Save yourself from indecent disclosure!

In light of the upcoming deadline, accountant Geoff Long and tax specialist Tony Borman explain why HMRC’s Disclosure Opportunity should be taken by dentists

Many dentists who have lived abroad will have an offshore bank account. That is quite legal and understandable. Many overseas dentists will have originated from areas where nationalisation exchange control and even persecution were order of the day (Iran, Uganda, the Middle East and even RSA etc). So it is not surprising that they seek to have money invested in safe havens such as Jersey or Gibraltar. However, a small percentage may have made bad decisions with their practice income, diverting money to an off-shore bank account and not declaring it to the Inland Revenue.

HMRC’s New Disclosure Opportunity (NDO) is an opportunity to come clean, pay the tax, clean up your act and pay a very modest 10 per cent penalty and probably avoid a potentially horrendous tax investigation.

Some dentists have recently received letters from their bank saying they have disclosed their off-shore account to the tax authorities. If the amount has not been declared on your tax return, the taxman is going to start asking why. Next they will want to know where the money came from, and if you cannot provide an answer, it could trigger a tax investigation.

So, what is the answer?

You need to get a tax specialist to check your affairs, and if there is a problem, make a disclosure to HMRC. You must register your intention to disclose by 30 November 2009, or the chance is gone.

The prospect in store for those who are subsequently found out by HMRC is not good; penalties of up to 100 per cent of the tax, a long drawn out investigation possibly lasting years and costing a fortune in accountants’ fees, a tax inspector who is likely to disbelieve everything you say, possible naming and shaming under the new proposals in the last Budget, and even criminal prosecution.

So, from the tax point of view, it is a no-brainer – take the opportunity and move on.

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The points to bear in mind:

- The net is closing – 308 banks are now starting to send information to HMRC.
- The deadline is looming – 30 November 2009.
- Funds in Liechtenstein get special treatment.
- People who get caught later will face full-scale investigation of all aspects, plus far higher penalties.
- Lots of scope for innocent mistakes on offshore arrangements.
- Lots of scope for savings with proper advice.

About the authors

Geoff Long FCA is a specialist dental accountant based in Hertfordshire. Geoff advises on a range of dental tax issues and regularly writes for the dental press. Geoff has over 15 years’ experience managing dentists’ accounts and is recognised for his proactive approach. Call him on 01438 722224 or email office@dentax.biz.

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