

Update

Tax investigations

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The Worldwide Disclosure Facility

The much-anticipated Worldwide Disclosure Facility (WDF) opened in September 2016. Whilst not as generous as previous facilities, the WDF is a process enabling taxpayers to voluntarily disclose any tax issues relating to offshore income or gains.

Why disclose?

Under the Common Reporting Standard (CRS), HMRC will start receiving details of taxpayers with offshore income or gains held in over 100 jurisdictions. Ahead of receiving all of the CRS information, HMRC has introduced the 'Requirement to Correct', a legal obligation requiring the correction of unpaid tax relating to offshore assets by 30 September 2018. Severe sanctions will apply after that date. It is more beneficial to disclose any offshore tax issues prior to HMRC starting an enquiry or investigation.

An overview

- The disclosure must be made within 90 days of notifying HMRC.
- The interest and penalties are based on existing legislation.
- HMRC aims to respond to disclosures within 55 days of submission.

Who is eligible?

The facility is open to any person who has a tax liability relating wholly or partly to an offshore issue. All disclosures made by taxpayers under current enquiry including Disclosure Of Tax Avoidance Schemes arrangements will be referred to the investigating officer. Non-resident UK taxpayers can also utilise this disclosure facility to report any undisclosed offshore income and gains.

The process

- Notify HMRC of the intention to disclose via the Digital Disclosure Service (DDS).
- A disclosure will then have to be prepared within the next 90 days with calculations of the additional tax due. This will be submitted through the DDS.
- At the time of the disclosure, the taxpayer will be asked to self-assess their behaviour. This is a technical issue which will impact on the penalties and will determine the number of years that disclosure will cover (four, six or 20 years).
- Any technical matters impacting the disclosure (such as residence or domicile status) must be disclosed.
- In exceptional circumstances, advance clarification may be sought in respect of complex or contentious issues.
- As part of the disclosure, the taxpayer will need to enter the maximum value of assets held outside the UK over the last five years including cash, investments and personal goods such as jewellery.
- Payment must be made at the time of submission. However a 'Time to Pay' may be agreed where appropriate.

For more information, please contact our specialist [Tax Investigations & Disputes team](#).

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