

UK Disclosure Facility (DF)

Following communication with Her Majesty's Revenue and Customs (HMRC) in the UK we are now able to provide an update on the UK Disclosure Facility (DF).

In 2013 the States made Regulations (the [Taxation \(Implementation\) \(Disclosure Facility\) \(Jersey\) Regulations 2013](#)) which gave effect to an obligation set out in a Memorandum of Understanding between Jersey and HMRC of the UK. The obligation to which Jersey assented concerned a disclosure facility available to persons resident in the UK for UK tax purposes and who are clients of Jersey financial institutions ("relevant persons"). The Regulations required Jersey financial institutions (FIs) to contact their current clients who are relevant persons to make them aware of the disclosure facility before the 31st December 2013 and to remind them of the facility in the six month period ending on the 30th September 2016 when the DF would terminate as at that date HMRC will be in receipt of financial account information automatically in accordance with the provisions of the UK FATCA type intergovernmental agreement.

The HMRC has now confirmed that the current Disclosure Facility is to come to an end on 31 December 2015, as proposed by the UK Chancellor in his March 2015 Budget Statement. As a result the existing Regulations will then cease to have effect and there will no longer be an obligation to remind customers of the facility in the six month period ending on 30 December 2016.

HMRC propose to introduce a new DF that will have general application and which it is understood will run until September 2017 when the automatic exchange of information under the Common Reporting Standard will commence for all the jurisdictions that are committed to the standard as an "early adopter". HMRC have said that the new DF will be tougher than the current facility in terms of the penalties applied and have provided the attached Table 1. **HMRC are still working on the design of the new facility which will be subject to Ministerial clearance.** Clearly however if customers of FIs wish to take advantage of the current DF they now have only some three months in which to do so.

The Jersey authorities will be placing no statutory obligation on FIs to notify customers of the ending of the present DF, or of the proposed tougher new DF when it is published by HMRC. It will be left to each FI to decide, in accordance with their own good business practice, what information should be communicated to "relevant persons" relating to the present and proposed DF and the automatic exchange of information with the UK in September 2016.

HMRC has produced the attached factsheet that they have suggested FIs might find useful to include with their communications. The factsheet is intended to draw attention to the fact that international tax issues can be complicated and rules change over time and that, if a customer is concerned, they may wish to consult with a tax adviser to ensure their affairs are in order and up-to-date. HMRC have emphasised that sending the factsheet to a customer is not intended to imply that they have a problem with UK tax compliance. It is emphasised that the factsheet is provided at the suggestion of HMRC and whether it is included in any communication with customers is a matter again that is left to the FIs to decide.

If there are queries arising from the foregoing please do not hesitate to contact Colin Powell (c.powell@gov.je).

Colin Powell
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UK Disclosure Facility: Table 1

	Liechtenstein Disclosure Facility	Crown Dependencies Disclosure Facility	New CRS Disclosure Facility
Date Introduced	2009 - 2015	2013 - 2015	2016 - 2017
Immunity from Criminal Investigation	Yes	No	No
Assessment period	Limited to tax years from 1999/2000	Limited to tax years from 1999/2000	No incentive planned
Composite rate option ¹	Yes	No	No
Penalty	<p>10% for tax years 1999-00 to 2008-09</p> <p>In line with statute for subsequent years (typically 20-40% for a voluntary disclosure of deliberate behaviour depending on the category of country)</p>	<p>10% for tax years 1999-00 to 2008-09</p> <p>In line with statute for subsequent years (typically 20-40% for a voluntary disclosure of deliberate behaviour depending on the category of country)</p>	<p>The penalty has been announced at March Budget 2015 as at least 30%.</p>

¹ A person eligible to participate within the LDF must calculate their UK liability in accordance with UK law and make an appropriate disclosure to HMRC. Alternatively, a single composite rate, the CRO, may be used to calculate the amount due. The composite rate is a single rate of 40 per cent which can be used as a means of calculating an amount which HMRC will accept in satisfaction of past tax liabilities.



HM Revenue
& Customs

Complying with your UK tax liabilities

Who does this apply to?

Anyone who has assets or income outside the United Kingdom and is liable, or thinks they might be liable, to tax in the UK. You can find guidance on whether you might be liable to UK tax at www.gov.uk/tax-foreign-income/residence.

Putting your tax affairs in order

The UK tax authority, Her Majesty's Revenue and Customs (HMRC), are significantly toughening their approach to tackling offshore non-compliance. This is set out in HMRC's offshore tax evasion strategy, No Safe Havens. However, we also recognise that those with offshore assets are often those with the most complex tax affairs, and that it can be difficult to get these right. If you are at all concerned or in any doubt about your UK tax liabilities, we recommend you speak to a tax advisor as soon as possible to check your affairs and ensure they are in order.

HMRC taking a tougher stance

The tax world is becoming much more transparent, and things are getting much tougher for those with undeclared offshore liabilities. The UK already exchanges financial information automatically with a number of countries, but in the coming years this will increase dramatically to over 90 countries all over the world, starting with the Crown Dependencies and Overseas Territories next year (2016).

HMRC will be receiving more information than ever before about international investments and financial structures, including bank accounts, trusts and insurance products, held offshore by UK tax residents.

That data will be used immediately and actively alongside all the other data the HMRC holds to build a more complete picture of UK taxpayers with offshore assets. Those who remain non-compliant and have chosen to ignore opportunities to come forward will be relentlessly pursued and, when caught, will be subject to much tougher sanctions. There is more information available on HMRC's automatic exchange agreements at www.gov.uk/government/publications/exchange-of-information-account-holders.

Disclosure facilities

The UK currently offers disclosure facilities to help those with UK liabilities sort out their tax affairs and bring them in order, regaining control over their finances in a tax compliant way and providing peace of mind. To date, over 58,000 UK taxpayers have made use of the offshore disclosure facilities that HMRC has offered, helping to settle over £1.7bn in unpaid liabilities and put their affairs in order.

There is more information about HMRC's offshore disclosure opportunities at www.gov.uk/offshore-disclosure-facilities.

Come to us before we come to you. The current disclosure facilities close at the end of 2015.

Our current offshore disclosure facilities will end this year and these will be replaced with a new tougher facility. The UK is also consulting on a range of new, tougher sanctions including civil and criminal sanctions and penalties for offshore tax compliance issues.

Time is running out to settle your affairs and avoid the tougher future sanctions. For more information please visit www.gov.uk/undeclared-income or contact the offshore coordination unit on 03000 530310 (outside the UK +443000 530310). For information on how to make a disclosure contact the Offshore Disclosure Helpdesk on 03000 526447 (outside the UK +443000 526447).