

## E – BULLETIN #7. FEBRUARY 2007

In this edition we bring to your attention several issues of interest;

- As many of you will know the UK tax authorities are beginning to focus on the tax payers who may have neglected to inform them of income arising outside the UK. Frank Strachan from KPMG brings you up to date on this hot topic.
- As is usual at this time of year we bring to your attention the tax filing deadlines for the current Spanish tax year.

### **UK REVENUE GAINS ACCESS TO OFFSHORE BANKING DETAILS FOR A FURTHER 4 UK HIGH STREET BANKS**

Further to HMRC's landmark Special Commissioners decision (*HMRC v Financial Institution - SpC 00517/00536*) in which HMRC won access to offshore banking details for the financial institution's clients, HMRC has been successful in winning four further cases against another four UK high street banks (*HMRC v Financial Institutions – SpC 00580/00581/00582/00583*).

This means that HMRC are now in receipt of significant levels of information relating to offshore bank accounts.

KPMG are concerned that HMRC may not have sufficient resources to analyse effectively the very large volume of information being made available in this area, and in particular that any resulting investigations are properly targeted so that innocent taxpayers do not receive unwarranted enquiries.

Whilst there is no evidence by way of public announcements by HMRC of any new process (and certainly not any kind of "amnesty") an incentivised disclosure process might be an effective method of dealing with the information mountain. Any such process would, of course, need to be properly thought through and executed to ensure fairness.

Bearing in mind that HMRC is likely to be in possession of significant amounts of information regarding offshore accounts and structures it would be sensible for clients to review their affairs to identify any potential problems.

### **OFFSHORE – HMRC'S MAIN TARGET IN 2007**

#### ***HMRC Activity in Spain and Gibraltar***

KPMG understand from local comment that HMRC has sent senior tax inspectors down to Southern Spain and Gibraltar. These visits are understood to have been undertaken to review property sale and purchase records to identify UK ex-pats holding property overseas. The information gained from these visits may be used, in conjunction with

the UK banks disclosing information relating to offshore banks accounts, to target certain ex-pats over the coming year.

HMRC has also set up a Non Resident Recovery Unit to target individuals who have left the UK owing tax to the UK Exchequer. In one instance, we understand a UK taxpayer received a call from the Unit whilst golfing in the Costas. HMRC are being assisted by their Spanish counterparts to recoup the money due from this individual.

An article recently published in The Times (8 February 2007) outlined the recent case of an HMRC bailiff serving a writ and court summons in Marbella for £4.1m on a UK ex-pat. This case demonstrates a significant development for HMRC in their targeting of UK ex-pats.

The offshore market is the hot topic for HMRC in 2007. The increase of information exchanged and closer working with their foreign counterpart departments has increased HMRC's ability to recoup money from individuals who consider to have left their UK tax exposure behind. Individuals who are aware of a UK tax exposure are advised to consult with a professional advisor in the first instance.

KPMG will be holding a seminar to discuss HMRC developments and the impact that these Special Commissioners decisions will have on finance industry professionals. The seminar will be held at the Elliot Hotel, Gibraltar on 5<sup>th</sup> March at 3pm. For those interested in attending please e-mail [frank.strachan@kpmg.co.uk](mailto:frank.strachan@kpmg.co.uk) in the first instance.

#### A REMINDER TO ALL CLIENTS

For our business and personal clients alike, please see the timetable below, for all the taxes that are due in the coming months. Try to bring us your paperwork as soon as possible, in order that we may prepare your accounts well in time for all the relevant deadlines. As always, we want to give you a prompt and efficient service, so please, help us to help you!

	<b><u>Tax Payment</u></b>		<b>ASEC needs paperwork by</b>	<b>Payment deadline</b>
	<b><u>Deadlines</u></b>			
	<b>Period From:</b>	<b>Period To:</b>		
<i>Withholding Tax &amp; IVA (forms 110 &amp; 300)</i>	01st January 2007	31st March 2007	05th April 2007	20th April 2007
<i>Annual Income Tax Return (Individual Residents)</i>	01st January 2006	31st December 2006	20th May 2007	30th June 2007

<i>Company Tax</i>	01st January 2006	31st December 2006	05th July 2007	25th July 2007
<i>Income &amp; Wealth Tax</i> <i>( Non Residents owning more than one property)</i>	01st January 2006	31st December 2006	20th May 2007	20th June 2007