

**Deadline 26th November 2007 – Offshore Bank Accounts - Ex Inland Revenue Offshore
Tax Inspector highlights the implications of ignoring the HMRC disclosure facility**

Earlier this year HMRC introduced the Offshore Disclosure Facility (ODF) for individuals who had not previously declared all their income and gains on their tax returns. In return for a voluntary disclosure HMRC would only impose a 10% penalty in addition to the tax and interest due.

This facility was instigated following various banks being forced to disclose to HMRC offshore bank account details for over 400,000 individuals. HMRC has given the opportunity to individuals to make a voluntary disclosure of any income they have failed to tell them about.

The first stage of this disclosure facility was to register to use the ODF and the deadline for this was 22nd June 2007. Only 60,000 individuals registered under the facility, leaving HMRC with bank details of 340,000 individuals who have decided not to make a disclosure. Many of the individuals will not have disclosed because they have a known liability and are hoping to evade detection, or they believe that a liability does not exist.

The second stage is a requirement that a full disclosure and payment be made by 26th November 2007, by those who have volunteered to disclose. The date has arrived very quickly and many individuals who have registered to disclose may be having problems gathering the information and calculating their liability. HMRC have tepidly said that under certain circumstances they will allow an extension of this deadline.

If you require an extension of this deadline it is imperative that you instruct your agents to request an extension now.

For those individuals who have not taken up the ODF, we would recommend that you take professional advice to ensure that you are not required to make a disclosure. HMRC have stated that they will be looking at the bank details they have obtained and will be carrying out vigorous investigations into individual's affairs where a disclosure has not been made.

There will be many cases where HMRC will open an enquiry and it will be found that a liability in the UK does not exist due to incorrect information in their systems.

On the other hand there will be a number of other cases where material tax liabilities arise. In these case HMRC have stated that the penalty can be up to 100% of the tax liability and for more serious cases they will be considering criminal prosecutions. To avoid this we can only stress that you make a full, complete and unprompted disclosure to HMRC now.

Burying your head in the sand is no longer an option. If HMRC do not have your bank details now they will soon. They have approached another 170 financial institutions including small private banks, stockbrokers, building societies and financial advisers, who will have probably have no choice but to hand your details to them.

Again I must emphasise that a full, complete and unprompted disclosure is the only sensible option left. If you require advice regarding this article please contact Chris White at Hassans, 57/63 Line Wall Road, Gibraltar +350 200 79000.

Chris White
Partner
Hassans International Law Firm
Chris.white@hassans.gi