

# Banks forced to reveal details of offshore accounts

by Rob Mackinlay

HM Revenue & Customs has tightened the net on offshore account holders after forcing four more high street banks to reveal the details of 100,000 customers.

The decision did not name the banks, but they are believed to be HSBC, HBoS, Royal Bank of Scotland and Lloyds TSB.

The decision is another victory for HMRC and follows in the footsteps of a similar groundbreaking ruling against Barclays in April 2006.

But figures released by HMRC about the tax yield expected from the investigations have thrown doubt on the scale of the problem.

The Revenue expected a tax yield of £1.5bn following its investigations into Barclays' customers. However, the total expected yield from customers of the four banks is only £281m.

This figure is dwarfed by the estimated €269bn potential tax yield, expected from an estimated 400,000 offshore account holders, discussed in the early days of the investigations.

Andy Sharp, director of the Rathbones Trust Company in Liverpool, said he had been told that these larger figures were a result of HMRC's own research.

He said: "I suspect the original figures still stand and huge yields are possible, but the Revenue has taken the easy bits first."

Mr Sharp, a former tax inspector, also said IFAs were often in a unique position of knowledge



**Avari: duty to report clients**

and trust when it came to offshore accounts. He warned that HMRC was traditionally suspicious of working-age business people with offshore accounts.

In the four decisions issued by special commissioner John Avery Jones, it was found that 26 per cent of offshore bank account customers were likely not to have paid taxes. According to the decision notices, the average yield was £16,000.

Noshir Avari, of Avari and Associates, an expert tax investigator specialising in offshore accounts, said the level of yield and percentage of customers would be much higher if investigators looked at smaller private banks. He said IFAs should advise customers to volunteer details of their offshore accounts or face the full penalties of 100 per cent of tax owed.

He also said IFAs have a duty to report clients they suspected of not paying taxes to the Serious Organised Crime Agency.

