



HM Revenue
& Customs

Increased International Tax Transparency and HMRC's Offshore Evasion Strategy

Andy Cole
Director, Specialist Investigations

Jim Ferguson
Deputy Director, Centre for Offshore Evasion Strategy

The impact of the new standards in automatic exchange of information

- Going forward automatic exchange of information will make it easier for us to identify the non compliant.
- It will make it more difficult for the minority who do not pay the right amount of tax.
- However, how do we encourage people to clear up the past?



HMRC's strategy

Our offshore evasion strategy is to:

- reduce the opportunities to evade offshore through initiatives to ensure compliance, **international agreements**, and **multilateral action**,
- increase the likelihood of evaders, and those who make offshore evasion possible, being caught, by investing in the skills of specialist staff, **using the data generated by international agreements**, and investing in improved tools, technology and customer understanding to identify, understand and profile high risk customers,
- encourage those who are non compliant to come forward voluntarily whilst,
- strengthening the severity of the punishments for those who are caught, with tough penalties and the possibility of criminal investigation.



UK/Gibraltar Agreements

- Agreement on the taxation of savings income between Gibraltar and the United Kingdom.
- UK/Gibraltar Tax Information Exchange Agreement.
- UK-Gibraltar IGA.
- Gibraltar has also committed to early adoption of the new Common Reporting Standard.



Common Reporting Standard ('CRS'): An offshore data revolution

Over 90 jurisdictions are going to share information on financial accounts.

For:

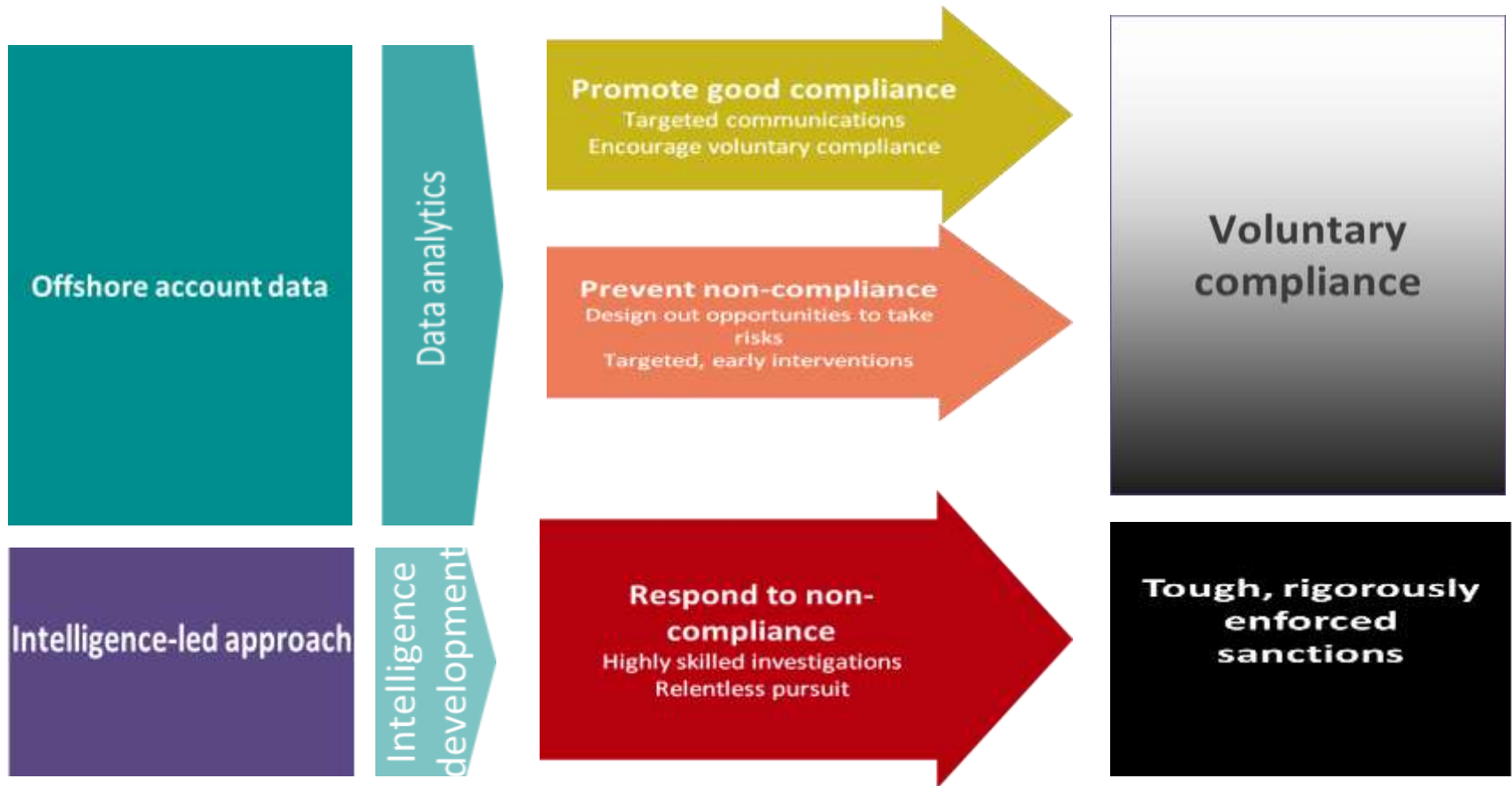
- a bank account
- an investment account
- a custodial account
- a qualifying insurance contract
- an interest in a qualifying trust, partnership or other legal person or arrangement

HMRC will be able to see:

- Name of account holder (including beneficial owner even if that is not the name on the account)
- full address
- account number
- annual balance
- details of income, depending on the type of account.

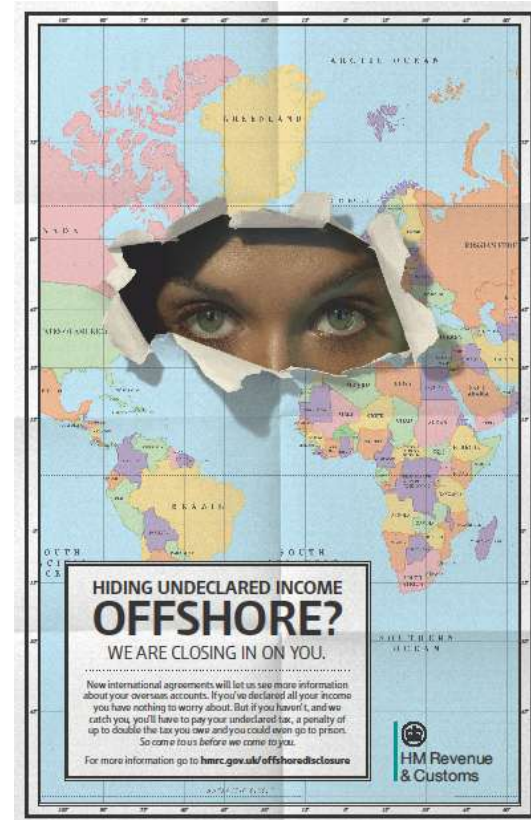


Making use of data



Influencing Customer Behaviour – a targeted publicity plan

- The Chancellor launched the 'No safe havens' media campaign on 23 February 2014.



Influencing Customer Behaviour – making use of the data we receive



Using analytical tools to cross reference flows and indicate potential hotspots where the highest proportion and number of offshore account holders live.



Disclosure facilities – clearing up the past

- Disclosure facilities give people a limited opportunity to come forward voluntarily to clear up their tax affairs.
- These are not amnesties - taxpayers still have to pay the tax they owe, plus interest and a penalty.
- For those who disclose, this provides HMRC with the opportunity to ensure they remain compliant.
- Jurisdictions can demonstrate they are working together to tackle evasion.
- Help counter the risk of capital flight.
- Disclosure facilities are one option but not the only one: we are keen to work with others to make sure people are aware of the new standards and what the implications are.



Recent years

Offshore Disclosure Facility
2007

Liechtenstein Disclosure Facility
MOU signed August 2009

New Disclosure Opportunity
2009/10

UK-Swiss Tax Cooperation Agreement
Agreement signed October 2012



Existing offshore disclosure arrangements

- **Liechtenstein** – LDF, TACP
 - Recently signed 4th Joint Declaration clarifying that the LDF covers those with something new to tell HMRC and with a significant offshore asset.
 - Runs to 5 April 2016.
- **Switzerland** – tax cooperation agreement
 - Received details of over 25,000 accounts.
 - Received the top 10 destinations for funds moving out of Switzerland prior to the Agreement coming into force
- **Isle of Man, Jersey and Guernsey** – Crown Dependency Disclosure Facilities
 - Need to have an asset in a Crown Dependency before 1/1/14. Run until 30 September 2016.



Liechtenstein Disclosure Facility - statistics

As at 30 September 2014 –

Registrations – 5,982

Disclosures received – 5,408

Yield – over £1bn



UK – Switzerland Tax Agreement – background and statistics

- Came into force 1 January 2013. Forecast to raise up to £1.9bn by 2018/19.
- £1.1bn received by the end of 2013/14
- Where account details are not disclosed, provides for a one-off levy to settle past tax liabilities and going forward a new withholding tax on investment income and gains plus IHT.
- To date HMRC has contacted over 22,000 individuals as a result of account data received from the Swiss.
- Maximising the requests that can be made under the enhanced Exchange of Information facility.



'No safe havens'

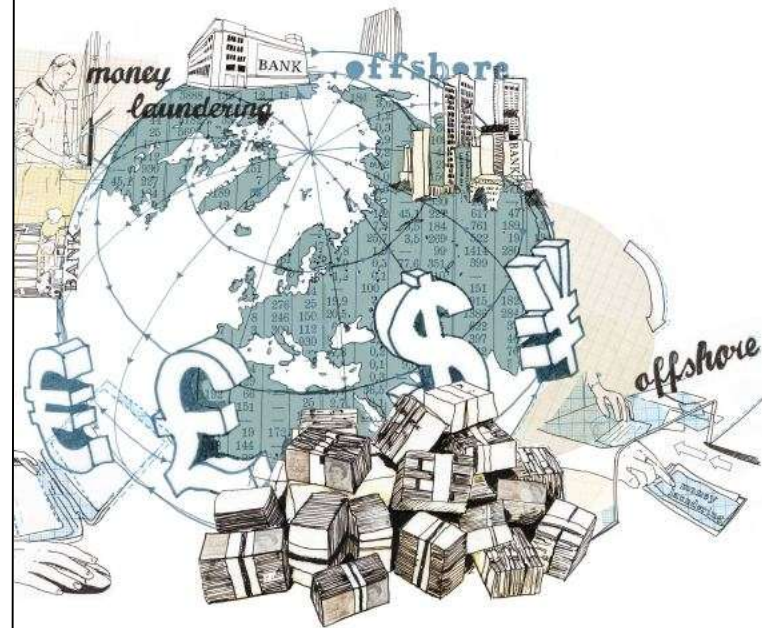
The time has come for those with hidden offshore interests to come forward: there are no safe havens for tax evaders.

David Gauke MP, Exchequer Secretary to the Treasury

Foreword to "No Safe Havens", HMRC's offshore evasion strategy 2013

No safe havens

Our offshore evasion strategy 2013 and beyond



Budget 2014 package

- An update on the *No safe havens* strategy
- A strong emphasis on HMRC using the data we will be getting under the new automatic exchange of information provisions.
- New strict liability criminal offence
- Enhancements to civil penalties
- Incentives to whistleblowers



Consultation on enhancements to sanctions

- There are a number of opportunities for those who have past tax liabilities to regularise.
- After these close HMRC will start receiving much richer levels of data under automatic exchange of information.
- It will be much easier for HMRC to identify offshore tax evaders.
- Those who have not taken the advantage to disclose will face severe sanctions.



Consultations on enhanced sanctions

- Geographical scope of the offences?
 - How should we take account of Common Reporting Standards?
- How to deter taxpayers from moving funds to stay one step ahead of increasing tax transparency?
- Updating the offshore penalty regime to take account of the new standards of automatic exchange of information.
- Consultations closed on 31 October.



Existing offshore penalty regime

	Penalties of up to 'X' of the potential lost revenue
Category 1: Automatic exchange of information (AEOI) and other tax cooperation agreements, which have similar effect	100%
Category 2: Exchange of Information (EOI) on request to the international standard, and certain less developed territories	150%
Category 3: No EOI or EOI agreements that do not meet international standards	200%



Operational initiatives

- HMRC's Offshore Coordination Unit was created in 2011 to coordinate HMRC's response to offshore tax evasion and has now been incorporated into a 120-strong operational unit that leads on offshore compliance issues including:
 - Managing settlements under the LDF and CDDF.
 - Handling voluntary disclosures outside the disclosure facilities
 - Compliance activities relating to the UK – Switzerland Tax Agreement



Operational initiatives

- Within HMRC we are taking a number of steps to get ready for the era of ‘big data’ on offshore accounts.
- With other tax administrations we are looking at how we can develop and share best practice on using CRS data.
- For example, we have started some ‘test and learn’ work using the data we receive under the EU Savings Directive to look at how we can use the new CRS data as effectively as possible.
- This will help ensure we are ready to hit the ground running as soon as we receive the new data.



Useful links

No safe havens 2014

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/303012/No_safe_havens_2014.pdf

New criminal offence consultation

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/345370/140819_Tackling_offshore_tax_evasion_-_A_new_criminal_offence.pdf

Enhanced civil sanctions consultation

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/345236/140819_Tackling_offshore_tax_evasion_-_Strengthening_civil_deterrents.pdf

How to make a disclosure

<http://www.hmrc.gov.uk/offshoredisclosure/disclosure-facilities.htm>





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Thank you

Jim Ferguson
Tax Professionalism & Assurance
1C/26, 100 Parliament Street
SW1A 2BQ

+44 (0)3000 586770
Jim.Ferguson1@hmrc.gsi.gov.uk

Andy Cole
Director, Specialist Investigations
Trinity Bridge House
2 Dearmans Place
Salford M3 5AQ

+44 (0)3000 533101
Andy.Cole@hmrc.gsi.gov.uk