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HMRC start to get tough on non-disclosers

HMRC have started to take affirmative action against those taxpayers who have decided not to take advantage of tax disclosure opportunities offered to their trade or profession.

In recent weeks, HMRC have arrested five plumbers who failed to participate in the Plumbers Tax Safe Plan (PTSP). In addition to the arrests, HMRC have confirmed that they are undertaking 500 investigations into other taxpayers who did not enter the PTSP.

The PTSP offered a disclosure route to plumbers, gas fitters, heating engineers and members of associated trades who owed tax. This was a targeted attempt to flush out 'ghosts' as they are referred to in the profession.

John Pointing, Assistant Director, HMRC Criminal Investigation, said:

"These raids and arrests of 'ghosts' - people who have not declared income from the work they do - are the culmination of months of work by HMRC.

"We provided a chance for those we have arrested, and the 600 we are investigating, to come forward voluntarily and put things right. These arrests send a clear message that HMRC will take action against those who choose not to come forward and pay the tax they owe."

Mike Wells, Director HMRC Risk & Intelligence Service, said:

"These arrests are just the start. HMRC is considering hundreds of further cases for criminal investigation in the plumbing and medical professions. Some people may have thought we were bluffing when we said we have information that we will use to prosecute tax evasion."

Frank Strachan, LSG's head of tax says,

"The trade specific disclosure offerings were treated with some disdain by the tax defence profession. The numbers of people taking up the offering were very low. This is the first time that HMRC has followed up on those who haven't taken advantage of the disclosure offerings. It sends a wake up call to those who have had their offshore banking details provided to HMRC that they need to regularise their affairs before it is too late. We know that HMRC are under pressure to increase their prosecutions this year and have set a target of a 400% increase on last year. We also know that HMRC is moving resources into this area. HMRC have been wounded by stinging criticism on a variety of issues over the last 12 months but it is said that one should be wary of the wounded animal. These prosecutions show that HMRC is baring its teeth – this could be the start of a whole new approach by HMRC towards those who don't take the opportunity to regularise their tax position."

IRS confirms that remittance based charge is relieviable against US tax

The US IRS has confirmed that US taxpayers who are resident in the UK may claim credit for the cost of the remittance basis charge. Ever since the introduction of the remittance basis charge for non-dom taxpayers, US taxpayers who live and work in the UK have been uncertain as to whether or not the £30,000 levy could be used as a credit against their US tax liabilities. This position has now been clarified. The IRS ruling confirms that the £30,000 non-dom levy is a tax and therefore is relieviable against income and gains in the US.



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Sean Bannister, LSG tax manager states,

“I don’t understand why it took so long to clarify this point. Any other ruling would have been perverse. I’m glad it is now resolved so that our US clients who live and work in the UK have certainty that the non-dom levy can be set against their US tax position.”

This brief is for information purposes only. Please contact us if you require advice.

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