

# **The Tax Health Plan (THP)**

## **Frequently Asked Questions (FAQs)**

HM Revenue & Customs is providing some answers to address 'Frequently Asked Questions' (FAQs) we expect to arise from the Tax Health Plan. Many of the FAQs will have links to take you to relevant information.

HMRC will update and /or add to these FAQs if it becomes apparent that further explanation or information would be helpful so please revisit with any queries you have when preparing your disclosure.

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## General

### Question 1: How does the THP work?

- You must notify HM Revenue & Customs (HMRC) of your intention to make a disclosure by **31 March 2010**.
- You must:
  - i. make a full disclosure of all undeclared liabilities.
  - ii. disclose and make full payment of all outstanding taxes and duties, interest and penalties by **30 June 2010**,
- The penalty you should include in your disclosure is fixed at 10 per cent of the taxes/duties you have underpaid unless:
  - the total amount of unpaid liability being disclosed is less than £1,000 in which case you need not pay a penalty
- 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 clients.

### Question 2: Who can use the THP?

The Tax Health Plan is open to all Medical Professionals.

### Question 3: What are the key dates?

Notification	Disclosure
You must have <b>notified</b> HMRC of your intention to make a disclosure by <b>31 March 2010</b> . <b><u>If you do not notify by 31 March 2010 you will not be able to disclose using the THP</u></b>	You have until <b>30 June 2010</b> to make your disclosure. You must make payment of all taxes, duties, interest and penalties disclosed by this date.

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### Question 4: What information do I need to hand when I notify my intention to disclose?

When you telephone us on **0845 600 4508** we will need your GMC Registration and National Insurance number.

### Question 5: What disclosures are unlikely to be settled through THP?

HMRC anticipate that the vast majority of disclosures will be accepted.

However, certain disclosures are unlikely to be settled under THP:

- Disclosures that are found to be materially incorrect or incomplete when checked by HMRC for accuracy and completeness.
- Disclosures from customers where HMRC have begun an investigation or enquiry into their affairs. Those who want to disclose liabilities should tell the person conducting the enquiry. A full and early disclosure will influence the amount of penalty HMRC seek in the ongoing investigation or enquiry.
- Disclosures where HMRC believe the money that is the subject of the disclosure is the proceeds of Serious Organised Crime. This includes VAT Missing Trader Intra Community (MTIC) fraud, VAT Bogus Registration fraud or Organised Tax Credit fraud and those involved in any wider criminality (such as an ongoing police investigation).

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**Question 6: Can I get confirmation under THP that HMRC will not conduct a criminal investigation into my disclosure?**

No. HMRC cannot guarantee that a disclosure will not be subject to a criminal investigation. An important factor in deciding whether to undertake civil or criminal investigations into cases of fiscal fraud is whether there is a complete and unprompted disclosure of any amounts evaded or improperly reclaimed. Whilst we will consider each case on its merits, with the exception of cases where we believe the subject of the disclosure is the proceeds of Serious Organised Crime a complete and unprompted disclosure will generally suggest that a civil course of action is appropriate.

**Question 7: Can I request to go through the Civil Investigation of Fraud (CIF) procedure?**

The CIF procedure is outlined in HMRC Code of Practice 9 and provides customers to whom it is applied with certainty that they will not be prosecuted for the tax offences in their disclosure. HMRC only offers CIF in cases of suspected serious fraud and after it has carried out robust checks to rule out the possibility of links with serious organised crime, money laundering and other factors which might make criminal proceedings appropriate. THP disclosures are made without any such checks being carried out in advance so CIF cannot be offered. If you have a disclosure to make, and you want your disclosure to be made under CIF, you should contact us at the address in question 8 or telephone 0115 974 2275. Customers who would rather be dealt with under the CIF procedure will not be able to have their disclosures handled through THP and the fixed penalty offered by THP will not be available to them.

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**Question 8: Can I make a disclosure if my outstanding liabilities are not connected to income as a Medical Professional?**

You can still make a disclosure and put your tax affairs in order even if you have not received income as a medical professional that has been connected with a loss of UK tax. 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:

HMRC,  
Local Compliance,  
Parkway House,  
49 Baddow Road,  
Chelmsford,  
Essex,  
CM2 0XA

**Question 9: What do I do if the tax I owe is as a result of 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 our Bournemouth office with your evidence before making your disclosure.

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

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 in 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**

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#### **Question 10: What happens if I have undeclared liabilities and choose not to disclose?**

After **31 March 2010**, when the notification period ends, we will begin to use the information we have on payments from NHS trusts, private hospitals and medical insurers. 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](http://www.hmrc.gov.uk/prosecutions/crim-inv-policy.htm)

#### **Question 11: Will you advise the General Medical Council?**

Your tax affairs are confidential. However if you are charged or found guilty of a criminal offence in relation to your tax affairs it is your responsibility to inform the GMC.

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## **Making a disclosure**

#### **Question 12: Will I ever need to make more than one disclosure?**

Possibly. You can make a personal disclosure of your own liabilities and one on behalf of another taxpayer (for example on behalf of a company of which you are a director, or for a trust or settlement of which you are the trustee or as executor for a deceased person). You will need to make a notification in respect of each disclosure you have to make.

Agents will be required to make separate notifications for each client they represent who intends making a disclosure under THP.

If you need additional help, please call the helpline on 0845 600 4508 and quote your GMC reference and National Insurance number.

#### **Question 13: What should I do now to prepare my disclosure?**

- Read the information in the guidance leaflet (THP1) "Making a disclosure"
- Gather together all relevant information and records for each year for which you have undeclared income, profits or gains from any source.
- Calculate the amount of each undeclared tax or duty for each year that liabilities are unpaid

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#### **Question 14: What should the disclosure contain?**

Your disclosure must contain:

- disclosure of at least one unpaid tax or duty (for example Income Tax)
- a summary of all taxes and/or duties, interest and penalties due for up to 20 years
- 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 interest and penalty due.

### **Calculating what you owe**

#### **Question 15: Will HMRC calculate the taxable figures and the liability for me?**

No. HMRC cannot provide individual advice on calculating how much you should pay.

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#### **Question 16: How do I calculate what I owe?**

This could be complicated and you may want to seek independent professional advice. HMRC recommend that you start gathering together your information and records immediately.

HMRC cannot provide individual advice on calculating how much you should pay, but you can find out about tax rates, rate bands and thresholds by following the link below:

[Rates, Codes and Allowances](http://www.hmrc.gov.uk/rates/menu.htm) ( <http://www.hmrc.gov.uk/rates/menu.htm> ) from where you can navigate to access the Rates and Allowances Archive for information on earlier years.

Details of interest rates, which vary over time to reflect commercial rates, can be found by following the link below:

[Rates and Allowances](http://www.hmrc.gov.uk/rates/index.htm) ( <http://www.hmrc.gov.uk/rates/index.htm> )

Further information including a range of interest factors for use in THP disclosures is available in the form THP1(F) Completing the Disclosure Forms which is available on the HMRC web site at <http://www.hmrc.gov.uk/tax-health-plan/>

All calculations must be in pounds sterling and exclude pence. Exchange rates can be found by following the link below:

[Exchange rates](http://www.hmrc.gov.uk/exrate/index.htm) ( <http://www.hmrc.gov.uk/exrate/index.htm> )

Further step-by-step guidance can be found in the guidance leaflet (THP1) "Making a Disclosure" which is available on the HMRC web site at <http://www.hmrc.gov.uk/tax-health-plan/>

#### **Question 17: I don't have complete records, what do I do?**

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

#### **Question 18: I have relied on the use of estimates. What if my disclosure is found to be materially incorrect or incomplete?**

If, exceptionally, despite taking reasonable care, your disclosure is found to be incorrect or incomplete, HMRC will require the additional tax and interest and will review the penalty position.

Depending on how material the omissions are HMRC may seek a higher penalty. Only where HMRC is satisfied that the disclosure has been made dishonestly will HMRC consider a criminal investigation.

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#### **Question 19: Am I entitled to any deduction in calculating undeclared income, profits or gains?**

In some situations you may be able to claim deductions and reliefs. Ask your tax adviser if you need help or phone HMRC on **0845 600 4508**.

#### **Question 20: Are any current HMRC accepted practices or concessions withdrawn or affected for disclosures using the THP?**

No.

### **Interest and Penalties**

#### **Question 21: What interest do I have to pay?**

Interest generally runs from the date when the tax should have been paid until the date of payment for all years involved. You can find more information including tables showing the factors relevant to different taxes as follows:

Details of interest rates, which vary over time to reflect commercial rates, can be found by following the link below:

[Rates and Allowances \(http://www.hmrc.gov.uk/rates/index.htm \)](http://www.hmrc.gov.uk/rates/index.htm)

Further information including a range of interest factors for use in THP disclosures is available in the form THP1(F) Completing the Disclosure Forms which is available on the HMRC web site at <http://www.hmrc.gov.uk/tax-health-plan/>

These factors are for use only in connection with a disclosure under the THP. HMRC publishes changes in the interest rates, the last change was on **29 September 2009**. We can provide a copy of the table if you telephone **0845 600 4508**.

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#### **Question 22: What penalty do I have to pay?**

Calculate and apply the penalty, which in most cases is a fixed 10 per cent of the undeclared taxes/duties and Class 4 National Insurance contributions

If the total amount of the unpaid taxes and duties 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 and duties.

### **The Offer**

#### **Question 23: Why do I need to make an 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 HMRC's 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 and in the leaflet THP1(F) "Completing the Disclosure Forms" which is available on the HMRC web site at <http://www.hmrc.gov.uk/tax-health-plan/> If, exceptionally, none of these fit with your circumstances, please contact HMRC on **0845 600 4508** and quote your National Insurance and GMC registration number.

You will also need to contact HMRC for an appropriate letter if, exceptionally, you are unable to pay the full amount before **30 June 2010** – please see the 'How do I Pay?' section [below](#).

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## Payment

### Question 24: How do I pay?

Your payment must reach HMRC by **30 June 2010**. HMRC accept payment by a range of methods but recommend payment is made electronically. Electronic payments are more efficient and secure than payment by post.

The different payment methods available to you are:-

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.	
<b>Please telephone 0845 600 4508 for your PRN.</b>	
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 <b>0845 600 4508</b> .	
Other payment methods available to you are:	
By Debit or Credit card over the Internet using BillPay and your PRN.	If you have a credit or debit card issued by a UK bank or building society you can pay over the internet at <a href="http://www.billpayment.co.uk/hmrc">www.billpayment.co.uk/hmrc</a>
Through your bank or building society using BACS Direct Credit, Internet/telephone banking or CHAPS. At your bank:	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. 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

### Question 25: What if, exceptionally, I cannot pay the full amount?

If, exceptionally, you cannot pay the full amount contact HMRC as soon as possible and before the relevant disclosure deadline of **30 June 2010** on **0845 600 4508**.

**If you cannot pay the full amount do not submit your disclosure until you have spoken to HMRC.**

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## **Submitting the disclosure**

### **Question 26: Will I receive an acknowledgement of my disclosure?**

Yes. When you make your disclosure using the forms you will receive an acknowledgment from HMRC as soon as possible.

### **Question 27: What happens once I submit my disclosure?**

The disclosure will be considered within the terms of the Tax Health Plan.

HMRC expect most disclosures to be self explanatory but HMRC may need to contact you or your tax adviser, if you have one, to clarify any points.

You may also be asked to provide appropriate evidence of your circumstances to satisfy HMRC 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.

## **Accepting your disclosure**

### **Question 28: Will my disclosure be accepted?**

HMRC will review all disclosures after **30 June 2010**. HMRC expect the vast majority of disclosures to be accepted and where this is the case HMRC will send you a letter accepting your offer as soon as possible.

If HMRC cannot accept the disclosure HMRC will contact you or your agent if you have one.

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## **Meeting future obligations**

### **Question 29: What do I do about liabilities I have for 2008/9 or later periods?**

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

- (i) Complete the income tax, company tax, employers or VAT returns that HMRC sends you or if already completed them advise the HMRC office that usually deals with your affairs that you have an amendment to make; or
- (ii) If you do not currently make a return but need to phone **0845 600 4508**.

Remember the deadline for submitting the SA return of income and gains online for year to 5 April 2009 is **31 January 2010**

### **Question 30: Why is the THP limited to periods up to 5 April 2008?**

When THP begins in January 2010, many of the taxes, for example Income Tax, are not yet due for periods after 5 April 2008. There is therefore time to ensure that the correct liability is declared without incurring any penalty. So for example you should ensure that your full income and gains for the year ended 5 April 2009 are included in your Self Assessment return before the SA filing deadline.

Because tax due for a return period starting on or after 1 April 2008, where the return is due to be filed on or after 1 April 2009 will be subject to the new penalty regime in Schedule 24 FA 07, rather than the penalties available under THP, liabilities for those periods are not within the scope of the THP.

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## Specialist questions and answers

### **Question 31: 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 part of form THP1(F) Completing a Disclosure which is available on the HMRC web site at <http://www.hmrc.gov.uk/tax-health-plan/> . 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.

### **Question 32: What if my circumstances are affected by 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**.