

OFFSHORE ASSESSMENT TIME LIMITS

HMRC consultation

HMRC has published the consultation document 'Extension of offshore time limits' which proposes to extend the time limits to at least 12 years to assess any tax that is due in respect of offshore matters.

This consultation is an extension from the current time limits of just four or six years, for careless matters. The 20 year time limit for deliberate behaviour will remain. The four, six and 20 year time limits will continue for onshore non-compliance. There will be separate assessment time limits for onshore and offshore for the first time, meaning HMRC will be able to assess double the number of years on a taxpayer who has made an innocent error, compared to a careless or negligent taxpayer with only onshore irregularities.

HMRC's reasoning for increasing the offshore assessment time limit stems from the argument that it requires much more time to gather facts on offshore structures and investments, which may stretch back for many years and can be very complex.

The increased assessment window will work in conjunction with the Failure to Correct (FTC) penalties (coming into force from 1 October 2018) which will be levied at a minimum of 100% of the tax due.

What action do you need to take?

Taxpayers need to review their offshore tax affairs as soon as possible to confirm that they are compliant with current UK legislation. If they are not, they need to make a disclosure based on the current four/six year time limits and avoid at least a 100% penalty.

Taxpayers have until 30 September 2018 to ensure their compliance before the new FTC legislation comes into effect.



If you would like to know more
then please contact:

Pam Harvey

+44 (0)1624 627335

pam.harvey@crowe.im

John Cowan

+44 (0)1624 627335

john.cowan@crowe.im

Elaine Rudge

+44 (0)1624 627335

elaine.rudge@crowe.im