

31 March 2016 is not far away – Do not ignore the six major advantages of an LDF

The various HMRC disclosure facilities are to come to an end with the Liechtenstein Disclosure Facility (LDF) being the first one on 31 March 2016 and the other disclosure facilities in respect of the Crown Dependencies to follow on 30 September 2016. We have been informed from a reliable source that the government is not going to be extending any of these disclosure facilities.

In the view of the government, enough time has been given to individuals to make full and complete disclosures using these facilities with very favourable tax treatment.

In our experience we would still recommend the LDF in comparison to other disclosure facilities. Therefore, it is better to act now rather than later when it would be too late to register under the LDF.

The following are the six major advantages of using an LDF in comparison to other disclosure opportunities:

1. No prosecution as long as full and complete disclosure is made.
2. No investigation pre 5 April 1999 for Income Tax (IT) and Capital Gains Tax (CGT). As opposed to the normal 20 year rule under COP 9.
3. Individuals can elect for Composite Rate Option (CRO). This is a flat 40% charge on taxes from April 1999 to 5 April 2009. In addition to IT and CGT it will also remove IHT, NIC and VAT.
4. Favourable rate of penalty of 10% for tax years 1999/00 to 2008/09. Rising to 20% for 2009/10 to 2010/11 and a tax geared penalty of 30% post 5 April 2012.
5. No requirement for the client to meet the inspector.
6. The tax payment under LDF is made at conclusion. Under other disclosure facilities the payment of tax will be made within 30 days of the disclosure application date.

HMRC Letters to Swiss Account Holders

Many individuals would have received letters from HMRC in respect of their Swiss bank account. Approximately 5,000 letters have been dispatched. HMRC have promised two further tranches later this year.

Persons receiving such letters need to reply by 28 February 2014 or risk HMRC starting a full tax enquiry into their affairs. Prior to responding to HMRC we suggest that individuals should discuss the matter with a tax adviser to ascertain which option is relevant for them.

There are three options (listed below) which are being offered by HMRC. Persons affected must return one signed certificate by 28 February 2014:

1. Certificate A – Declaration that no additional UK tax is due; or
2. Certificate B – Confirmation that you have made or will be making a disclosure under the LDF; or
3. Certificate C – Confirmation that you will be making a disclosure outside the LDF

A full and complete disclosure under the LDF will be favourable in regularisation of UK tax affairs.

If you have received the above mentioned HMRC letters in respect of your Swiss bank accounts or wish to further understand how a disclosure under an LDF can assist you please do contact [Jay Doshi](#) who leads our offshore disclosure team to discuss the matter in detail.