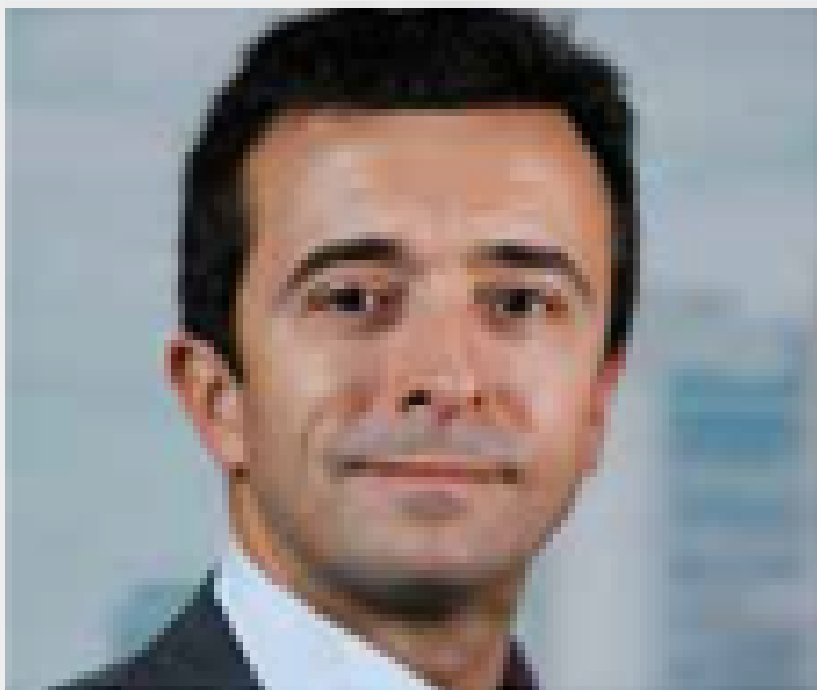


# PROVIDING CLIENTS WITH LEGAL CERTAINTY WITH REGARD TO THEIR TAX STRUCTURES IS DIFFICULT - EY ABOGADOS

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## **Clients get few guarantees from tax authorities so they seek closer relationships with their legal advisers in order to better predict what rules will be applied to tax schemes in future**

Clients want legal certainty in relation to their tax structures, but it is difficult for lawyers to provide this given that tax authorities are reluctant to engage with taxpayers in this regard, according to Ramón Palacín, partner at EY Abogados.

"My perception is that the current set of tax rules for different tax administrations and governments is not stable yet, which means that taxpayers need to predict what rules will be applicable to tax schemes in the future," he says. "I think that this requires many tax professionals and tax firms to develop the ability to predict what will happen."

### **Trusted adviser**

Yet, despite this instability, clients are still expecting tax firms to provide legal certainty, says Palacín. "Clients understand that this kind of legal certainty is not easily provided in writing – either through legal opinions or agreements with tax administrations – because the tax authorities are reluctant to engage with taxpayers and provide rulings or agreements, or any kind of certainty." As a result,

clients are trying to achieve legal certainty by having closer relationships with their tax advisers, says Palacín. "The role of the adviser is to be very close to the business, sometimes providing verbal advice, or by being a 'trusted adviser' to the board of directors of the company."

### **The evolution of tax**

Consequently, there is no expectation that law firms have a large advisory team in place as it is not necessary. "It is simply a case of being able to provide a trustworthy answer to the client concerned," Palacín says.

Although providing legal certainty is a challenge for law firms, Palacín believes it also presents them with a big opportunity. "It means that the role of tax advisers in the future will be much greater in terms of understanding business concerns as well as the evolving nature of tax," he says.