

Liechtenstein Disclosure Facility (LDF) - Frequently Asked Questions

Here, we've provided some answers to commonly asked questions about the LDF. The answers given below are not a substitute for the Memorandum of Understanding (MOU) between the government of Liechtenstein and HM Revenue & Customs (HMRC). The MOU sets out the full terms of the agreement.

[Go to the Memorandum of Understanding \(PDF 108KB\) \(opens in new window\)](#)

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1. What is the Liechtenstein Disclosure Facility (LDF)?

The government of Liechtenstein has committed to introduce a five year taxpayer assistance and compliance programme under which financial intermediaries in Liechtenstein will need to be satisfied that, where appropriate, clients are declaring Liechtenstein investments to HMRC.

If you are a UK taxpayer – or if your Liechtenstein Financial Intermediary thinks you may be – they will be in touch with you about this.

HMRC has launched the LDF to help UK taxpayers make a disclosure where appropriate. However, there is no need to wait for your financial intermediary to get in touch. You can contact HMRC as explained at question 5 to make a disclosure under the LDF from 1 September 2009 but you will need to tell the financial intermediary that you have done this. You may wish to consult your financial advisor about this.

2. What is a financial intermediary?

A financial intermediary is a person subject to supervision by Liechtenstein's Financial Markets Authority who provides a service to those holding investments in Liechtenstein.

3. What do I have to do if a financial intermediary tells me I may be liable to UK tax?

You will have to provide the financial intermediary with one of the following:

- written confirmation from a legal, tax or accounting adviser that you have complied with UK tax obligations for your Liechtenstein investments **or** have applied to disclose under another HMRC tax disclosure facility

- evidence to prove you have already met UK tax obligations for your Liechtenstein investments
- a certified or notarised copy of your Self Assessment tax return showing that your Liechtenstein investments have been declared to HMRC
- evidence that you are not a UK taxpayer
- registration and disclosure certificates which we will send to you if you register and make a full disclosure to HMRC under LDF (see question 12)

Alternatively, you can provide permission for your Financial Intermediary to provide HMRC with all your details that they hold.

4. What do I do if I have investments in Liechtenstein but do not receive a notice or do not know who my financial intermediary is?

It is your responsibility to report any interest in relevant investments to HMRC and to satisfy your liability for all taxes due under UK law. If you do not know who your financial intermediary is, you should contact the financial institution in which you have your Liechtenstein Investments to obtain their contact details.

Once you have these details, or if you have Liechtenstein investments but have not received a notice, you should contact your financial intermediary and tell them of your intention to register for LDF. You should also contact HMRC's Liechtenstein helpdesk as outlined at question 5 to complete the LDF registration process.

5. How do I register for the Liechtenstein Disclosure Facility?

You should contact the HMRC Liechtenstein helpdesk to register your details. You can do this by telephone or in writing using the contact details at question 12. You will need to provide the following information:

- name
- address
- National Insurance number (if you have one)
- Unique Tax Reference (if you have one)
- date of birth
- your financial intermediary's name and address (see question 4 if you do not know this)
- the name, reference and contact details of your agent if you have one

6. Will HMRC provide information about me to the financial intermediary?

No we won't. HMRC has a duty of confidentiality to all its customers and taking part in LDF does not change that.

7. What is special about the Liechtenstein Disclosure Facility?

The facility has been introduced to help UK taxpayers with undeclared investments in Liechtenstein to come forward and get their past and future tax affairs on the right footing. By coming forward under LDF, they will be able to take advantage of a number of special terms:

- a 10 per cent fixed penalty on the underpaid liabilities (full interest will have to be paid)
- no penalty where an innocent error has been made
- assessment period limited to accounting periods/tax years commencing on or after 1 April 1999
- the option to choose whether to use a single composite rate of 40 per cent or to calculate actual liability on an annual basis
- assurance about criminal prosecution
- a single point of contact for disclosures

8. What is the advantage of a single point of contact?

This provides a specific service which HMRC has introduced to support people taking part in LDF. It recognises that people with investments in Liechtenstein often have specific needs due to the complexity of their financial affairs. Contact the helpdesk for further details (see question 12).

9. How does the composite rate of tax work?

The composite rate is a single rate of 40 per cent which can be used as a means of calculating an amount which HMRC will accept in satisfaction of past tax liabilities. The amount will cover all UK taxes (including UK Inheritance Tax, Income Tax, Corporation Tax, Capital Gains Tax, Stamp Duty and Value Added Tax and, without limitation, National Insurance contributions). The rate will be applied to all income, profits, gains and other sums chargeable with no reliefs or other deductions to be allowed. Interest and penalties will be due in addition to the composite rate.

The only exception to this is that tax withheld under the European Union Savings directive or under the Agreement on the Taxation of Savings between the EU and Liechtenstein may be offset.

You do not have to use the composite rate. You can choose to calculate your liability using the normal rules, which will mean you are able to claim any reliefs and deductions due.

You may want to seek advice from your tax agent or advisor about whether the composite rate will be of benefit to you.

10. How is interest calculated?

Interest is calculated from the date tax should have been paid until the date you actually pay that tax to HMRC. [HMRC's published rates of interest](#) will apply within LDF.

11. Could I be criminally investigated by HMRC if I take part in the Liechtenstein Disclosure Facility?

HMRC will not start a criminal investigation for a tax-related offence if you make a full and accurate disclosure to us **and** the source of the funds is not from 'criminal activity'. Criminal activity, in this respect, does not include tax evasion.

12. What are my obligations under the facility?

You should contact the HMRC Liechtenstein help desk to notify your intention to make a disclosure as outlined in question 5 as soon as you are contacted by your financial intermediary. (Question 4 explains what to do if you have investments in Liechtenstein but have not been contacted or you do not know who your financial intermediary is.) You can register by writing or telephoning HMRC using these contact details.

Write to:

HM Revenue & Customs
Liechtenstein Desk
7th Floor, The Triad
Stanley Road
Bootle
Merseyside
L75 2EE

Telephone:

Tel: 0845 600 4680
Tel: +44 151 300 2750 (for calls from outside the UK)
Lines are open 8:30 am to 5:00 pm (UK local time), Monday to Friday

If you are eligible we will send you a registration certificate within 60 days of receiving your notification. You need to send the certificate (or a notarised copy of it) to your financial intermediary. You must do this within 30 days of receiving the certificate. If we do not accept you into the disclosure facility we will write to you explaining why and tell you what you should do next.

You should make your disclosure by sending the information described at question 14 within:

- seven months of the registration certificate date if you want to use the single composite rate
- ten months of the registration certificate date if you are going to calculate your liability on an actual basis

We will send you a disclosure certificate within 30 days of receiving your disclosure providing it is complete. You need to send the certificate (or a notarised copy of it) to your financial intermediary. You must do this within 30 days of receiving the certificate. If we have agreed to give you additional time to complete the disclosure (see question 19) we will send you a letter confirming the extended time period. You will need to send this letter (or a notarised copy of it) to your financial intermediary within 30 days of receiving it.

You should provide any additional information in support of your disclosure that we may ask for in order to check accuracy and completeness.

13. Why do I need to send the certificates to the financial intermediary?

You must send the certificates to your financial intermediary to prove to them that you have satisfied the conditions of the LDF.

14. What do I have to include in my disclosure?

We will help by providing a disclosure form, complete with guidance. It will explain that you will need to provide HMRC with sufficient information and evidence to show that you are properly reporting any UK liabilities payable under this facility.

The information needed may include but will not necessarily be limited to:

- Your full name, address and date of birth.
- A copy of your passport, birth certificate or other certified copy documentation to prove your identity.
- Your National Insurance number or any other Unique Tax Reference number (if you have one).
- Information and documentation showing you are eligible to use this facility.
- Full details of all previously undisclosed tax liabilities for each tax year since 6 April 1999, (or earlier if applicable) for a natural person, or accounting period since 1 April 1999 (or earlier if applicable) for a legal person, and ending with the UK tax year covered by the disclosure or an offer for tax based on estimated figures where you do not know the actual amount. You will need to supply suitable evidence to support your estimates.
- A statement saying whether you are to calculate your liability on the actual basis or use the composite rate.
- Information showing how you have calculated your overall tax liability.
- A declaration that your disclosure is correct and complete.
- Full contact details for your professional adviser (if you have one).
- A payment covering all your tax liabilities, interest and penalties. If you cannot pay this amount, you will need to provide us with evidence you cannot pay at this time as well as a proposal for how and when you intend to make payment.

15. What are the time limits for LDF?

You will have 18 months from the date you receive notification from your financial intermediary to satisfy them that you have complied with your UK tax obligations. Within this period you:

- **Must** tell HMRC you have received a notice from the financial intermediary and that you intend to apply to take part in LDF. HMRC will issue you with a registration certificate within 60 days of you contacting us (see question 12).
- **Should** send this certificate to the financial intermediary within 30 days of receiving it.
- **Should** send your full disclosure to HMRC within seven months (if you are using the composite rate) or 10 months (if you are going to calculate your liability on an actual basis) of the registration certificate date. HMRC will send you a disclosure certificate within 30 days of receiving your disclosure providing it is complete.
- **Should** send the disclosure certificate to your financial intermediary within 30 days of receiving it.

16. What if I cannot complete my disclosure within the time limits?

You must contact the Liechtenstein helpdesk immediately if you will not be able to make your disclosure within the time limits. We will consider your reasons and where appropriate, agree to give you additional time to complete your disclosure. If we agree to extend the time limit we will send you a letter confirming the extended time period you have been given and you will need to send this to your financial intermediary.

17. Does the Disclosure Certificate mean that my disclosure is agreed?

No. The disclosure certificate allows you to satisfy the financial intermediary that you have complied with LDF so your investments can remain in Liechtenstein. We will write to you separately to either confirm your offer has been accepted or to ask for further information if this is needed and we will aim to do this within six months of receiving your disclosure.

18. What happens if I do not comply with the financial intermediary's notice?

The financial intermediary will require you to move your investments out of Liechtenstein or exceptionally, will keep your investment but you will face sanctions.

19. What happens if I take part in this disclosure facility but later decide not to go through with it or I refuse to answer further questions from HMRC?

- You will not be able to satisfy or benefit from the conditions of the LDF.
- You will have to move your investments out of Liechtenstein (or exceptionally, keep your investment but face sanctions).
- We are likely to conduct our own investigation which could include making an Exchange of Information request to the government of Liechtenstein for details of your investments **and** our investigation may lead to your name being published as deliberate tax defaulter as announced in the April 2009 Budget.