



TAX ALERT

Revenue announce Tax Amnesty for holders of overseas bank accounts

HM Revenue & Customs have been successful recently in obtaining details from the major banks of customers with accounts held overseas, principally in the Channel Islands.

Individuals who are resident and domiciled in the UK are liable to income tax on bank interest received wherever it arises, and whether or not it is brought into the UK. Only in the case of individuals who are resident but non-domiciled in the UK is interest on overseas accounts liable to income tax only to the extent that the interest is remitted to the UK.

It is outside the scope of this release to explain the meanings of residence or domicile in the UK, and how remittances are construed. It is probably not untrue to write that some individuals have believed that "overseas interest" has meant "not taxable in the UK" and have omitted that interest mistakenly from their tax returns.

HMRC are now in a position to cross-check interest on overseas bank accounts with tax returns. Enquiries will be raised into apparent failures by individuals to have returned interest correctly. It may lead to assessments for tax unpaid over past years together with interest and penalties. It may then lead to enquiries into the original source of funds. However, it will be a time consuming process for HMRC. They have therefore let it be known that there is to be a tax amnesty. It will allow individuals who have not disclosed overseas interest previously to correct the position by 22 June and pay the income tax, plus interest and a 10% penalty by 22 November.

HMRC are not writing to individuals presently and are not publicising the amnesty widely. Reliance in being placed by them on banks writing to their customers.

The purpose of this release is to let you know that if you do have a bank account overseas you will probably receive a notification from your bank that it has given some details of your account to HMRC. We think that you will not have to take any action but if you have any doubt or misunderstanding please contact us.

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