

Liechtenstein Disclosure Facility



Any taxpayer with an undisclosed UK tax liability arising from income or profits from an offshore asset (bank account, portfolio etc.) can make a Disclosure under the LDF.

Registration under the LDF gives an opportunity to clarify and regularise past UK tax affairs of individuals, corporate bodies and trusts. This includes any combination of these different entities.

The terms of the LDF can offer significant benefits and potential UK tax savings.

The LDF is a 'process' for those with 'relevant property'.

'Relevant property' is defined under the LDF as any bank account, trust, Foundation or Stiftung in Liechtenstein.

Any taxpayer who does not already have any 'relevant property' can now acquire it.

A taxpayer who has 'relevant property' in Liechtenstein can register under the LDF with HMRC and benefit from its terms.

The key terms of the LDF

- A taxpayer is guaranteed immunity from prosecution under the LDF providing they are not already under investigation under Code of Practice 9 (Cases of suspected serious fraud) and a full disclosure is made under the LDF.
- Under the LDF, a decision will be made as to whether the disclosure is accepted within a period of six months following the date of submission to HMRC.
- A taxpayer is required to make a Disclosure of all irregularities going back to 6 April 1999, or a shorter period if the irregularity does not go back that far. This compares to 20 years for most other taxes and longer for Inheritance Tax outside of the LDF.

- Taxpayers can choose the Composite Rate Option and pay tax at a flat rate of 40% or alternatively, the individual actual rates each year can be used.
- Interest will be charge on all tax paid late.
- For the 10-year period ending 5 April 2009, the financial penalty is capped at 10% of the tax due, thereafter 20%.

How can Haines Watts help?

- Assist you in obtaining the necessary 'relevant property'.
- Register those who wish to make a disclosure to HMRC under the terms of the LDF.
- Manage the process throughout for you.
- Discuss matters with HMRC initially on a no name basis.
- Agree with HMRC in advance how matters are treated.
- Calculate the potential tax liability allowing taxpayers to keep their anonymity until they wish to disclose.
- Determine how matters may be treated and taxed with HMRC prior to registering under the LDF.
- Discuss with you how to proceed with the disclosure.
- Seek time for you to pay the amount due.
- Complete all the relevant documentation under the LDF for you.
- Negotiate with HMRC as necessary.

To find out how Haines Watts can help, call Paul Malin on + 44 (0)7919 375 650 or email pmalin@hwca.com anytime