

Tax Health Plan: A new disclosure facility for UK resident medical professionals

HM Revenue & Customs (“HMRC”) announced on 11 January 2010 that a new disclosure facility will be available specifically for UK tax resident medical professionals who have understated their income. HMRC have stated that the Tax Health Plan gives medical professionals an opportunity to regularise their tax affairs with a limited penalty and also avoid the possibility of an investigation resulting in criminal prosecution.

The “Tax Health Plan” is the first initiative in a new HMRC campaign focussed on professionals therefore we anticipate that there will be future disclosure facilities for individuals in other professions in due course.

If medical professionals notify HMRC of their intention to make a voluntary disclosure then HMRC will allow the individuals to regularise their tax affairs on the best available terms and will limit the penalties on the tax due on the undeclared income to 10%. No penalty will be due where the total of unpaid taxes or duties is less than £1,000.

If a UK tax resident medical professional wants to take advantage of the Tax Health Plan they must notify their intention to make a voluntary disclosure with HMRC by 31 March 2010. If an individual is registered under the Tax Health Plan they must make a full disclosure of all the tax due and pay all the tax, interest and penalties by 30 June 2010.

After 31 March 2010 HMRC will carry out targeted tax investigations on medical professionals based on the information they already have on their records and they will also be looking to obtain information from other sources including NHS trusts, private hospitals and medical insurers. Those individuals who are investigated and found to have undeclared tax liabilities, but did not take advantage of the Tax Health Plan will face substantial penalties of up to 100% of the tax due or potentially criminal prosecution.

If the unpaid tax is linked to an offshore account or asset then a disclosure should have been made under the Offshore Disclosure Facility in 2007 or the New Disclosure Opportunity in 2009/10 and the limited 10% penalty offered under the Tax Health Plan will not be available. If individuals cannot benefit under the Tax Health Plan they may be able to benefit from the Liechtenstein Disclosure Facility or they may wish to make a voluntary disclosure to HMRC.



SMP Partners Comments

We are surprised to see the Tax Health Plan so soon after the deadline for the previous disclosure facility, the New Disclosure Opportunity. However if you or your clients are UK resident medical professionals and are unsure whether the appropriate disclosures have been made in prior year UK tax returns, we would be delighted to assist and, where necessary, we can help prepare and submit the disclosure under the Tax Health Plan or the Liechtenstein Disclosure Facility if more appropriate.

SMP Accounting & Tax Ltd has one the largest dedicated tax teams on the Isle of Man. The senior members of our tax staff are experienced former employees of the Big 4 and mid-tier accountancy firms. Our tax staff have many years experience of UK and Offshore tax matters, including submitting disclosures under the Offshore Disclosure Facility and the New Disclosure Opportunity, and we can provide high level tax advice to clients with complex tax affairs.

Please feel free to contact your usual SMP Accounting and Tax Advisor if you have any general queries in relation to the Tax Health Plan. For specific potential Tax Health Plan cases in the first instance please contact either John Watterson or Georgina Kelly from our in-house legal department.

Our initial discussions are free of charge and we are happy to agree fixed fees in advance of incurring any time charges.

Contact details

John Watterson, Head of Legal Services

Tel: +44 (0) 1624 683 241

Email: john.watterson@smppartners.com

Georgina Kelly, Legal Officer

Tel: +44 (0) 1624 683 265

Email: georgina.kelly@smppartners.com



Ali Stennett, Senior Tax Manager

Tel: +44 (0) 1624 683 297

Email: ali.stennett@smppartners.com

Amanda Cowley, Senior Tax Manager

Tel: +44 (0) 1624 683 251

Email: amanda.cowley@smppartners.com

SMP Partners

P.O. Box 227

Clinch's House

Lord Street

Douglas

Isle of Man IM99 1RZ

Tel: + 44 (0)1624 683 229

Fax: + 44 (0)1624 612 624

Email: info@smppartners.com

www.smppartners.com