

Draft FB 2017 Cl 94 Sch 22: Requirement to correct certain offshore tax non-compliance

Management of taxes

01 March 2017

LITRG has responded to the HMRC consultation on draft Finance Bill 2017 clauses in relation to the requirement to correct certain offshore tax non-compliance.

The government consulted on introducing a requirement to correct in August 2016, as part of their proposals to tackle offshore evasion. That consultation included a proposal to introduce an obligation compelling those with offshore interests to put their UK tax affairs in order by September 2018 (if they have not yet done so), ahead of the widespread adoption of the Common Reporting Standard (CRS). Taxpayers who fail to correct their tax affairs by September 2018 will be subject to a single, tougher set of failure to correct sanctions for offshore tax evasion. FB 2017 Cl 94 and Sch 22 contain provisions taking these proposals forward.

LITRG's response welcomed this initiative by HMRC to encourage taxpayers to review their offshore affairs and put them back onto a compliant footing where necessary. However, it points out that in order for these proposals to be successful, there will need to be effective communication by HMRC with all taxpayers, in particular, hard-to-reach groups affected, such as unrepresented migrants.

Although LITRG is pleased to see the inclusion of provision for a reasonable excuse, the group raised concerns that the proposed penalties, which are extremely harsh (maximum 200% of potential lost revenue; minimum 100% of potential lost revenue), might deter some taxpayers from coming forward.

The LITRG response is available on the [LITRG website](#).