

An offshore 'nudge' from HMRC



HMRC are receiving unprecedented levels of financial information through global automatic exchange of information agreements. Sophisticated data analysis techniques are applied to the information in order to identify a taxpayer population considered to be at risk of non-compliance. Those identified are increasingly issued with a 'nudge' letter.

What is a 'nudge' letter?

- The 'nudge' letters issued by HMRC advise the recipient that information is held regarding their offshore assets.
- The letters will tend to include a certificate which the recipient is asked to sign and return, confirming that either:
 1. their tax affairs are fully up to date
 2. a disclosure is to be made to HMRC.



What is the appropriate response?

- While we do not advise the recipient to sign and return the certificate, it is important to respond and engage with HMRC. This could include:
- identification and review of the offshore assets that instigated the nudge letter
 - undertake a broader review, if necessary, of offshore assets and structures (and previous tax return filings) to obtain reassurance before responding to HMRC
 - careful consideration of the response required, given that if this is incorrect this could lead to increased penalties, "naming and shaming" and potentially a criminal investigation in serious cases.

KPMG Offering

We have a wealth of experience in dealing with this type of HMRC communication and can offer help in the following ways:

- risk assessment of offshore assets including areas to consider and review before responding to HMRC
- where necessary, assist with the preparation and submission of a disclosure to HMRC
- deep expertise considering behaviours that determine years taxable and penalties
- consideration of Requirement to Correct, Failure to Correct penalties and reasonable excuse.



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