

AMNESTY FOR OFFSHORE INCOME AND ASSETS

On 28th July HMRC announced the details of a new “amnesty” that applies to offshore income and assets. Although the press are referring to this as an amnesty this is not the case as the unpaid tax, interest and a penalty must be paid.

The NDF will allow people with unpaid taxes that relate to offshore accounts or assets to settle their tax liabilities at a favourable penalty rate. Offshore means anywhere outside the UK and Northern Ireland and therefore includes the Channel Islands, Isle of Man and Republic of Ireland.

Those who make a complete and accurate disclosure between the specified dates will qualify for a 10% penalty. All guidance, forms and instructions will be available on HMRC’s website with effect from 1st September 2009.

There was a previous initiative similar to this that took place in 2007. However, HMRC have stressed that the NDF will be the last chance to make a disclosure in favourable circumstances. If anyone chooses not to take advantage of this opportunity and are subsequently found to have undeclared tax liabilities they will be charged penalties of at least 30% rising to 100% of the tax evaded. They will also face the increased risk of criminal prosecution.

The key points of the NDF are as follows:

- Notification of intention to disclose must be made to HMRC in the period 1st September to 30th November 2009. If you are completing the notification electronically it must be done 1st October to 30th November 2009.
- Once you have notified your intention to HMRC you can make your disclosure
- This must be done in the period 1st September 2009 to 31st January 2010 for paper disclosures and 1st October 2009 to 12th March 2010 for electronic disclosures
- When making the disclosure the tax, interest and penalties must be paid at the same time
- A 10% penalty will apply to those people who were not written to by HMRC under the original ODF in 2007
- A 20% penalty will apply to those people who were previously “made aware” of the original ODF and could have disclosed at that point. “Made aware” means the individual received a letter from HMRC or a bank about the ODF
- No penalty will be charged if the unpaid tax is £1,000 or less
- The disclosure must be of all liabilities not just the offshore related ones