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We would wish to offer our readers the very best compliments of the season. We wish you a happy, enjoyable and relaxing Christmas and best wishes for 2012.

Certificates of Relevance – Liechtenstein Disclosure Facility (LDF)

HMRC has updated their FAQs in respect of the LDF. Please follow this link <http://www.hmrc.gov.uk/disclosure/liechtenstein-faq.htm> for further information.

The most crucial amendment to the LDF terms is the requirement, from 1st December 2011 onwards, for the financial institution in Liechtenstein to provide the person wishing to take advantage of the terms of the LDF, with a Certificate of Relevance.

The Certificate will provide a confirmation from the respective financial institution that the person has sufficient assets placed in Liechtenstein so as to have created a “meaningful relationship” with that jurisdiction.

Frank Strachan, LSG Head of Tax comments, “The Certificate provides yet another hoop for those considering the LDF to jump through. The Certificate has been established to protect the long term investment business of Liechtenstein which has seen assets be transferred in and then transferred out as part of the LDF process. The strength of the value of the Certificate is dependant on all the Liechtenstein financial institutions agreeing what could be regarded as a meaningful relationship.”

Composite Rate Option Extension

Sadly, HMRC have announced that the Composite Rate Option (the ability to tax all liabilities at a flat 40%) will not be extended in to 2009/10. LSG had hoped that HMRC would have been able to find a solution to this issue but we are advised that HMRC simply could not obtain the necessary agreements they required to extend the Composite Rate Option in to this particular tax year.

The refusal to extend the Composite Rate Option in 2009/10 is a salutary reminder to those still considering the merits of the LDF that there really are no benefits to waiting.

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

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