AUTUMN STATEMENT SUMMARY...

As the Chancellor pointed out, the Autumn Statement was delivered five months to the day after the UK voted to leave the European Union. In contrast to the dire warnings given in the run up to the vote, there were no knee-jerk changes to fiscal policy in response to the unexpected outcome, nor has the Chancellor wielded the threatened sledgehammer of further austerity.

However, he has broadly resisted the urge to open the taps of public spending and other fiscal stimuli, adopting a broadly 'steady as she goes' approach.

There are substantial funds allocated for infrastructure improvements and programmes to improve skills and productivity. However, such spending is, of its nature, spread over a number of years, with the benefits intended to be reaped in the longer term.

Likewise in respect of tax policy, there have been no fundamental shifts in approach. The Chancellor has reaffirmed to the policy of reducing corporation tax rates, though without a commitment to George Osborne's target of 15%.

There will be further incremental increases in the Personal Allowance, and a phased increase in the threshold for the higher rate of tax, continuing existing policy (on the Personal Allowance) and confirming a policy pledged in the 2015 manifesto (in relation to the higher rate).

After repeated (adverse) changes to the taxation of residential property over the last four years, no further substantial changes were announced (although estate agents, and indirectly landlords, will be affected by the ban on letting fees charged to tenants). Despite industry lobbying, no reductions were made to the higher rates of Stamp Duty Land Tax introduced in December 2014, nor to the 3% surcharge for second residential properties. Notwithstanding the perceived softening in some parts of the residential property market, receipts from Stamp Duty Land Tax are forecast to continue rising over the next four years.

Elsewhere, apparent giveaways were often matched with what, in another era, might have been termed 'stealth' taxes. A freeze in fuel duty, for example, was broadly offset by an increase in Insurance Premium Tax.

Finally, it was announced that next year's Spring Budget would be the last to be presented at that time, with a move to Autumn Budgets thereafter. This will undoubtedly provide more time for legislation to be properly considered before it comes into effect at the start of the following tax year. It will also give the Chancellor the opportunity to present two Budgets during the course of 2017 which, given the anticipated rise in inflation following sterling devaluation, and the impact on the UK economy from the first stages of 'Brexit', will give plenty of opportunity to adapt policy in light of evolving circumstances. 'Steady as she goes' for now, but still considerable uncertainty ahead.

BRIEFING

November 2016

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A Personal Taxation

1. Rates & Allowances

Income Tax Personal Allowance

The Government has reiterated its commitment to raise the Income Tax Personal Allowance to £12,500 and the Higher Rate Tax threshold to £50,000 by the end of this Parliament. As part of this process, the 2017/18 Income Tax Personal Allowance will increase to £11,500 (currently £11,000) and the 2017/18 Higher Rate Tax threshold will increase to £45,000 (currently £43,000).

Once the Personal Allowance reaches £12,500, it will then increase in line with the Consumer Price Index rather than in line with the National Minimum Wage.

Individuals who are not liable for tax, or who pay tax at the Basic Rate only, will be able to transfer 10% of their Personal Allowance to a spouse or civil partner, providing that the spouse or civil partner is not liable to tax at the Higher or Additional Rate.

For 2017/18, the Personal Allowance will continue to be withdrawn from individuals with income in excess of £100,000. Individuals with income between this amount and £123,000 (£122,000 for 2016/17) will continue to suffer an effective rate of Income Tax of 60% on the excess within that band.

Starting Rate for Savings Income

For 2017/18, the starting rate of tax for investment income will remain at zero percent on savings income of up to £5,000. The Savings Rate only applies where an individual's non-savings income, after deduction of the Personal Allowance, is below the Savings Rate threshold.

Basic and Additional Rate Bands

The Income Tax Basic Rate band for 2017/18 will increase to £33,500 from £32,000 in 2016/17.

The 45% Additional Rate of tax continues to apply to income in excess of £150,000.

2. Pensions

Money Purchase Annual Allowance

The majority of individuals who contribute to an approved pension scheme are entitled to a maximum annual allowance of £40,000. That is the maximum annual contribution on which pensions tax relief may be claimed. Any sum contributed in excess of this will attract a tax charge at the individual's marginal rate.

From 6 April 2015 a new allowance was introduced, the Money Purchase Annual Allowance, which is triggered only if an individual withdraws benefits from an approved pension scheme in certain ways (generally by entering flexi-access drawdown or taking an ad-hoc lump sum). If these provisions are triggered, the annual allowance on future contributions to a defined contribution pension scheme is reduced to £10,000. This provision was introduced, primarily, to restrict the ability either to draw funds from a pension scheme and recycle them into further pension savings or to contribute earnings to a pension scheme and immediately withdraw 25% as a tax free lump sum.

From 6 April 2017, the Money Purchase Annual Allowance will be reduced to £4,000, subject to a Consultation Process. The Government believe that the initial limit of £10,000 is too generous and allows individuals aged 55+, who are able to access their pension savings but continue to remain employed to take undue advantage. The Government believes resources would be better allocated to other groups and the consultation document cites the example of the planned increases to the minimum contribution rates under auto-enrolment as a better target for tax relief.

The Government recognises there are some individuals who require support through the tax system to re-build their pension savings, having previously entered drawdown. The reduced £4,000 allowance is seen as being at a level that will assist such individuals whilst discouraging those who perceive it as a loophole to obtain a second round of tax relief.

Foreign Pensions

The Government announced a number of measures aimed at tightening up the tax rules around foreign pensions, as follows:-

- The tax treatment of foreign pensions will be more closely aligned with the rules that apply to domestic UK pensions. This will be achieved by ensuring that lump sums and foreign pension income in the hands of a UK resident individual are treated in the same way as those from domestic pensions.
- Certain specialist pension schemes (known as Section 615 Schemes) can be established overseas for non-UK resident employees which permit benefits to be taken at any age and entirely as a lump sum. At present, by concession, lump sum benefits paid to certain individuals who have subsequently become UK resident, are not charged to tax. The Government announced today that they will close such schemes to new savings.
- Under current rules, lump sum payments made from UK pension schemes transferred overseas (for example to a QROPS) fall outside the scope of UK tax once the scheme member has been non-UK resident for 5 years. The period over which the UK will retain taxing rights over lump sum payments made from the pension fund will be extended to 10 years.
- The tax treatment of funds transferred between registered pension schemes will be aligned.

- The eligibility criteria for foreign schemes to qualify as overseas pension schemes for UK tax purposes will be updated.

3. ISAs

As was announced at Budget 2016, the ISA subscription limit is to increase from £15,240 to £20,000. This will be effective from 6 April 2017.

Also effective from 6 April 2017, the annual subscription limit for Junior ISAs and Child Trust Funds will be increased in line with the Consumer Prices Index to £4,128. The limit is currently £4,080 for 2016/17.

4. Offshore Funds

Investors in offshore reporting funds pay Income Tax on their share of the fund's reportable income, and CGT on any gain arising on disposal of their shares or units. With effect from 6 April 2017, the reportable income will no longer be reduced by a deduction for performance fees that are calculated by reference to any increase in the fund's value. This equalises the tax treatment between onshore and offshore funds.

5. Insurance Premium Tax (IPT)

The tax charged on general insurance premiums, including car insurance, travel insurance, and home insurance policies will be increased to 12% from 1 June 2017. The current rate of 10% was introduced as recently as 1 October 2016 by Budget 2016. The 12% rate applicable from June 2017 represents a 100% increase over less than two years.

6. Life Assurance Policies

There has been consultation on modifying the taxation of Life Assurance policies, where there are chargeable events, with the aim of preventing unfair tax charges arising on part surrenders or part assignments in excess of the permitted cumulative 5% annual allowance. The consultation included three options for changing the current method of calculating taxable gains that arise on excess part surrenders or part assignments, so that the excess would not be immediately subject to Income Tax.

The consultation has now concluded and the Chancellor has announced that the Government will publish legislation, to take effect from 6 April 2017, which will allow applications to be made to HM Revenue & Customs to have the excess tax charge recalculated on a just and reasonable basis.

Although it seems that there will be no single new calculation method to replace the existing legislation, it is intended that the application process will lead to fairer outcomes for policyholders. It is therefore assumed that policies will be reviewed by HM Revenue & Customs on a case-by-case basis, although the mechanics of how excess tax charges will be mitigated have not been addressed.

7. Personal Portfolio Bonds

There has also been a consultation on extending the types of property which policyholders may choose to invest in without resulting in the policy falling into the "personal portfolio bond" (PPB) regime, which imposes draconian annual Income Tax charges on a notional annual income arising on the policy.

The consultation explored the possible inclusion within the "permitted property" definitions of the following:

- Real estate investment trusts;
- Overseas equivalents of UK approved investment trusts;
- Authorised contractual schemes.

The consultation has now concluded and the Chancellor has announced that the next Finance Bill 2017 will allow the Government to amend the list of permitted property by regulation, although no details are given. The change will take effect from Royal Assent.

8. Social Investment Tax Relief

Income tax relief at 30% is available to individuals making qualifying investments in certain social enterprises providing community or charitable benefit. The investment must be retained for a minimum period of three years for the relief to be retained; furthermore, if this condition is met, no CGT will be due on a disposal. Capital gains arising on other assets may also be rolled over into the social investment; the CGT on those disposals will be payable when the social investment is sold or redeemed.

The Social Investment Scheme is set to run until 5 April 2019. From 6 April 2017, the amount of investment social enterprises aged up to seven years old can raise through the scheme will increase to £1.5 million. Other changes will be made to ensure that the scheme is well targeted. For example, while investment in nursing homes and residential care homes will be excluded initially, the Government intends to introduce an accreditation scheme to allow them to qualify in future.

9. National Savings & Investments - Investment Bond

National Savings & Investments is to offer a three year savings bond, available for 12 months from Spring 2017. An interest rate of 2.2% is expected. Anyone over 16 will be able to invest a minimum of £100 and maximum of £3,000.

10. Inheritance Tax: Gifts to Political Parties

Gifts to mainstream political parties are exempt from IHT. Currently the definition of qualifying party is based on whether it had at least one MP elected to the House of Commons at the last General Election. From Royal Assent, the exemption will be extended to parties with representatives in the devolved legislatures, as well as to parties that have acquired representatives through by-elections.

11. The Non-Domiciled

At the Summer Budget in 2015 the Chancellor announced major reforms to the taxation of foreign domiciliaries which are to come into effect from 6 April 2017.

The details are complex but the changes can be summarised as follows:

1. Anyone born in the UK, with a UK domicile of origin, and who is UK resident will be deemed domiciled in the UK for all tax purposes (subject to a period of grace for IHT if the individual was not UK resident in either of the preceding two tax years);
2. A long term resident - one who has been UK resident in at least 15 of the immediately preceding 20 tax years - will be deemed domiciled for all tax purposes;
3. The scope of IHT will be extended so as to apply to UK residential property owned by foreign domiciliaries (or trusts settled by foreign domiciliaries) indirectly, through a foreign company or partnership.

Further details have been issued since that Budget, but much remained unclear. A long-awaited 'Further Consultation Document' was published by HM Treasury/HMRC on 19 August 2016 (along with some draft legislation) and we issued a detailed briefing on that consultation in September 2016 (see http://www.rawlinson-hunter.com/wp-content/uploads/2016/09/Reforms-to-Taxation-of-Foreign-Doms-Full-Briefing1.pdf).

There is a section in The Autumn Statement 2016 on Non Domiciled individuals but there is no new information apart from:

- A statement indicating that foreign trusts will provide a shelter from Income Tax and CGT for as long as these are not distributed. There was concern following the August Consultation Document that any benefits provided from such a trust would trigger a charge to CGT on the settlor in respect of all future gains whether distributed or not, but HMRC appear to have backed down from this stance.
- A commitment to improve Business Investment Relief.

Further draft legislation will be released on 5 December (referred to as "L" day, this is the day when the majority of the draft Finance Act 2017 legislation will be released) but given the complexity of these issues, what is published may be incomplete or in a far from final form.

We will update our briefing as and when required.

12. Making Tax Digital

The Government is pushing ahead with the project for on-line filing, known as 'Making Tax Digital'. It intends to accomplish this between 2018 and 2020. A number of Consultation Documents were published in August, and it has been announced that responses will be published in January 2017. However, it is clear that it is Government policy to abolish Self-Assessment Returns and replace these with on-line digital tax accounts. The Government wants to automate filing as far as possible, and relieve tax payers of the burden of entering tax related data assembled automatically from third parties such as employees and banks. A taxpayers' digital account will be pre-populated with such information.

'Making Tax Digital' will introduce significant changes in the way that tax payers interact with HMRC. Rawlinson & Hunter will issue a separate briefing paper for our clients once the response to consultation has been published in January 2017.

13. Gift Aid

The Chancellor has reaffirmed the Government's intention to give intermediaries a greater role in administering Gift Aid, simplifying the process for donors making online donations. This initiative has been on the agenda for at least three years and was the subject of a lengthy Consultation Document in July 2013. Ideas were then put forward to widen the role of intermediaries and in particular to enable intermediaries other than charities to collect and distribute Gift Aid donations. This would allow donors to complete a single Gift Aid declaration for all donations made through any one intermediary.

Many tax payers make donations to charities online, and it is probably the Government's intention that tax payer data assembled by intermediaries offering on-line charitable giving platforms should be capable of automatic entry into tax payers' digital accounts. The initiative may finally gain traction as part of the wider 'Making Tax Digital' project implementation.

B Earned Income

14. National Insurance

As was announced in the 2016 Budget, Class 2 National Insurance Contributions ("NICs") will be

abolished from April 2018. Following abolition, the self-employed will gain access to benefit entitlement via Class 3 and Class 4 NICs and there will be provision to support self-employed individuals with low profits during the period of transition.

All self-employed women will still be able to access the standard rate of Maternity Allowance.

The National Insurance secondary (employer) threshold and the National Insurance primary (employee) threshold are to be aligned from April 2017. This will result in both employees and employers starting to pay National Insurance on weekly earnings above £157 in 2017/18. This will simplify the payment of National Insurance for employers.

Also from April 2017, the tax and employer National Insurance advantages of salary sacrifice arrangements will be removed except where these relate to pensions, childcare, cycle to work and ultra-low emission cars.

Finally, certain forms of termination payment are currently exempt from both employee and employer NICs and the first £30,000 is free of Income Tax. The Government has announced that, from April 2018, it will tighten the scope of the £30,000 exemption and align the Income Tax and NIC rules so that employer NICs will be due on those payments above £30,000 that are already subject to Income Tax. For now, the full amount of any termination payments will remain outside the scope of employee NICs.

15. Salary Sacrifice

As part of the Government's goal of creating a fair and sustainable tax system, various changes to the taxation of employee benefits in kind and expenses have been proposed. Following consultations over the summer, the tax and employer's National Insurance advantages of salary sacrifice arrangements will be phased out from 2017.

Under such arrangements, employees exchange a portion of their salary for a non-cash benefit-in-kind. This can be advantageous for both the employer and employee if the benefit qualifies for an exemption from tax or may be disregarded before calculating NICs. From 2017 any advantage will be removed and the employer and employee will pay the same amount of tax and NICs as if the arrangement were not in place.

Fortunately, the new rules will not apply to arrangements relating to pensions (including advice), childcare, Cycle to Work and ultra-low emission cars. The exemption for pensions will be welcome news to employers who have adopted the arrangements in connection with the recent auto-enrolment regulations for pensions, but those who have benefited from the arrangements for common non-cash benefits such as mobile phones and gym memberships will be disappointed.

Any arrangement in place prior to April 2017 will be protected from the new regulations until April 2018 and this grace period will be extended to April 2021 for arrangements involving company cars, accommodation or school fees.

16. Benefits in Kind

The methodology by which many benefits in kind are valued for tax purposes has not changed for some time and the Government has announced a consultation on the valuation of living accommodation provided by employers and on the valuation of other benefits.

In the same vein the Government will invite views on the deductibility of employees' business expenses, including those not reimbursed by employers.

17. Termination Payments

As noted in 14 above, the Chancellor has confirmed that from April 2018 termination payments in excess of £30,000 which are subject to Income Tax will also be subject to employers' NICs.

There has also been a technical consultation on narrowing the scope of the Income Tax exemption on termination payments. The consultation has concluded and the Chancellor has announced that tax will only be applied on payments equivalent to an employee's basic pay if the employee does not work his or her notice period. The first £30,000 of a termination payment will remain exempt from Income Tax and from NICs for both the employee and employer.

18. Disguised Remuneration Schemes

In the 2016 Budget, the measures to counter avoidance of tax through Disguised Remuneration Schemes entered into by employers were announced. The Government now proposes to extend such measures to tackle avoidance by the self-employed, but no details have been given as yet.

Tax relief for contributions to Disguised Remuneration Schemes will be denied unless PAYE and NICs are paid within a specified period.

19. Miscellaneous PAYE Changes

Legislation will be introduced in the 2017 Finance Bill to simplify the process for applying for a PAYE settlement agreement (under which employers are able to make a single annual payment to cover tax and NICs due on small employee benefits and expenses). This will have effect in relation to agreements for the 2018/2019 tax year onwards.

At the same time, provisions will be introduced to require employees who wish to 'make good' in respect of a benefit in kind not put through the PAYE system to make the payment to their employer by 6

July in the following tax year. 'Making good' is where the employee makes a payment in return for the benefit in kind they receive such that no taxable value (or a reduced value) is ascribed to the benefit. This measure will have effect from April 2017.

20. Legal Support

From April 2017, employees called to give evidence in court will no longer need to pay tax on legal support provided by their employer. While this is more generous than the current relief (which is only available to those requiring legal support because of allegations against them), it is likely to have only limited application as witnesses in court do not typically need independent legal advice.

C Real Estate

21. Residential Property

After the concerted attack on residential property over the past 5 years, it is a relief to see that no further changes were announced in the Autumn Statement. Instead, the Annual Tax on Enveloped Dwellings ("ATED") will only increase in line with inflation, rather than at super inflationary rates as it did in 2015/16, and despite press speculation no changes were announced to the regime for Stamp Duty Land Tax ("SDLT"). Perhaps this is because SDLT on its own currently produces just under the combined receipts for IHT and CGT together and is projected to grow at a faster rate so as to overtake them.

There is speculation that the rush of incorporations referred to in Section 24 below may in part be a result of buy to let landlords using companies to avoid the restriction on the interest deduction against rental income which will apply to non-corporate landlords from 6 April 2017. This starts with a disallowance of 25% of the interest paid in 2016/17, but rises over four years so that no interest relief is available by 6 April 2020, leaving landlords obliged to pay tax on a deemed profit when they have made an economic loss. The ATED is no disincentive to incorporation as it does not apply to residential property let on arms-length terms to a third party.

With a nod to hard-pressed tenants in a tight lettings market, the Chancellor has announced that it will consult on a proposal to ban letting agents' charging fees to tenants. This measure is introduced to provide greater clarity and control for tenants and also to improve competition in the private rental market. Probably more important for prospective tenants facing a housing shortage are the announced investments in the Housing Infrastructure Fund, Affordable Homes and the accelerated construction of new homes on public sector land.

D Business Tax

22. Cut in the Corporation Tax Rate

The Chancellor confirmed the intention to reduce Corporation Tax to 17% from 1 April 2020. The rate is expected to fall from 20% to 19% on 1 April 2017 although there was no specific confirmation of this.

Despite the cut in the rate, the Government is projecting that annual Corporation Tax receipts will increase from £44 billion this year to £54 billion in 2020/21.

23. Restriction in Corporation Tax Relief for Interest

Following consultation, it has been confirmed that from 1 April 2017 new rules will be introduced to restrict the relief for interest paid by UK companies in large groups. The changes follow the recommendations in the OECD's BEPS project.

In broad terms, the rules will restrict interest deductions where the net UK interest expense exceeds £2 million. Thereafter, relief will be limited to 30% of UK 'taxable EBITDA', unless the worldwide group's net interest to earnings ratio exceeds that amount, in which case the group ratio will be the limit applied in the UK.

The existing worldwide debt cap rules will be repealed as they will have become superfluous.

24. Possible Restrictions on the Incorporation of Businesses?

One of the more encouraging signs for the UK economy has been an almost uninterrupted fall in the unemployment rate from just over 8% back in 2012 to just under 5% today. While politicians may disagree on the numbers and types of new jobs being created, it is striking that the number of UK incorporated companies has risen significantly over those same few years. Whilst many new incorporations are driven by specific projects, it is reasonable to assume that straightforward employment is not the only option for all and providing services through companies remains attractive. In the Chancellor's speech, he highlighted "the growing cost to the Exchequer of incorporation" and in support of the comment, the detailed commentary estimates this to be £3billion.

The Government's concern seems to be that the lower rates of Corporation Tax have encouraged those who would have operated as self-employed or as directly employed to offer their services through a personal service company. Ways to disincentivise such behaviour has been the subject of consideration for nearly twenty years. Most recently, the Government

announced a consultation on off-payroll working rules for the public sector. These cover contractors being retained by Government departments and their remuneration. Following the closure of the consultation, the Government is moving forward with draft legislation. This will transfer the responsibility for demonstrating that the correct tax is being paid from the worker's company to the paying public body. It is assumed that this will make it more difficult to show that an individual's arrangements are not a disguised employment and should be taxed as such.

While not specifically covered in the detailed commentary, the Chancellor remarked: "the Government will consider how we can ensure that the taxation of different ways of working is fair between different individuals, and sustains the tax-base as the economy undergoes rapid change." There is no suggestion that these off-payroll working rules will later be applied in the private sector, but there is an implication that HMRC will re-visit the rules on the taxation of both the self-employed, and shareholder/directors of small companies. While it is too early to comment on how the detailed new rules for the public sector will operate, it seems that the taxation of intermediaries still remains an unresolved issue for HMRC.

As mentioned in section 21 above, the proposal to deny the tax benefits of incorporation may also be aimed at non-corporate landlords wishing to preserve interest relief on buy-to-let mortgages. Incorporation has been widely publicised as a way of enabling owners to retain full interest deductions. The Chancellor may be anticipating a wave of incorporations of property businesses, and be seeking to pre-empt this by denying the tax benefits of incorporation.

25. VAT

The Autumn Statement included measures aimed at tackling abuse of the VAT Flat Rate Scheme, and reducing the administrative burden attached to the Retail Export Scheme. There is also to be a new penalty for participating in VAT fraud.

With effect from 1 April 2016, a new 16.5% rate will be introduced for businesses using the VAT Flat Rate Scheme. The Scheme is available for small businesses with VAT exclusive annual taxable turnover of up to £150,000. The new rate will apply to 'limited cost traders'. A limited cost trader is defined as one whose VAT inclusive expenditure on goods is either:

- Less than 2% of their VAT inclusive turnover;
- Greater than 2% of their VAT inclusive turnover but less than £1,000 per annum.

This measure is introduced to prevent businesses with low costs taking advantage of a low rate of VAT under the Flat Rate Scheme and therefore ensures such businesses do not benefit from paying less VAT by using the scheme.

For the purpose of this measure, goods must be exclusively used for the purpose of the business. The following categories of expense are excluded:

- Capital expenditure;
- Food and drink for consumption by the business or its employees;
- Vehicles, vehicle parts and fuel.

Funding will be provided for the digitalisation of the VAT Retail Export Scheme to reduce the administrative burden to visitors to the UK.

The Government will legislate in the Finance Bill 2017 to introduce a penalty for participating in VAT fraud. The penalty will be applied to businesses and company officers who know or should have known that their transactions were connected with VAT fraud. This penalty is designed to penalise those who help facilitate and orchestrate VAT fraud without necessarily benefitting directly. In certain circumstances, this definition could include professional advisers. The new penalty will be a fixed rate penalty of 30%.

E Anti-Avoidance

26. The Tax Gap

The Chancellor reiterated the Government's commitment to fight tax evasion, tax avoidance and aggressive tax planning, all of which, rather than just the first, are now regarded as unacceptable. He noted with satisfaction that the "tax gap" is now one of the lowest in the world, but it remains unclear how this is calculated. Notwithstanding this, there is to be no respite in the reduction of new measures designed to reduce it still further.

27. Strengthening Deterrents

Enablers

As announced in the 2016 Budget, the Government will legislate to introduce penalties for "enablers" of tax avoidance schemes. Such moves are targeted at those who assist taxpayers to use tax avoidance arrangements which are defeated in the courts. There will be further consultation before the publication of draft legislation.

Non-Independent Advice

The Government will also legislate to remove the defence of "reasonable care", where penalties are levied against users of defeated tax schemes where the advice on which they have relied has not been independent.

HMRC Counter Avoidance

The Government will commit further funding to enable HMRC to tackle tax avoidance and to undertake litigation.

28. New Obligations

Requirement to Correct

The UK will start receiving information on offshore accounts in 2017, as a result of Common Reporting Standard ("CRS") disclosures. At the same time it will begin to share information on accounts held in the UK with other tax authorities. The CRS is a multilateral agreement to implement a standard for the automatic exchange of financial account information and will effectively extend FATCA-like agreements to many other jurisdictions.

Before HMRC starts to receive data under the CRS there is a new Worldwide Disclosure Facility which runs until 30 September 2018. This is intended to allow non-compliant taxpayers to regularise their tax affairs, although the Facility offers markedly less favorable terms than those which have applied under previous initiatives.

After 30 September 2018, the new Requirement to Correct regime will introduce further sanctions against offshore tax evasion. A disclosure may still be made after that date, but the terms will be less favourable.

Registration of Offshore Structures

The Government will consult with a view to introducing new legislation that requires intermediaries arranging complex structures involving offshore funds to notify HMRC of the details.

29. Tackling the Hidden Economy

As part of the Government's approach to tackle the so-called "hidden economy", the Government will introduce legislation to extend HM Revenue & Custom's data-gathering powers to businesses which provide money transmission, cheque cashing, or currency exchange services. This will affect a wide range of businesses, including high street money transmitters and their agents, foreign exchange currency traders, and peer-to-peer money transmitters, as well as other enterprises that may offer these services in addition to their main line of business.

The Government will consult on the possibility of making access to licenses or services conditional on the business being registered for tax. The Government will develop proposals to strengthen sanctions for those who repeatedly and deliberately participate in the hidden economy. Further details will be set out in Budget 2017.

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