

Tax Health Plan (THP)

Making a disclosure

This leaflet contains guidance
you need to help you put your
tax affairs in order

You can notify by phone on **0845 600 4508**
(international **+44 1202 585 350**)
or download the notification form at
<http://www.hmrc.gov.uk/tax-health-plan/>

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We have a range of services for people with disabilities, including leaflets in Braille, audio and large print. For details please ask at your local HMRC office or Enquiry Centre.

Key dates

- **31 March 2010**
 - to notify HM Revenue & Customs of your intention to make a disclosure
- **30 June 2010**
 - to disclose in writing using the PDF forms available at <http://www.hmrc.gov.uk/tax-health-plan/>

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About the Tax Health Plan (THP).

An opportunity for medical professionals with undisclosed tax liabilities to come forward and settle their affairs with HM Revenue & Customs at a reduced penalty rate.

Introduction

HM Revenue & Customs (HMRC) is using its legal powers to obtain information from various sources, including NHS trusts, private hospitals and medical insurers.

There is nothing wrong with receiving payment for services from these sources as long as you pay any taxes due. If you have done this you have nothing to disclose to HMRC and do not need to use the Tax Health Plan opportunity.

Many medical professionals will have paid the right amount of tax but some will not. We want those with unpaid taxes and duties to pay what they owe. The THP is an opportunity for those with undisclosed income to come forward and settle their affairs with HMRC at a reduced penalty rate, bringing their tax affairs up to date.

HMRC will not offer these preferential terms to medical professionals again.

The scope of THP

THP is open to medical professionals with unpaid taxes and duties. More information is given in the section "Disclosures that are unlikely to be settled through THP" on page 4 and in the Frequently Asked Questions at <http://www.hmrc.gov.uk/tax-health-plan/>

How does THP work?

For a limited period, if you are within the scope of THP, you can benefit from the favourable terms offered. You must make a full disclosure of all undeclared liabilities, not just those connected with any undisclosed income. If you do this you will have the following certainty of treatment.

- A fixed penalty of 10% of the taxes/duties you have underpaid.
- No penalty where the total of unpaid taxes or duties is less than £1,000.

If your unpaid tax is linked to an offshore account or asset you should have made a disclosure under the Offshore Disclosure Facility in 2007, or the New Disclosure Opportunity in 2009/10. This means the favourable penalty offered under the THP is not open to you. However you are encouraged to disclose any unpaid taxes and duties, see Disclosure Outside of THP on page 5.

How does THP work? continued

You can make a personal disclosure or disclose on behalf of another taxpayer, for example a company, trust or deceased person.

Agents can notify and disclose on behalf of their clients.

There are two time-limited stages to the process

Stage 1.

Notify HMRC of your intention to make a disclosure by **31 March 2010**.

If you do so, you will be able to get the terms of THP. If you do **not** notify HMRC by that date THP terms will not be available to you.

If you have a disclosure to make but have missed the notification deadline of 31 March 2010, you can still make a disclosure but the fixed penalties referred to above will not apply. Coming forward voluntarily will still help to reduce any penalty you are charged so please send your disclosure to the address shown under the paragraph, 'Disclosures outside of THP' (see page 5).

Stage 2.

Make your disclosure and pay all taxes, duties, interest and penalties.

Make your disclosure in writing using the forms in the leaflet THP1(F) *Completing the disclosure forms* which together with payment must reach HMRC by **30 June 2010**.

Accepting your disclosure

We anticipate that the vast majority of disclosures will be accepted. If, after checks, HMRC is satisfied that you have made a full disclosure, we will accept it as quickly as possible provided it does not fall into one of the categories listed below.

Disclosures that are unlikely to be settled through THP

Certain disclosures are unlikely to be settled under THP:

- Disclosures that are found to be materially incorrect or incomplete when checked by us for accuracy and completeness.
- Disclosures from customers where we have begun an investigation or enquiry into their tax affairs before THP. Those who want to disclose liabilities should tell the person conducting the enquiry. A full and early disclosure will influence the amount of penalty we seek in the ongoing enquiry or investigation.
- Disclosures where we believe the money that is the subject of the disclosure is the proceeds of Serious Organised Crime. This includes VAT MTIC fraud, VAT Bogus Registration fraud, Organised Tax Credit fraud and instances where there is wider criminality (such as an ongoing police investigation).
- An important factor in deciding whether to undertake civil or criminal investigations into cases of fiscal fraud is whether the taxpayer(s) has made a complete and unprompted disclosure of any amounts evaded or improperly reclaimed. Whilst HMRC would consider each case on its merits a complete and unprompted disclosure would generally suggest that a civil investigation was appropriate.

Disclosures outside of THP

You can still make a disclosure and put your tax affairs in order even if you are not within the scope of the Tax Health Plan. The disclosure will not be part of THP and therefore the fixed penalty under THP will not be available, but customers who make a full and voluntary disclosure of all unpaid liabilities in these circumstances can expect a lower penalty than HMRC would otherwise seek if we raised an enquiry or compliance check without the disclosure. You should send details of your disclosure to:

HM Revenue and Customs,
Local Compliance,
Parkway House,
49 Baddow Road,
Chelmsford,
Essex,
CM2 0XA

If you consider you have made an innocent error

You may use THP even if you have evidence that the loss of taxes and duties has arisen solely as a result of innocent error, for example your bank advised you of the wrong interest received and you have recently found out that it was a higher figure. In such circumstances it may not be appropriate for you to include a penalty in your disclosure. You should contact the office in the preceding paragraph with your evidence before making your disclosure. Where we accept that the loss of tax is wholly attributable to innocent error, we will confirm that you need not include a penalty and that you can restrict the amount you pay to tax and interest to a maximum of the last six years. If you do not contact us but fail to include a penalty in your disclosure, we may be unable to accept it. If you need help, ask your tax adviser or phone us on **0845 600 4508**

If you have undeclared liabilities and choose not to disclose

After **31 March 2010**, when the notification period ends we will review the affairs of customers whose payment details we hold and who have not notified HMRC that they intend to make a disclosure. We will identify those who we believe should have come forward by:

- comparing the information already in our possession with customers' UK tax histories
- continuing to use our powers to obtain detailed information about other payments made
- where there is a mismatch, we may contact customers and undertake compliance checks or enquiries to resolve matters. Where additional taxes are due we will seek higher penalties than the 10% available under THP. The penalties we seek could be up to 100% of the unpaid liabilities and are unlikely to be less than 30%.

If a disclosure made within the terms of this disclosure opportunity is incomplete, or there is a failure to disclose amounts liable to tax or duty, we will consider the instigation of a criminal investigation, in line with our criminal investigation policy. For details of our policy go to:

www.hmrc.gov.uk/prosecutions/crim-inv-policy.htm

How to make a disclosure

Stage 1: notifying HMRC of your intention to disclose by 31 March 2010

At this stage, you are simply notifying us of your intention to make a disclosure. You do not need to provide any details of the taxes you believe you owe.

Notification protects your position. If you do not notify by 31 March 2010 you will not be able to disclose using THP.

You can notify:-

- (i) your intention to make a personal disclosure or
- (ii) your intention to make a disclosure in your capacity as a company director, trustee, representative of a deceased person, etc. or
- (iii) as an agent or accountant you can notify for a client where authorised to do so.

Where you intend making a personal disclosure and also one in a separate capacity for example as a

director for a limited company you will need to make separate notifications.

You can notify us:

- by phone on **0845 600 4508**
(international **+44(0) 1202 585 350**)
- by post, completing the relevant notification form (THP2 or THP3) available in leaflet THP1 (F)

Completing the disclosure forms

HM Revenue & Customs
 Tax Health Plan
 Holland House
 20 Oxford Road
 Bournemouth
 Dorset
 BH8 8DZ

- online at <http://www.hmrc.gov.uk/tax-health-plan/>

If you need help, ask your tax adviser or phone us on **0845 600 4508**

Acknowledging your notification

For each notification we will send an acknowledgment letter as soon as possible. You should quote your General Medical Council (GMC) or General Dental Council (GDC) registration number and National Insurance number in all correspondence relating to THP.

Stage 2: Making your disclosure - in writing using the forms in THP1(F) by 30 June 2010

- You can make a personal disclosure about your own tax liability
- You can disclose in your capacity as a company director, trustee, representative of a deceased person, etc. in respect of their liability
- You can disclose as an agent or accountant where authorised by a client to do so.

1. Calculate your total liability for all undeclared taxes and duties including interest and penalty.

You will find step by step instructions on how to do this below.

2. You must make your disclosure in writing using the relevant forms in leaflet THP1(F) *Completing the disclosure forms* as follows:

THP2 *Notification of your intention to make a disclosure*

THP2 *Notification of your intention to make a disclosure*

THP3 *Notification of your client's intention to make a disclosure*

THP3 *Notification of your client's intention to make a disclosure*

THP4 *Summary of Disclosure forms*

THP5 *Additional business takings*

THP6 *Additional non business income*

THP7 *Income Tax, Class 4 NICs and other duties not covered elsewhere*

THP8 *Capital Gains liabilities*

THP9 *Inheritance Tax liability*

THP10 *VAT liabilities*

THP11 *Company liabilities*

THP12 *Employer liabilities and voluntary settlement of employee liabilities*

THP13 *Overall summary of additional liabilities*

THP14 *Disclosure and declaration (individual)*

THP15 *Disclosure and declaration (agent)*

THP16 *Offer (personal)*

THP17 *Offer (company)*

THP18 *Offer (agent)*

THP19 *Offer (trustee)*

The forms are available at
<http://www.hmrc.gov.uk/tax-health-plan>

Send you disclosure to:

HM Revenue & Customs
Tax Health Plan
Holland House
20 Oxford Road
Bournemouth
Dorset
BH8 8DZ

You can make paper disclosures, including full payment, using these forms, up to 30 June 2010.

If you need help, ask your tax adviser or phone us on **0845 600 4508**.

How to calculate what you owe

Dependent on your own circumstances this could be simple or complicated and you may want to seek independent professional advice. We recommend that you start gathering together your information and records as early as possible. We cannot provide individual advice on calculating how much you should pay, but you can find out about tax rates, rate bands and thresholds at: www.hmrc.gov.uk/rates/menu.htm from where you can navigate to access the Rates and Allowances Archive for information on earlier years. All calculations must be in pounds sterling and exchange rates can be found at www.hmrc.gov.uk/exrate/index.htm

Years in scope

THP is the opportunity to put your tax affairs in order up to 5 April 2008. If you have liabilities that have not been disclosed for periods after 5 April 2008 you should complete the income tax, company tax, employers or VAT returns that HMRC sends you or if already completed advise the HMRC office that usually deals with your affairs that you have an amendment to make.

Step by step instructions

Follow these steps to work out the outstanding liability. All figures should be shown in pounds and exclude pence.

Step 1:

Work out undeclared income, profits and gains for each year you have unpaid liabilities.

You must include all undeclared UK tax liabilities.

In THP you must pay the taxes and interest due for every year they have not been paid for up to 20 years. With the exception of Inheritance Tax (IHT), no disclosure should go back more than 20 years. For 2004-05 and later years your disclosure should include all unpaid taxes and duties. For 2003-04 and earlier you need not provide information for a year in which the unpaid tax and duties is less than £50.

If your records are incomplete you should make your best estimate of the undeclared income and gains and use this to make your disclosure. We may ask you to justify any estimates you have used. HMRC appreciates the particular difficulty in obtaining missing bank statements.

HMRC expects that in the vast majority of cases it will be possible to make reasonable estimates on the basis of recent statements. HMRC would only expect you to obtain further statements where you are unable to make reasonable estimates from the records available to you. In some situations you may be able to claim deductions and reliefs in calculating your tax liability.

Ask your tax adviser if you need help or phone us on **0845 600 4508**.

Step 2:**Rates of tax**

Apply the correct rates of tax and/or National Insurance contribution rates against the taxable income, profit or gain for each year.

Circumstances	Rate of tax now payable
If you have paid tax at the higher rate in a year when liability was not disclosed	Higher rate
If you pay tax at the basic rate in a particular year.	Basic rate until your income exceeds the threshold for the next rate band
If you are a trustee or personal representative of a deceased person	Appropriate rate - Please ask your tax adviser or phone us on 0845 600 4508
If money has been borrowed from a company by a director or shareholder	This is a complex issue. Please ask your tax adviser or accountant who prepared the company's accounts

Step 3:**Interest**

Calculate the interest that is payable for late payment of taxes and other duties for all years for which there is undisclosed liability. Remember, you must pay taxes and interest outstanding for up to 20 years if applicable. Interest runs from the date when the tax should have been paid until the date of payment, for all years involved.

These rates vary over time to reflect commercial rates. For more details go to www.hmrc.gov.uk/rates/index.htm

Factors for Income Tax, Class 4 NIC and Capital Gains Tax can also be found at the end of booklet THP1 (F) *Completing the disclosure forms*. Earlier years interest rates details are available for the various taxes and duties at: www.hmrc.gov.uk/rates/interest/htm

Step 4:**Penalty**

Calculate and apply the penalty, which in most cases is a fixed 10% of the undeclared taxes/duties and National Insurance contributions.

Where the total amount of the unpaid liability being disclosed is less than £1,000, you need not pay a penalty.

Do not apply the penalty to the interest, just to the taxes or duties.

Step 5:**Summary**

Add together the undisclosed taxes, duties, interest and penalties to work out the total amount due and payable.

Letter of Offer

It is a condition of using THP that you make an offer for the full amount of taxes, duties, interest and penalties. Together with our acceptance letter to you, this creates a contract between us. Ask your tax adviser if you need help.

There are four letters of offer available online at:

<http://www.hmrc.gov.uk/tax-health-plan/> and in booklet THP1(F) *Completing the disclosure forms* which also explains the circumstances in which the different letters should be used. If none of these fits your circumstances, please contact us on **0845 600 4508** and quote your National Insurance number and GMC or GDC registration number. You will also need to contact us for an appropriate letter if, exceptionally, you are unable to pay the full amount before the disclosure deadline. See the How to pay section (page 10).

What a disclosure must contain

Your disclosure must contain:

- disclosure of at least one unpaid tax or duty (e.g. income tax)
- a summary of all taxes and/or duties, interest and penalties due for up to 20 years
- details of sources of undisclosed income that are relevant to the disclosure you are making
- an offer to pay
- a declaration that the disclosure is correct and complete to the best of your knowledge, information and belief
- payment of the full amount disclosed, including the interest and penalty due.

Sending your disclosure

You must make your disclosure in writing and pay the amount due by **30 June 2010** using the appropriate forms in leaflet THP1(F) *Completing the disclosure forms* and send them to us at:

HM Revenue & Customs
 Tax Health Plan
 Holland House
 20 Oxford Road
 Bournemouth
 Dorset
 BH8 8DZ

How to pay

Electronic payments are more efficient, secure and safe than payment by post. You will need to obtain a Payment Reference Number (PRN) before making any payment.

Please telephone **0845 600 4508** for your PRN.

We accept payment by a range of methods but recommend payment is made electronically. Otherwise we will send a pre-printed payslip to you on request.

If you have a credit or debit card issued by a UK bank or building society you can pay us all or part of what you owe by phoning **0845 600 4508**.

The different payment methods available to you are:

By Debit or Credit card over the Internet using BillPay

If you have a credit or debit card issued by a UK bank or building society you can pay over the internet at www.billpayment.co.uk/hmrc

Through your bank or building society using BACS Direct Credit, Internet/telephone banking or CHAPS.

Provide HMRC's bank accounts details, your PRN and the amount due to your bank or building society to arrange a direct transfer from your account to ours.

At your bank:

Take your payment and payslip to your own bank or building society branch. Cheques should be made payable to 'HM Revenue & Customs only' followed by your PRN.

At the Post Office

Use your payslip to pay over the Post Office counter. Cheques should be made payable to 'Post Office Ltd'. The Post Office also accepts payment by debit card.

By post

Make it payable to 'HM Revenue & Customs only' followed by your PRN.
Post it, with your payslip, to:
HM Revenue & Customs
Tax Health Plan
Holland House
20 Oxford Road
Bournemouth
BH8 8DZ

Unable to pay the full amount?

If, exceptionally, you cannot pay the full amount contact us as soon as possible and before the relevant disclosure deadlines (30 June 2010) on **0845 600 4508**.

If you cannot pay the full amount do not submit your disclosure or payment until you have spoken to us.

After we receive your disclosure

Acknowledging your disclosure

When we receive your disclosure you will receive an acknowledgment from us as soon as possible. The disclosure will then be considered under the terms of the THP.

We expect most disclosures to be self explanatory but we may need to contact you, or your tax adviser, to clarify any points.

You may also be asked to provide evidence of your circumstances to satisfy us that your disclosure is complete. Your full co-operation is one of the conditions of using this opportunity and failure to co-operate may jeopardise acceptance of your offer.

Considering your disclosure

We will review all disclosures after **30 June 2010**. We expect the vast majority of disclosures to be accepted and where this is the case we will send you a letter accepting your offer as soon as possible. If we cannot accept the disclosure we will contact you. If, following our enquiries, we find that a disclosure is materially incorrect we will seek significantly higher penalties. It is also possible that in exceptional circumstances an incomplete disclosure may be considered under our Criminal Investigation Policy. In such cases, the material in the disclosure could be used as evidence.

Information received after disclosure accepted

HMRC will continue to seek new information. We will use it to identify customers where a disclosure should have been made or where the disclosure made is not what we expect based on the information we hold. See paragraph 'If you have undeclared liabilities and choose not to disclose' on page 5.

Meeting future obligations

Please be sure to declare all income, profits or gains on the relevant tax returns from 2008-09 onwards.

Specialist questions and answers

Tax Credits

What if I or my partner are receiving Tax Credits or have recently made a claim for Tax Credits?

You should still make a disclosure but also tick the appropriate box on form THP6 which is included in the booklet THP1(F) *Completing the disclosure forms*. The information will be passed on to the Tax Credit team for them to consider. You will be notified separately of any changes that may be required to the amount of Tax Credits you receive or have received for the relevant year(s). If you have made a joint claim for Tax Credits you may need to tell your partner that the Tax Credits award may be adjusted as a result of your disclosure.

Other Issues

We recognise that some people have more complex affairs, and may be affected by other issues. Additional guidance can be found at <http://www.hmrc.gov.uk>. If you are still in doubt, please ask your tax adviser or telephone **0845 600 4508**.

HM Revenue & Customs' commitment

For more information about our service commitment go to www.hmrc.gov.uk/about/sc.htm

Customers with particular needs

We have a range of services for people with disabilities, including guidance in Braille and audio. Most of our forms and guidance are also available in large print.

Privacy and confidentiality policy

The full protection of the Human Rights Act will continue to apply to you and we have a strict policy regarding the privacy and confidentiality of our customers' personal information. To see our policy, go to:

www.hmrc.gov.uk/about/privacy.htm

For more information about our service commitment go to:

www.hmrc.gov.uk/about/sc.htm

Data Protection Act

HM Revenue & Customs is a Data Controller under the Data Protection Act 1998. We hold information for the purposes specified in our notification to the Information Commissioner, including the assessment and collection of tax and duties, the payment of benefits and the prevention and detection of crime, and may use this information for any of them.

We may get information about you from others, or we may give information to them. If we do, it will only be as the law permits to:

- check the accuracy of information
- prevent or detect crime
- protect public funds.

We may check information we receive about you with what is already in our records. This can include information provided by you, as well as by others, such as other government departments or agencies and overseas tax and customs authorities. We will not give information to anyone outside HM Revenue & Customs unless the law permits us to do so. For more information go to www.hmrc.gov.uk/leaflets/data-protection.htm



These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.

Issued by

HM Revenue & Customs, Customer Information Team
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