

# Reporting foreign income and gains

## Deadline 30 April 2017

Finance Act 2016 (the Act) was signed into law in late December 2016. Among the measures included in the Act was a programme specifically designed to combat offshore tax evasion by Irish taxpayers.

In broad terms where a taxpayer has not reported income or gains arising outside of Ireland the new legislative provisions will result in:

- significantly higher penalties;
- publication of the taxpayer's name/settlement details; and
- potentially criminal prosecution.

The new provisions will apply from **1 May 2017** to all tax payers (individuals, trusts and companies) and you have until **30 April 2017** to make your qualifying disclosure. It is recommended that all taxpayers who have income or gains arising outside of Ireland review and ensure accurate reporting of income and gains have been made.

### Impact of Finance Act 2016

The measures include:

- the denial of the opportunity to make a "qualifying disclosure" (see below) in relation to offshore accounts and assets; and
- an increase in Revenue personnel and improved information technology infrastructure to analyse data received and confront non-compliance.

### What is a qualifying disclosure?

A qualifying disclosure is a type of voluntary disclosure made to Revenue before the commencement of a Revenue audit. The benefits of making a qualifying disclosure are:

- mitigation of penalties;
- non-publication as a tax defaulter; and
- protection from criminal prosecution in relation to the tax default.

### Who is affected?

For the purposes of the Act "offshore matters" include bank accounts, income, gains, property, shares held outside the state. It is important that taxpayers note the restrictions apply to all jurisdictions outside of Ireland and not just to perceived tax havens typically associated with "offshore" such as Jersey, the Isle of Man and the Cayman Islands.

Tax payers with any offshore assets, funds or shares acquired or inherited may be affected.

### Failure to disclose before the deadline

Failure to make a qualifying disclosure prior to 1 May 2017 will result in very stringent penalties. These include the following:

- higher penalty rates (100% penalty in some cases);
- publication in the tax defaulters list; and
- possible criminal prosecution.

After the deadline of 30 April 2017, the increased penalty will be applicable to any onshore defaults in addition to offshore defaults, where you failed to inform Revenue of any income from outside Ireland which previously went undeclared or was recorded incorrectly.

### Recommended steps

If you have a tax liability in connection with offshore matters you still have an opportunity to avail of the voluntary disclosure regime until 30 April 2017.

## Contact

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