

Your appearance in the Pandora papers

We're writing to you because you've been named in the Pandora Papers. This is a large release of offshore data by the International Consortium of Investigative Journalists (ICIJ).

We've been reviewing the data in the Pandora Papers and writing to customers to give them an early opportunity to update their tax affairs. You can view this data on the ICIJ website.

About the Pandora Papers

During 2021 and 2022, the ICIJ released more than 11 million records from 14 offshore service providers. These providers specialise in incorporating companies, trusts, foundations and other entities in low, or no tax jurisdictions. This release is known as the Pandora Papers.

We have identified that you are connected to the entities listed in Appendix 2.

Offshore companies and structures can be used as part of legitimate tax planning. However, there are structures which may be impacted by:

- residence, domicile and deemed domicile, anti-avoidance provisions, including the Settlements Legislation and Transfer of Assets Abroad code (ToAA)
- trust protections and trust tainting (if you are deemed domicile under Condition B)

You told us you are non-domiciled but UK resident. This means you should declare your worldwide income and gains on the arising basis, unless the remittance basis applies.

This also means you should pay tax in the UK on:

- income and gains from the UK
- foreign income and gains if you are using the arising basis
- foreign income and gains remitted to the UK if you are using the remittance basis

You may also have to pay the remittance basis charge that is appropriate to you. This depends on years of residence in the UK, if you've made a claim for the remittance basis.

Offshore taxation is complex, and mistakes can be made. We have included an appendix which gives you key information and risk areas for you to consider.

What you need to do now

Please check that you've told us about all your UK tax liabilities from all overseas income or gains by [\[date of letter + 60 days\]](#).

If you find that you need to update us about your tax affairs, go to GOV.UK and search 'tell HMRC about underpaid tax from previous years'.

If you are still within the amendment deadline, you should make any required amendments. For information about how to do this, go to GOV.UK search 'Self Assessment corrections' and choose 'If you need to change your return'.

If you're not sure, we recommend getting professional tax advice. It's important that you review your tax affairs. This is because some people with assets overseas have found that earlier tax advice is now out of date after changes in their circumstances or to tax laws.

If you have a Customer Compliance Manager (CCM), you can ask them any questions you may have.

If you think your tax affairs are correct and up to date, you don't need to do anything.

If you don't report all your overseas income or gains

We're continuing to review the data from the Pandora Papers and other information we have. This includes Common Reporting Standard (CRS) data. As part of that review, we may investigate your tax records further.

If we find that you haven't reported all your overseas income or gains that you owe UK tax on, we may charge you penalties. We can charge penalties of up to 200% of any tax due. For more information about this, go to GOV.UK and search 'CC/FS17'.

If you need extra support

If you have any health or personal circumstances that may make it difficult for you to deal with us, please tell us. We'll help you in whatever way we can. For more information about this, go to GOV.UK and search 'get help from HMRC if you need extra support'.

We've sent a copy of this letter to your tax adviser.

Yours sincerely

Wealthy and Mid-sized Business Compliance



Your link to the Pandora Papers – UK resident remittance basis user

Our records show that you told us you are not domiciled in the UK and have previously asked to be taxed on the remittance basis. This means for years where you have claimed the remittance basis, your foreign (non-UK) income and gains will only be taxed when they are brought to, received or used in the UK. There are many ways in which a remittance can be made.

Risk areas you should consider if a remittance basis user

Offshore taxation is complex. It covers specialist subjects and there have been significant changes in the law recently. Whilst the vast majority of people and businesses pay the right amount of tax, mistakes are made.

You will need to understand how your links to entities in the papers affect you if you:

- have claimed the remittance basis
- are a UK resident beneficial owner, or can benefit somehow from the company (or a non-resident trust if the company sits within a trust structure)
- manage or administer the overseas entity or entities

We explain some of the key risk areas you should consider below. This is not a full list. Given the complexity of offshore taxation, we recommend you get advice from an experienced professional. If using an experienced professional, they may find our 'Assurance of remittances of foreign income and gains toolkit' helpful when considering if taxable remittances have been made. For more information about this, go to GOV.UK and search 'assurance of remittances toolkit'.

Remittances from connected offshore companies

As you have links to an offshore company named in the Pandora Papers you may have received:

- dividends from offshore companies
- capital gains from the disposal of overseas assets and property
- foreign employment and self-employment income
- loans made directly from offshore companies or secured by offshore companies
- use of offshore company credit cards
- use of offshore company assets
- payments by the offshore company for services provided in the UK

These sources of foreign income and gains may be remitted to the UK if they, or something deriving from them, are:

- brought to, or received in, or used in the UK by you or another relevant person
- brought to, or received in, or used in the UK for your benefit or that of another relevant person
- used to pay for a service provided in the UK to you or another relevant person
- used to pay for a service provided in the UK for your benefit or that of another relevant person
- used outside of the UK in respect of a relevant debt in the UK

A remittance will not only occur if you remit the actual or original foreign income and gains to the UK. You will also make a remittance if you remit something that derives from them to the UK. This could include remittances made by offshore companies you are linked to. As the remittance of attributed income/gains is very complex we recommend you get advice from an experienced professional.

Practical examples of remittances to the UK

The examples below will help you understand when you make a remittance which you have to pay tax on. There are many ways in which a remittance can occur, and the examples cover ways that you may not have previously considered. The examples refer to foreign income. However, most will apply to foreign chargeable gains. The examples may also apply to any remittances made by an offshore company you are connected to. These remittances may be attributed to you. Each of the examples results in a remittance that you should include on your tax return.

Examples of assets brought to the UK

- A linked offshore company buys an asset abroad which you have use of and the asset is brought to the UK.
- You buy a villa overseas using your foreign income which you then sell for a profit, you then transfer the sale proceeds to the UK. This is a remittance of the foreign income used to originally buy the overseas property as well as the foreign chargeable gain.
- A linked offshore company buys a house in the UK (or any other UK based asset).
- A linked offshore company buys shares or bonds in a UK registered plc from a foreign broker.

Examples of services provided in the UK

- A linked offshore company makes a payment offshore to an individual who has provided you with a service in the UK.
- You buy a return air fare from New York to London overseas using your foreign income.
- You book a holiday with a foreign travel agent to sail from Southampton to New York which you pay for with your foreign income.
- A linked offshore company makes a payment to your offshore account in exchange for using office space you own in the UK.

Examples of use of credit cards

- A linked offshore company provides you with a credit card to use in the UK for day-to-day expenditure and they debit the directors loan account.
- You use a credit card issued by a UK bank while on holiday abroad and pay the credit card bill using your foreign income.

Examples of offshore loans

- You take out a mortgage with an offshore bank to buy a house in the UK and make repayments to the bank from your foreign income.
- You take out a loan from an offshore bank secured against your foreign income held by the bank and use the money to fund your life in the UK. This is a remittance of the foreign income used as a security when the loan is taken out.
- You receive a loan from an offshore company that is a relevant person to you which is used in the UK. The monies used to make the loan can be traced back to your foreign income or gains within the company.

Examples of gifts to others

- You give some of your foreign income to a business colleague (or any other person) overseas who brings it to the UK and makes it available for your use.
- You make a gift of some of your foreign income to your adult son or daughter who lives abroad. Three years later your child gives some of these funds to their 16-year-old child (your grandchild). They then spend the money during a visit to the UK.

Miscellaneous examples

- You have foreign income from a source that ceased before 6 April 2008. Although the source of the income has been disposed of the income from it will be taxable if remitted to the UK on or after 6 April 2008.
- You close your bank account that holds funds transferred from another account that closed before 6 April 2008 and which contained an inheritance plus interest that accrued to it over many years. You then transfer the whole fund to the UK. The amount that relates to the interest credited to all the accounts is a remittance.
- You allow a friend to stay in your holiday home overseas. You purchased this home with your foreign income and in exchange the friend allows you to stay in his holiday home in the UK.
- You transfer some of the foreign income you nominated on your tax return for the purpose of the remittance basis charge to the UK. Although you have already paid UK tax on this income, you will be deemed to have remitted other unremitted foreign income or gains you have before the nominated income. You may need to get advice to determine which of your unremitted income or gains will be taxable instead of the income you nominated.
- You surrender or dispose of your rights on a life insurance, life annuity or capital redemption policy overseas and keep the proceeds in an offshore account. Any gains on the disposal are not taxed on the remittance basis and you should report them on your return even though not remitted to the UK.

If you manage or administer an overseas entity

Non-UK resident companies are chargeable to UK tax on profits of a trade carried on in the UK through a permanent establishment in the UK. This means your trading position in the UK should be examined carefully.

There are more complex rules in relation to certain gains from April 2015 which involve UK land and property.

If a non-UK incorporated company is centrally managed and controlled in the UK (for example, by UK resident beneficial owners) they will be considered UK tax resident (subject to being treated as non-UK resident under a Double Taxation Agreement) and must pay Corporation Tax on worldwide profits. Depending on the facts and circumstances, this may result in the company paying more UK tax than if it was non-UK resident.

If you're concerned you haven't paid the right amount of tax

These are just some of the key areas of risk we are seeing with individuals linked to the Pandora Papers. The above areas should not be considered in isolation as there are many other provisions which may apply to offshore matters.

When checking your position, we recommend you get advice from an experienced professional who deals with offshore taxation.

If you find that you need to update us about your tax affairs, go to [GOV.UK](https://www.gov.uk) and search 'tell HMRC about underpaid tax from previous years'.



Corresponding with HMRC by email

Use the following information to decide whether you want to deal with us by email. We take the security of personal information very seriously. Email is not secure, so it's very important that you understand the risks before you email us. We will not deal with you by email unless you tell us you accept the risks of doing so.

About the risks

The main risks associated with using email that concern HMRC are:

- confidentiality and privacy – there's a risk that emails sent over the internet may be intercepted
- confirming your identity – it's crucial that we only communicate with established contacts at their correct email addresses
- there's no guarantee that an email received over an insecure network, like the internet, has not been altered during transit
- attachments could contain a virus or malicious code

How we can reduce the risks

We'll desensitise information, for example by only quoting part of any unique reference numbers. We can also use encryption. We're happy to discuss how you may do the same but still give the information we need.

If you do not want to use email

You may prefer that we do not respond by email, for example because other people have access to your email account. If so, we're happy to respond by another method. We'll agree this with you either by telephone or in writing via post.

If you do want to use email

If you would like to use email as one of the ways HMRC will contact you, we'll need you to confirm in writing by post or email:

- that you understand and accept the risks of using email
- that you're content for financial information to be sent by email
- that attachments can be used

If you are the authorised agent or representative, we'll need you to confirm in writing by post or email that your client understands and accepts the risks.

Also:

- send us the names and email addresses of all people you would like us to use email with - you, your staff, your representative, your agent, for example
- confirm you have ensured that your junk mail filters are not set to reject and/or automatically delete HMRC emails

How we use your agreement

Your confirmation will be held on file and will apply to future email correspondence. We'll review the agreement at regular intervals to make sure there are no changes.

Opting out

You may opt out of using email at any time by letting us know.

More information

You can find more information on HMRC's privacy policy. Go to www.gov.uk and search 'HMRC Privacy Notice'.



HM Revenue
& Customs

Appendix 2

We have identified that you are connected to:

- [ICIJ entity or entities in list format from data file – 6 or more]

HCPS Ref (use if they've requested a tax reference from the list)

N/A
From data file
N/A

Our Ref (can be fixed for all letters or from data file)

Dictate 'Our Ref' label?
If dictated, 'Our Ref' label to say:

N
N/A

Your Ref (can be fixed for all letters or from data file)

Hide Salutation

N

Salutation if shown

Title>Surname

Hide Sign off name

Y

Sign off name if shown

Fixed

Hide Sign off role

Y

Sign off role if shown

Fixed

Hide Phone number

N

Phone number if shown

03000 531795

Hide Opening hours (N/A if phone number is hidden)

Y

Opening hours if shown

N/A or ENTER

Hide Fax

Y

Hide Web address

N

Wed address if shown (default is www.gov.uk)

www.gov.uk

Hide Email address

Y

Email address if shown

N/A

Hide Office address

N

Office address if shown

Wealthy & Mid-Sized Business
Compliance
HM Revenue and Customs
BX9 1BN

Hide SA / Service message

Y

Message to include if shown

N/A

Hide Charter/PTA message

Y

Embed or Link logo

Link'