

For CIOT website

Euro Pacific International Bank - HMRC activity

HMRC has recently confirmed that they are investigating UK taxpayers with connections to Euro Pacific International Bank (EPB) in Puerto Rico for suspected tax evasion and money laundering.

The Puerto Rico Office of the Commissioner of Financial Institutions (OCIF) issued a Cease and Desist Order and suspended the operations of the bank on 30 June 2022. This follows a global day of action by Joint Chiefs of Global Tax Enforcement (J5) in 2020, against suspected tax evasion and money laundering involving clients of the bank across the world.

HMRC are concerned that some accounts held with EPB could be used to evade UK tax or launder the proceeds of crime and are now investigating the tax affairs of UK customers linked to the bank. HMRC have a series of tax enquiries, full criminal investigations and intelligence operations already underway and many more to come.

HMRC are urging those with connections to the bank to check their tax position and contact them if they need to correct their tax affairs. They are also planning to send letters in the next few weeks to people they have identified as holding accounts with the bank. Some will be sent to people who are currently not represented by an agent so the letters will suggest that the individual seeks professional advice from a suitably qualified specialist. We are seeking HMRC's permission to publish a copy of the letter on our website.

In a recent Twitter post HMRC are encouraging taxpayers to approach HMRC to make disclosures using the [Worldwide Disclosure Facility](#) (WDF). However, it should be noted that HMRC cannot compel a taxpayer to use any specific method for their disclosure and using the WDF may not necessarily be the most appropriate method. Depending on the individual circumstances of the taxpayer other approaches may be better, particularly if fraud is suspected e.g. Code of Practice 9 (COP9) (Contractual Disclosure Facility (CDF)). COP9 provides protection from criminal prosecution in exchange for full disclosure of all UK tax irregularities.

Agents should therefore consider their client's specific circumstances as well as the legal position. After taking the person's circumstances and the legal position into account, agents should advise clients on the most appropriate method for a disclosure. As noted, this may not always be the WDF.

Agents should consider whether they have the appropriate specialist knowledge to assist a client with a disclosure. A CIOT member must comply with the fundamental principle of professional competence and due care as set out in [Professional Conduct in Relation to Taxation](#) (PCRT). This means that they should not undertake professional work which they are not competent to perform unless they obtain appropriate assistance from a suitably qualified specialist (see para 2.11 of PCRT). Advice from another adviser specialising in tax disputes may therefore be needed if the agent does not have the necessary expertise to advise on a suitable disclosure route and handle a disclosure under either the WDF or the CDF themselves.

Further information about the J5's investigation is on the IRS's website [Remarks Delivered by Chief Jim Lee - June 30, 2022 \(irs.gov\)](#) and HMRC's LinkedIn account – see [here](#).