

Disclosure Facility (LDF)

UK based 'investors' in the tax haven of Liechtenstein beware; on 11 August 2009, HMRC struck an historic deal with authorities in the small Principality to exchange information on (potentially) up to 5,000 individuals and HMRC has now published details about this latest Facility on its website. HMRC is clearly excited as over time, the Exchequer could well benefit to the tune of £1bn worth of additional duties from a number of wealthy individuals who have, in the past, used the 'secretive' Liechtenstein to house vast fortunes.

The agreement with Liechtenstein followed last year's breakthrough where the German authorities obtained a list of its country's 'investors' in the tax haven. It is obvious that HMRC is treating this latest Facility with a high degree of importance as the LDF is to run from 1 September 2009 through to 31 March 2015 by virtue of a 5 year program introduced by the Liechtenstein authorities.

HMRC's website is quite helpful and provides a number of useful links including the Joint Declaration between HMRC and the Government of Liechtenstein. More importantly (and particularly useful) on the website are a number of Frequently Asked Questions for use by both individuals and agents/advisers.

An example is question 11 which asks if a criminal investigation will be carried out on anyone who uses the LDF. The answer is a very strong no, providing that a full and accurate disclosure is made to HMRC and the source of the funds is not from a criminal activity. Other questions asked provide details of the involvement of financial intermediaries in Liechtenstein and the (single) point of contact in the UK for the LDF – this will be the HMRC Liechtenstein Help Desk based in Bootle, Merseyside. Contact telephone numbers are also provided.

This story follows on from the article published in our last news bulletin about the Tax Amnesty Part II. In this instance, however, UK 'investors' are advised that by coming forward under the LDF they will be offered a 'number of special terms' (if they disclose the full extent of their wealth in Liechtenstein) such as a 10% fixed penalty being applied to the 'yet to be declared' income or gains that have arisen since 1 April 1999, and the fact there will be no penalty at all where an 'innocent error' has been made!

If you would like further information on this article, or would like advice from our Consultancy Team about making a disclosure, please contact Rajbir Kaur on **0870 166 6270** or email sales@abbeytax.co.uk.