

## New Tax Disclosure Opportunity: Can your clients tap in?

On 1 March 2011, The Government announced a new tax disclosure opportunity targeted at the plumbing and heating industry but potentially available to anyone with additional UK tax to declare.

### What is this new opportunity?

Under the new 'Plumbers Tax Safe Plan', plumbers and members of certain associated trades have until **31 May** to report to HMRC their intention to make a full disclosure of their outstanding UK tax liabilities. The penalties charged in respect of this previously undeclared tax will in the majority of cases levied at the low rate of 10%, rising to a maximum of 20% depending on the circumstances of the non-disclosure.

Taxpayers who do not fall within the specified categories of trade may also make voluntary disclosures and should expect to benefit from broadly similar terms. The PTSP will be available to anyone who could not have disclosed under a previous government opportunity, such as the New Disclosure Opportunity or the Tax Health Plan.

### How beneficial is it?

The facility is welcomed by tax practitioners and their professional bodies, including the Chartered Institute of Taxation (CIOT), who have for been lobbying for a general disclosure facility for some time.

Although the terms are favourable to taxpayers, they are less favourable than the Liechtenstein Disclosure Facility, which provides a UK tax amnesty for taxpayers who had offshore assets on 1 September 2009 and currently hold an asset in Liechtenstein. This disparity puts taxpayers whose affairs fall entirely within the UK at a disadvantage when compared to their counterparts operating internationally and it is anticipated that tax practitioners will continue to seek equal treatment for "UK only" taxpayers.

### Is a tax disputes specialist really necessary?

HMRC have produced extensive guidance material setting out the way in which the arrangements will operate. This

guidance and the associated penalty regime are complex and have been criticised by the CIOT for their lack of clarity. It is therefore important for taxpayers to seek professional advice in order to take advantage of the facility and where the amounts of tax at stake are potentially large, the support of a specialist in tax disputes is likely to be particularly beneficial. For example, great care is needed in describing the behaviour that led to the historic errors in completing returns. If HMRC determine that the misdeclaration was deliberate, the maximum penalty level of 20% will cease to apply and criminal charges could be brought.

### Why disclose now?

Any taxpayer taking advantage of this opportunity and making voluntary disclosures is likely to be treated much more favourably than will be the case if HMRC discover the irregularity themselves. HMRC are increasingly active in investigating non-payment or under-payment of tax and without the benefit of a framework like the ones provided by the PTSP and the LDF, the investigations can be very costly and time consuming.

The window of opportunity is narrow, since taxpayers must register their intention to disclose by 31 May this year. Anyone who wishes to benefit from the PTSP should therefore act quickly to take advantage of the beneficial penalty regime and avoid the risk of future investigation.

*Burges Salmon's nationally recognised contentious tax team regularly deals with tax disputes and investigations in respect of both direct and indirect taxes. We are involved at every stage of a dispute and are well equipped to deal with any procedure from initial enquiries to fraud investigations. We undertake litigation (including advocacy) in Courts and Tribunals from the FTT to the Court of Appeal. We are experienced in resolving disputes through mediation and arbitration. We advise both high net worth individuals and corporate clients in respect of their UK tax liabilities, often involving cross-border or international aspects.*

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