



HM Revenue  
& Customs

# The Requirement to Correct:

## What is coming and what you can do

French Tax Conference  
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International Collaboration & Transparency

Her Majesty's Revenue & Customs



# Last chance for taxpayers with offshore affairs: The Requirement to Correct

- Requires taxpayers to disclose to HMRC any outstanding UK tax related to offshore interests as of 5 April 2017.
- Taxpayers have until **30th September 2018** to do this.
- If taxpayers come forward now they pay a much lower penalty for these tax issues than if they come forward after 30th September 2018. This is a last chance opportunity before the new tougher penalty regime:

## Current penalty regime

- **30-40%** penalty typically (minimum 0%)

## From September 2018

- **150-200%** penalty typically (minimum 100%)

- Plus:

- Possible penalty based on value of asset
- Possible penalty for aggravated penalty (i.e. hiding funds in non-transparent jurisdictions)
- Taxpayer's details can be published

# Requirement to Correct – what is in scope

- Only relates to tax **non-compliance**.
- Only for non-compliance committed on or before **5th April 2017**
- Applies only to **income tax, capital gains tax** and **inheritance tax**.
- And only relates to **offshore** non-compliance i.e. a tax matter has to involve a foreign country.
  - Typical examples could be interest on a foreign bank account, income from a foreign property, foreign investments. But many other examples
- Relates to **all behaviours** – it doesn't matter how non-compliance originated.
  - not just deliberate behaviour, also evasion when the taxpayer failed to take reasonable care. All tax non-compliance in scope
- **Unless a reasonable excuse** can be demonstrated
  - This can include advice
  - But not all advice will qualify – *check HMRC guidance (links at end of slide)*



# The Requirement to Correct: the key message

- UK taxpayers with offshore interests **need to take action now**.
  - Should check that their affairs are tax compliant. Check if not sure and correct any errors.
  - If required, need to disclose to HMRC
- How to disclose?
  - Disclose to HMRC through the **Worldwide Disclosure Facility** (*link at end of slides*)
  - Or other routes (*see HMRC guidance*)

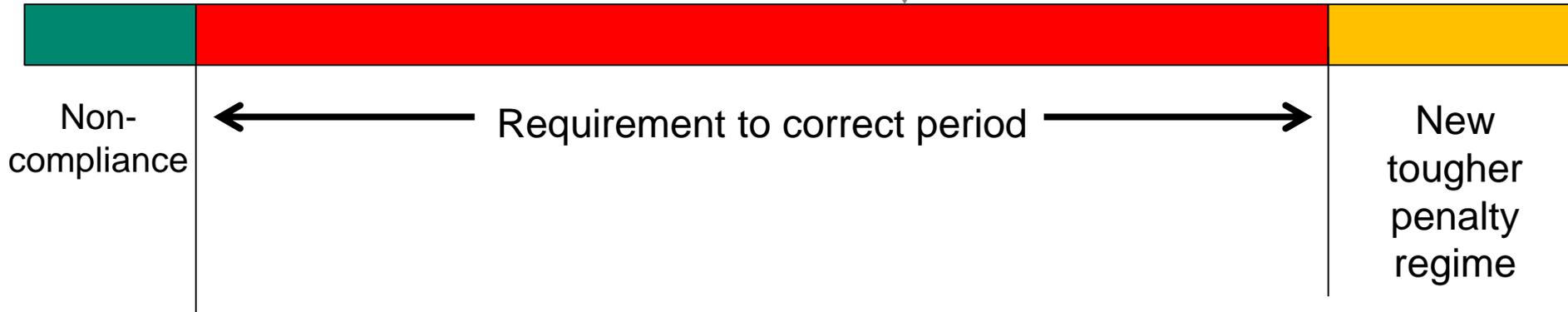


# Requirement to Correct - timeline

5<sup>th</sup> April 2017

Now - April 2018

30<sup>th</sup> Sept 2018



Non-compliance

Requirement to correct period

New tougher penalty regime

**'Failure to correct'** penalty if not corrected



# Requirement to Correct : Further information (if interested)

- **Government Guidance** on Requirement to Correct:  
<https://www.gov.uk/guidance/requirement-to-correct-tax-due-on-offshore-assets>
- **Worldwide Disclosure Facility** (for taxpayers to disclose their affairs): <https://www.gov.uk/guidance/worldwide-disclosure-facility-make-a-disclosure>
- **HMRC webinar** on the Requirement to Correct:  
<https://attendee.gotowebinar.com/recording/2072246654615751427>
- **Legislation**: Schedule 18 FA (No 2) 2017  
<http://www.legislation.gov.uk/ukpga/2017/32/schedule/18/enacted>



# Thank you and questions

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