

CLIENTS REVIEWING TAX ARRANGEMENTS AS AUTHORITIES AND MEDIA INCREASE SCRUTINY - LENER

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Tax structures that may have been deemed acceptable ten to twenty years ago are no longer feasible as the authorities step up the fight against tax evasion

Corporate clients are reassessing their approach to tax structuring due to a clampdown by the tax authorities and greater press scrutiny, says Lener tax partner Javier Fernández Cuenca.

"Tax practice has evolved," says Fernández Cuenca. "The things people were happy to do in the 1990s and the first part of the twenty-first century can no longer be done internationally." While clients may no longer take such an aggressive approach to tax structuring, there is still plenty of work for lawyers, particularly when it comes to dealing with the tax authorities, according to Fernández Cuenca.

More aggressive

"The opportunities in the tax field are in compliance and in litigation because the level of aggressiveness is growing from the tax authorities," says Fernández Cuenca. "One wouldn't have thought they couldn't get more aggressive, but they have – compliance and litigation will be the name of the game in the future."

Though the tax authorities may put less pressure on mid-market companies than it does on larger international corporations, Spanish companies of all sizes – as well as their advisers – need to ensure their tax affairs can withstand scrutiny both now and in years to come. Fernández Cuenca says any tax strategy will need to be “future proof”.

Regular rule changes

He adds: “One of the big concerns for everyone here in Spain is the level of instability, not only politically but in terms of the regulations – it is difficult to plan transactions and plan for the future because the rules change on a monthly basis.” Fernández Cuenca, who joined Lener from Pérez-Llorca in January this year, continues: “Keeping up to date is one of the biggest challenges for tax lawyers, as is designing strategies that not only comply with the current legislation but also with the foreseeable changes in the future.”