

**Tax planning and abuse**  
*Weald Leasing*

This case, involved a well known insurance group which was seeking to mitigate the effect of otherwise irrecoverable VAT by instituting a leasing structure. The insurance company set up a subsidiary company outside of its VAT group which leased assets to a third party company owned by its VAT consultant which in turn leased them to the insurance group. Customs objected but the Tribunal rejected their claim. Customs appealed to the High Court pursuing its case that the structure was an abuse and that the group company who first bought the assets could not therefore recover all the VAT. The High Court also found against Customs. The High Court said it is not an abuse just because there are a series of transactions and that exempt traders are just as entitled to acquire assets by lease as any other traders.