

Joint Press Release – 4 November 2010

Signing of a Second Joint Declaration Concerning the Memorandum of Understanding Relating to Taxes Between Liechtenstein and HMRC

The Government of the Principality of Liechtenstein (Liechtenstein) and Her Majesty's Revenue and Customs of the United Kingdom of Great Britain and Northern Ireland (HMRC) are pleased to announce that H.S.H. Prince Nikolaus of Liechtenstein and Dave Hartnett, CB, HMRC Permanent Secretary for Tax recently signed a Second Joint Declaration (SJD) concerning the Memorandum of Understanding relating to taxes (MOU) between Liechtenstein and HMRC.

The SJD builds on the success of the MOU and the First Joint Declaration signed on 11 August 2009 and further clarifies matters that have been agreed by the parties. The MOU established a sympathetic and client oriented approach to addressing past tax non-compliance and information exchange. HMRC introduced the five-year special Liechtenstein disclosure facility for UK taxpayers (LDF). Liechtenstein introduced the five-year taxpayer assistance and compliance program for Liechtenstein financial intermediaries with UK connected clients (TACP).

For purposes of the LDF:

The parties have agreed in Appendix A to the SJD on the characterisation and treatment of Liechtenstein entities and structures to provide greater certainty in relation to treatment under UK tax law.

The SJD also sets out that Liechtenstein and HMRC expect that any new relevant property established specifically to facilitate participation in the LDF will be meaningful and of sufficient value and permanence to reflect the spirit of the MOU. Further information on this will soon be provided through frequently asked questions on HMRC's LDF website.

The parties believe that the terms of the MOU represent an innovative approach to addressing the issue of undeclared funds and provide an unparalleled opportunity for eligible persons to regularise their UK tax affairs for the past and ensure full compliance for the future. Both parties are fully committed to the ongoing success of the arrangements and are confident that this success will be maintained regardless of other possible arrangements the UK may enter into with third parties. The parties to the MOU are committed to ensuring the aims of the MOU are met in full.

For purposes of the TACP:

The TACP contemplates that Liechtenstein financial intermediaries will terminate their provision of services where tax compliance is not demonstrated. Appendix B to the SJD sets out a retention procedure to apply to beneficial interests in relevant property where exceptional circumstances do not permit the termination of the relevant services.

As stated in the SJD, the MOU retention procedure may be reviewed and varied as appropriate by the parties to ensure that it fulfils the intention of contributing towards the success of the MOU and overall arrangements between Liechtenstein and HMRC.

Future Statements regarding the MOU:

The parties to the MOU intend to issue periodic public statements on progress of the LDF and the implementation of the TACP through, among others, the publication of answers to frequently asked questions, joint press releases or further joint declarations.

The parties are delighted with the take-up to the LDF and to the TACP implementation and look forward to continued success of these arrangements. The LDF and TACP were designed to ensure a win-win-win approach that benefits individual UK taxpayers, the Liechtenstein financial centre, and HMRC, and progress to date suggests that these objectives are being met.