

New Disclosure Opportunity Podcast – Transcript

David Prever Tax evasion is against the law. HMRC has expressed its determination to tackle it. They want to ensure that people can't use offshore bank accounts or structures to gain unfair tax advantage over the majority of people who play by the rules. So, a New Disclosure Opportunity for UK-based people and businesses with unpaid tax connected to an offshore account or asset has been announced. I'm David Prever and I'm here with Dave Hartnett, HMRC's Permanent Secretary for Tax, to chat about this opportunity. Hello, Dave.

Dave Hartnett Hello.

David Prever Nice to see you. So, what's this New Disclosure Opportunity all about, then?

Dave Hartnett It's all about us obtaining from banks in the UK details of the offshore bank accounts that their customers have. Offshore bank accounts – usually in tax havens, but could be in other places outside the United Kingdom. We've found over the years that a number of these accounts contain money that should have been taxed in the UK and hasn't, and that the interest on the account hasn't been taxed either. So, this opportunity is a chance for people who've been hiding their money, hiding their income, to come clean.

David Prever Now, whenever you hear the phrase "offshore accounts" you immediately think of people who are extremely rich – is that all we're talking about here?

Dave Hartnett Some of them will be very rich, but some won't be. We had a disclosure initiative in 2007, and we found that all sorts of people came forward to disclose: builders, dentists, doctors, teachers, librarians, and some very rich people, as well. People who had money that they wanted to put offshore for whatever reason, and did so.

David Prever So, this applies to me if I've got an account overseas, it's as simple as that? And even if I think there's very little in it, and I know I haven't had much income from it, I still need to disclose under this scheme?

Dave Hartnett The really important thing here is that we are going to require banks operating in the UK to deliver up to us details about what they know of the offshore bank accounts of their customers. So, HMRC is going to be in a position to look at people's offshore bank accounts. Anyone who is in any doubt whether they've paid their taxes, whether on the interest or the money that's

gone into the account, should disclose, should come forward to us and tell us what they've been doing.

David Prever Right, what do I have to do?

Dave Hartnett You contact us – we'll be providing the details – at any time from 1st September. We'd like you to notify us that you're going to make a disclosure, and we'd like you to do that in the period from 1st September through to 30th November. But, broadly, you have from 1st September to mid-March to make your disclosure.

David Prever Alright, the "p" word, then – what are the penalties?

Dave Hartnett This New Disclosure Opportunity – our second and our last of these – will require you to pay a penalty of 10 per cent unless, during the previous disclosure opportunity, we wrote to you encouraging you to come forward and you didn't: if you come forward this time, before we've challenged you, the penalty will be 20 per cent.

David Prever Now, if I don't co-operate, what's going to happen, apart from the penalties? Are you going to chase me through my agent, or what will happen?

Dave Hartnett Well, imagine this scenario: we've obtained details of your bank account, there's a lot of money in it, there's a lot of interest been earned. You decide not to tell us about it, but we've actually got it. Therefore, we can do the work entirely for ourselves. You will be outside the disclosure regime. The penalty will be much higher than 10 or 20 per cent, and they'll be an increased risk of prosecution.

David Prever What about the taxpayer that says: "I'm not a criminal. I don't think I've done anything wrong. Why are you suddenly targeting me like this?"

Dave Hartnett Well, I think a taxpayer in that position should be very confident, if they've nothing wrong in relation to their tax affairs, that they don't have to contact us. But we certainly don't mind people contacting us, if they're worried that they're just not sure.

David Prever So, if I didn't come forward last time, but I do now, do I risk being prosecuted?"

Dave Hartnett You don't risk being prosecuted simply for not coming forward earlier. You'll have to pay a bigger penalty if HMRC wrote to you last time and you didn't come forward and make a disclosure. It's not the act of not making a disclosure that could lead you to being prosecuted, but it's what are the underlying facts. If you lied to us in an earlier investigation, if you hid assets in an earlier

investigation, or did something like that, then the chances of being prosecuted grow. But it's still in your interest to make the disclosure.

David Prever Now this, as you've mentioned, this has happened before. Is this really my last chance or will there be another chance further down the line in another 12 months?

Dave Hartnett Well, our very clear plan is that there will not be another chance in another 12 months. Why are we doing it for a second time? Well, because for the first time, we had information from about seven banks. This time, we are going to have information from the majority of banks operating in the United Kingdom. So, we're going to have a much bigger database from which to work, either with people who come forward, or to address risks in relation to tax for those who don't come forward.

David Prever So, if I disclose my tax offshore liabilities, will HMRC start poking around in all my other tax affairs?

Dave Hartnett Quite possibly. If you've been dishonest in relation to hiding your offshore account, and not putting it on your tax return, then our working assumption is that there will be a risk that you will be dishonest onshore, as well. But the crucial issue is that people who want to take advantage of this opportunity need to come clean on everything, onshore and offshore, and then can be dealt with inside the disclosure regime.

David Prever It's an obvious question, but if I'm worried or concerned now, I need to get an accountant or tax agent pretty quickly, don't I?

Dave Hartnett I think that would be a very sensible thing to do.

David Prever Where can I go for help?

Dave Hartnett Well, you can come to us for help. We're not going to be able to do what an accountant or tax agent can do. I think the best place to go for help is to find yourself a reputable, experienced tax adviser who can tell you what this is all about. We'll give you general advice.

David Prever And the website for more information, as well, I've got the address here – www.hmrc.gov.uk. Dave Hartnett, thank you very much for joining us.

David Prever You're very welcome.