

KPMG in the Channel Islands

GAT Newsletter: September 2016

HMRC consult on a new "requirement to correct" and introduce a new worldwide disclosure facility

HMRC has announced a new consultation that takes forward their "No Safe Havens" strategy for tackling offshore tax evasion.

The new consultation includes a proposal that taxpayers who have offshore interests will have a legal "requirement to correct" ("RTC") obligation. Any tax irregularities linked to offshore interests must be corrected by 30 September 2018.

Taxpayers who fail to correct their tax affairs will become subject to a stringent set of sanctions which are proposed to include the following:

- Penalties charged within a range of 100% to 200% of the tax due
- Additional 50% penalty for instances of deliberate reporting avoidance
- An asset based penalty of up to 10% of the asset value
- "Naming and shaming" of individuals

By 30 September 2018, HMRC will receive information from approximately 100 jurisdictions, including the Channel Islands, who are committed to the Common Reporting Standard. This allows for details of assets and income held offshore to be automatically reported to HMRC. This will enable HMRC to pursue those who have not regularised their tax affairs.

Although we would need to wait to see the specific legislation, it is believed that the RTC (and therefore the penalty regime) will apply to all taxpayers, including non-UK resident individuals, trustees and companies who have a UK tax liability.

On 5 September 2016, HMRC launched a new Worldwide Disclosure Facility ("WDF") to enable those who may be affected by the above to come forward and settle their tax affairs.



The WDF requires the disclosure of UK tax liabilities that relate to offshore interests. The WDF requires:

- A notification to disclose (to HMRC)
- Completion of the disclosure within 90 days of notification
- Calculation of the tax, penalties and interest that will be due
- Pay tax, penalties and interest on completion of disclosure

The WDF can be used by anyone who wants to disclose a UK tax liability that relates to offshore interests but unlike previous disclosure facilities the WDF will not provide immunity from prosecution.

The WDF is not the only way to make a disclosure to HMRC and each case should therefore be considered on its merits. KPMG has extensive experience advising those with a requirement to disclose issues to HMRC.

Please get in touch with your usual KPMG contact if you would like to discuss these recent developments.

Should you wish to discuss this topic in more detail, please contact one of our experts



Tony Mancini
Tax Partner
KPMG in the Channel Islands
amancini@kpmg.com



Paul Beale
Senior Manager, Tax
KPMG in the Channel Islands
paulbeale@kpmg.com



kpmg.com/channelislands

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2016 KPMG Channel Islands Limited, a Jersey company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.