

HMRC empowered to name and shame tax evasion 'enablers'

Tax advisors, accountants, lawyers and other advisors are all subject to new penalties as from 1st January 2017 if they aid off-shore tax evasion and HMRC can now publicly name and shame these 'enablers.' The government has new powers that will see individuals or organisations who take deliberate action to help others evade paying tax facing fines of up to 100% of the tax which they helped to evade or £3,000, whichever is the highest.

The change in legislation was first introduced by the then Chancellor, George Osborne in the 2015 budget and will mean that HMRC can, for the first time, penalise the facilitators of tax evasion who help to physically move funds abroad or advise on offshore tax savings. The UK is sending a clear message to the rest of the world that tax evasion will not be tolerated by being one of the first countries in the world to introduce such a penalty.

A new corporate criminal offence of failing to prevent the facilitation of tax evasion will also be introduced this year, with companies held liable if an individual acting on their behalf as an employee or contractor facilitates tax evasion. Previous rules meant that a corporate criminal prosecution was only possible if there was proof that the Board of Directors were aware and involved in facilitating the evasion.

In addition to this, the government is also introducing a new requirement to correct past tax evasion which will see anyone who has failed to correct previously evaded taxes by the 30th September 2018 hit with tough new penalties.

The Treasury has stated that HMRC has secured over £130 billion in additional compliance revenues as a result of actions to tackle tax evasion, tax avoidance and non-compliance, and more than £2.5bn specifically from offshore tax evaders since 2010.

Please note that should your clients require any confidential advice regarding any insolvency matter they are welcome to contact Ian, John or Robert. An initial consultation is provided free of charge and without obligation. Also, if you or any of your colleagues require any clarification regarding insolvency law or procedure, please do not hesitate to contact us.