

Tax Crackdown on Offshore Accounts

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UP to 80,000 wealthy investors suspected of evading tax by using offshore bank accounts are facing investigation over the next two years, it can be revealed.

Armed with information extracted from Britain's high-street banks, tax inspectors are planning an assault on individuals who have set up accounts in Monaco and other tax havens to hide their assets.

Officials at HM Revenue & Customs (HMRC) said they had launched 11,582 investigations into offshore accounts using data obtained from Barclays, HSBC, Lloyds TSB, HBOS and Royal Bank of Scotland over the past two years.

In a note obtained under the Freedom of Information Act, officials said that between now and 2010 "79,000 further cases are being held, pending a decision on which intervention will be most appropriate. Further cases are likely to be identified".

A spokesman for HMRC said: "We are working through the offshore accounts to ensure everyone pays the right tax. It's important that those with undisclosed offshore assets come forward as soon as possible because this will mean paying a reduced penalty on any outstanding tax."

However, Stephen Camm, who leads the tax-investigations business at Price Waterhouse Coopers, the accountant, said that HMRC would struggle to examine the details of so many individuals.

He said: "The Revenue has a real dilemma here: they will need an awful lot of extra resources to look into these cases.

"The Revenue has already asked for a great deal of client information from banks and other organisations in recent years. Should they be asking for all this extra information when inspectors seem to be struggling to process all the information they already have?"

HMRC has already granted one amnesty to allow anyone who has used offshore accounts to pay any outstanding tax owed, plus interest and a 10% penalty.

This Offshore Disclosure Facility last year raised about £400m for the exchequer. However, about 40,000 of the 60,000 who registered for the amnesty ultimately failed to make a disclosure or pay any tax.

Dave Hartnett, head of HMRC, has signalled that another amnesty may be held.

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Chas Roy-Chowdhury, head of taxation at the Association of Chartered Certified Accountants, said: “The sheer number of people the Revenue is looking to investigate here will scare anyone who has used an offshore account to evade tax.”

Source: The Sunday Times