to make your income more tax-efficient. These include using pensions, ISAs, checking you are on the correct tax code, and using HMRCs Marriage Allowance to transfer some of your earnings to a lower rate tax paying husband or wife. By taking advantage of the numerous government allowances each year, you can bring your tax liabilities down.

For businesses, investments around Venture Capital Trusts, and Enterprise Investment Schemes could also maximize your bottom line.