

The Offshore Tax Planning Review

ARTICLES OF FAITH?

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When advising clients, a knowledge of tax law and practice is vital to the tax practitioner. It is invariably the extent of this knowledge (or lack of it) that separates the successful practitioner from his² less successful colleagues. Yet the information explosion encountered in so many fields has nowhere been more pronounced than in the field of tax. How is the practitioner to access this information?

The practitioner can no longer rely solely on the tax legislation be it primary or secondary (if, indeed, he ever could). A knowledge is also required of quasi-legislation such as, for example, Inland Revenue, Customs & Excise and DSS Statements of Practice, extra-statutory concessions and Press Releases as well as Interpretations and Decisions arising from the Revenue's new *Tax Bulletin* and other material. The *Pepper v Hart*³ case has shown that the practitioner must now add *Hansard* to the growing list of source material.

The regular annual legislation Handbooks, popularly known to users as the Reds and Greens⁴ or Yellows and Oranges⁵, depending on your preference⁶, now recognise the growth of quasi-legislation by providing by way of footnotes appropriate cross-referencing to relevant material which is then usually reproduced in appendices.

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² References to the masculine gender include the feminine; s.6 Interpretation Act 1978.

³ [1992] STC 898.

⁴ *CCH Tax Statutes and Statutory Instruments (with Concessions and Statements of Practice)*.

⁵ *Butterworths Yellow Tax Handbook* and *Orange Tax Handbook*.

⁶ Tolley also produce annual legislation handbooks as, indeed, do HMSO.

Case law, particularly in the area of VAT, continues to proliferate. No doubt, before too long, the annual legislation Handbooks will start to cross-refer to appropriate case law. When you add to all of this the variety of expert comment on tax matters to be found, for example, in books or articles in the professional press, one can quickly see the problems facing the practitioner. There can be few practitioners who have not found an article in a magazine on a particular subject by, say, a member of the Tax Bar or other eminent tax practitioner to be of great assistance in both understanding a subject and advising a client.

For the average practitioner the problems caused by the information explosion are generally two-fold.

Firstly, there is the problem of having access to this information. Here the writer does not just mean the practitioner knowing that the information exists in the first place but also being able to obtain copies. For the smaller practitioner, cost is clearly a major consideration as for all practitioners is the availability of time to read and digest the material. As an example, my own firm is currently in receipt of at least 5 different magazines devoted solely to VAT⁷ and there are almost certainly others that the writer has overlooked⁸. Even full-time VAT specialists find difficulty in keeping up to date with such material.

Secondly, there is the problem of retrieval. Even assuming the practitioner has the relevant material in his library or can access it in other ways, how is he to remember what he has read and where? When researching a particular subject, we have all had the problem of remembering an excellent article on the subject but cannot recall where or when. This is popularly referred to as the "*now where did I read that?*" syndrome. A great deal of wasted time is invariably spent in searching for background material. In addition, while a practitioner should clearly not rely on such material to the exclusion of his own judgement, research can often be reduced when this material is to hand.

It is in the area of retrieval that the computer can be of the greatest assistance. Many of the larger firms of accountants and lawyers have, over the years, developed their own retrieval systems for tax material (whether internally or externally generated). How is the smaller practitioner to compete?

Fortunately, there are starting to come on to the market a number of software products aimed at this area. In the writer's opinion, one of the better products is

⁷ *VAT Intelligence* (Gee), *Tolley's Practical VAT* (Tolley), *VAT Planning* (Butterworths), *Practical VAT* (Legal Studies) and *VAT Briefing* (Croner).

⁸ He has, for example, excluded the summary literature that often accompanies the various VAT loose-leaf services.

Articles, a PC-based index of tax periodicals and other tax material, which was launched in 1992 by CompuCraft Limited⁹.

In summary, *Articles*¹⁰ is an article indexing, classification and enquiry system. In simple terms, what the software does is tell the user who carries out an appropriate search what material has been published in tax journals¹¹ and other sources¹² on the subject matter being researched, giving a summary of the contents as well as (where appropriate) the author's name and date of publication. This then enables the user, if he wishes, to go straight to the relevant material in his library (or obtain it from other sources).

The software incorporates a "Table of Associations" whereby a search for, say, a particular section number in an Act will also find earlier or later consolidations of that section. In other words, tables of destinations and derivations are built in to the software and automatically accessed when a search is made.

The product is, in effect, a computerised version of the traditional indexes produced by most publishers of periodicals, albeit combined into a single index, with the ability to search by way of keyword or keyname, by journal or other publication and by date.

It is available on a subscription basis with monthly updating disks adding to the information already held. Subscribers can choose the magazines they want covered by their subscription. Almost every day, further journals are being added to the service¹³.

Tax practitioners will find products such as *Articles* invaluable and, while still far from perfect, they are likely to become indispensable as time goes by. Like the fax and mobile phone, the practitioner will soon wonder how he ever lived without them!

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¹⁰ Now at version 2.2.

¹¹ Over 20 at the last count.

¹² Such as Inland Revenue and Customs & Excise Press Releases and weekly source publications like CCH's *Taxes* and Butterworth's *Simon's Intelligence*.

¹³ CompuCraft will provide demonstration disks of *Articles* to interested practitioners together with other details of their accountancy and taxation journal indexing service.

[The writer would like to emphasise that he has no connection with CompuCraft Limited, financial or otherwise. He is simply an enthusiastic user of *Articles* who has, on occasion, passed comments on the product to CompuCraft from the viewpoint of the user.]