



Coyne, Butterworth & Chalmers

Lupins Business Centre, 1-3 Greenhill, Weymouth, Dorset. DT4 7SP

Tel: 01305 772458 :: Fax: 01305 779956 :: Email: wey@c-b-c.co.uk

INFORMATION SHEET.

Offshore Bank Interest Disclosure

Apart from a small number of special cases, offshore interest has always been liable to UK tax. Many people think otherwise and do not declare it on annual tax returns.

The Revenue have just won a major case against Barclays and HSBC forcing them to report offshore interest to the Revenue. No doubt other banks and building societies will also comply with the ruling.

Thus, the Revenue have a whole heap of information previously unavailable to them.

The Revenue have devised a special disclosure scheme "offshore disclosure facility" and which is intended to work as follows.

Any client with offshore income is invited to:

- (a) Make a voluntary disclosure of that fact to the Revenue (not necessarily with details) by 22 June 2007.
- (b) Calculate their own liability for each tax year from and including 2001/2002 to 2005/2006.
- (c) Calculate their own tax liability for each of the 13 years prior to that, ignoring any year(s) where the unpaid tax was "trivial" (not defined).
- (d) Calculate interest each year.
- (e) Calculate a fixed penalty of 10% of the tax due (presumably ignoring "trivial" years). The penalty is waived if the "untaxed amounts" (presumably income) is less than £2,500 in total.
- (f) Notify those details and send a cheque to HM Revenue & Customs, Section 10, Accounts Office, Bradford, BD98 1YY by 26 November 2007.

We are here to help if you need us.

If using the special facility all liabilities must be included, not just those arising from offshore interest, and that extends to income tax, corporation tax, capital gains tax, value added tax, PAYE and inheritance tax, and probably other things as well.

The above only applies where there is an offshore account to act as the "trigger", but the Revenue have said that any other unpaid liabilities (ie where no offshore account is present) will be treated in the same way if notified to the usual tax office.

Offshore is anywhere outside the UK and includes the Channel Islands and the Isle of Man, but is not confined to them.

A Revenue publication giving further details can be downloaded at <https://disclosures.hmrc.gov.uk/oaics/>

"Innocent error" is not covered by the scheme and will not apparently attract a penalty.

The above is intended to offer the user general information of interest only and for advice on individual cases, please contact us to arrange a free informal and no obligation initial meeting.