Client notification requirements, deadline approaching!

Management of taxes

01 June 2017

Certain CIOT/ATT members' firms are required to write to their clients with HMRC branded wording and enclosures. This legal requirement must be complied with by 31 August 2017. Member experience to date suggests this is not a simple process, so act quickly so that you can meet the deadline.

Regulations came into force on 30 September 2016 requiring certain businesses (including tax advisers and financial institutions) to write to their clients with HMRC branded wording and enclosures. This is to notify clients that HMRC will be receiving information on overseas financial accounts, and recommending action if individuals are unsure whether their tax affairs are complete or not up to date.

Businesses affected by these measures need to provide the notification to certain individuals who were clients as at 30 September 2016, before the notification deadline of 31 August 2017. That deadline is now less than three months away. This could be a costly and sensitive exercise, and you will need to know to what extent you have an obligation to provide the notification, and how to do this.

My article, 'Action required', in the December 2016 edition of *Tax Adviser* provided further explanation of the notification obligation. We also held a webinar to discuss the requirement. Further information and guidance released by HMRC is also available on the CIOT website.

Feedback received from members who have provided the notification, or undertaken preparatory steps, report that it hasn't been a straight-forward exercise. For example, the identification of clients as at 30 September 2016 (as opposed to at the date the notification is carried out) can be difficult as many agents do not maintain a comprehensive client list. Similarly, the identification of clients who need/need not be notified can require time and effort. HMRC have confirmed that, where an adviser

considers the disregarding of clients as too arduous, and chooses to send the notification to all of its clients, they will consider the agent to have taken reasonable steps to get it right and so will not be liable to a penalty. Agents will need to weigh up the time it will inevitably take to identify clients who they are required to notify, against the stationery and postage costs of simply sending the notification to all clients.