

Liechtenstein Disclosure Facility

UK residents disclosing unpaid tax on worldwide assets

The Liechtenstein Disclosure Facility (LDF) was created with the signing of an agreement of understanding between the UK and Liechtenstein in August 2009. It formally started on 1 September 2009 **and will run until December 2015**.

To use the LDF to disclose unpaid tax liabilities you must have held an offshore asset at 1 September 2009, you must not be under investigation for suspected fraud (Code of Practice 9), and you must have or create a new 'meaningful relationship' with a financial intermediary in Liechtenstein.

On 14 August 2014, HMRC announced changes to the accessibility of the LDF. Under the new rules, the disclosure must be of 'new information' in connection with the offshore asset you held at 1 September 2009 and the issue being disclosed cannot be in relation to a long-running HMRC enquiry (more than 3 months). Those who fall within this category can still benefit from the LDF but will be restricted to less favourable terms.

The advantages of the LDF

1. A guarantee of immunity from prosecution for tax related offences
2. Tax is paid only from 6 April 1999 not the normal 20 years
3. Penalty is normally fixed at 10% of the unpaid tax (increased to 20% 2009/10 and 30% 2011/12)
4. No need to meet with HMRC
5. A quick and efficient process
6. All worldwide assets can be legitimised
7. The opportunity to have an initial 'no names' discussion with HMRC to clarify the basis of disclosure
8. Composite Rate and Single Rate options can give significant savings, particularly of inheritance tax
9. No 'naming and shaming' by HMRC

Experience

Our team of tax disclosure specialists with private client tax and HMRC backgrounds have helped hundreds of people understand and use LDF successfully.

Technical excellence

Our experts can answer your questions about the LDF. We can help you make a tax disclosure and handle related work such as tax return completion, inheritance tax and other tax and wealth planning.

Confidentiality

You can discuss your issues with us in confidence without any obligation. In February 2006, money laundering reporting obligations for UK tax advisers were revised to give professional privilege to UK accountants, auditors or tax advisers who are a member of a UK professional tax or accounting body. This enables fully confidential discussions to take place either in the UK or overseas.

Value for money

We offer competitive and flexible fee arrangements. We can offer capped fee quotes.

Accessibility

Please contact any of our team or call us on our 24 hour helpline +44 (0)800 328 8215. We can arrange to see you for a free, confidential, no obligation discussion at short notice at any of PwC's offices in the UK and elsewhere.



1. Initial Meeting (Day 1)

- PwC are available to meet at short notice at a convenient location in UK or elsewhere
- The first meeting is free and can be on an anonymous, confidential, no obligation basis. Any disclosure discussion is privileged for UK money laundering purposes
- High level estimates of likely settlement under LDF given
- A capped fee estimate given

2. Client Engagement (Day 1 to 10)

- Client decides to make a disclosure to HMRC and instructs PwC to act
- Copy of passport and a utility bill less than three months old and showing name and address are required to fulfil PwC's 'Know Your Client' obligations
- Letter of Engagement can be issued at initial meeting
- 'No names' approach to HMRC possible

3. LDF Registration (Day 10 to 20)

- PwC review existing Liechtenstein connection or help establish a new relationship with a Liechtenstein financial intermediary if required
- For example, client can be introduced to a Liechtenstein bank who will set up a bank account for a modest fee
- PwC can host meetings with Liechtenstein financial intermediaries if this is desired

4. Information Gathering (Day 20 to 60)

- Client can either approach their bank or other third parties (e.g. trustees) directly to request the information required to prepare the calculations or, alternatively, PwC can do this on their behalf
- Typically PwC require:
 1. Account valuations at 6 April 1999 and 5 April last
 2. Annual income statements from 6 April 1999 to 5 April last
 3. Annual capital transactions from 6 April 1999 to 5 April last
- PwC obtain tax returns either from client or directly from HMRC if this is easier

The LDF is a very advantageous way of making a UK tax disclosure

5. Preparation of Calculations and Forms (Day 60 to 100)

- PwC confirm relevant background facts with client
- Basis of disclosure agreed with HMRC in advance of submission if necessary using information from client
- Preparation of calculations begins upon receipt of information from bank and third parties
- Capital gains calculations prepared using dedicated computer software which assists with post LDF planning between PwC, client and advisors

6. Submission of Disclosure to HMRC (Day 100 to 130)

- PwC review all calculations and disclosure forms with client
- PwC help client to prepare worldwide Statement of Assets and Liabilities
- Client signs required forms and PwC submit disclosure to HMRC
- Client pays HMRC by bank transfer within 30 days of submission

7. HMRC Review and Acceptance (Day 130 to 180)

- Where necessary PwC can request HMRC review a disclosure as a matter of priority
- On agreement to the disclosure HMRC issue a letter of acceptance to formally conclude matters
- When seek additional clarification, PwC deal with these quickly on client's behalf
- Client need never meet HMRC

8. Looking forward

- Before, during and after a LDF disclosure a client may need additional support and advice. PwC can work with you or your advisors on a range of issues:
 - *Inheritance tax advice*
 - *Tax return preparation*
 - *Pension advice*
 - *Remittance advice for non doms*
 - *Wealth advice*
 - *Other tax advice*

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