

DISCLOSURE OPPORTUNITY FOR ISLE OF MAN

On 19th February 2013, a new Memorandum of Understanding between HMRC and the Isle of Man was signed. The agreement between HMRC and the Isle of Man includes a disclosure facility, allowing investors with accounts in the Isle of Man to come forward and settle any outstanding tax liabilities.

The deal was modelled on an agreement with the United States, which improves international tax compliance, allowing information to be shared across borders. The Isle of Man agreement follows similar agreements with Liechtenstein and the Swiss government.

The disclosure facility will operate from 6 April 2013 until September 2016 and will be backdated to the 6 April 1999. Financial intermediaries in the Isle of Man will be required to inform their clients of the disclosure opportunity before 31 December 2013. They are also required to send a further reminder to clients 6 months before the disclosure ends.

Taxpayers who have been under investigation by HMRC or have previously used another disclosure scheme, cannot participate in this disclosure opportunity.

The agreement with the Isle of Man aims to encourage people to come clean about any tax liabilities in return for lower penalties. There will be a penalty charge of 10% of unpaid tax for years up to 2009 and 20% for later years, with those who do not come forward facing significantly higher penalties.

