

FINANCE ACT 2012

EXPLANATORY NOTES

INTRODUCTION

Section 224 *: Information Powers*

Summary

1. [Section 224](#) inserts a new paragraph 5A into Schedule 36 to Finance Act (FA) 2008. It provides a power for HM Revenue & Customs (HMRC) to require a third party to provide the name, last known address and date of birth (if known) of a person for whom HMRC has information from which that person's identity can be ascertained. A notice will only be issued to a person who can be expected to be able to identify the taxpayer from the information provided by HMRC in the notice.

Details of the Section

2. Subsection (1) provides for amendments to Schedule 36 FA 2008.
3. Subsection (2) inserts the new power into Schedule 36.
4. New paragraph 5A(1) provides that an authorised officer of HMRC may issue a notice requiring a third party to provide relevant information about a person, subject to the conditions set out in new paragraphs 5A(2) to (5).
5. New paragraph 5A(6) defines what "relevant information" means.
6. New paragraph 5A(7) ensures that the identity details of all persons must be provided where the identifying information provided relates to more than one person.
7. Subsections (3) to (5) make consequential amendments to Schedule 36 including ensuring that the same rights of appeal apply as for a notice under paragraph 5 of Schedule 36.
8. Subsection (6) updates the reference in section 18D of Taxes Management Act ("TMA") 1970 to sections 17 and 18 of that Act which are repealed by Schedule 23 FA 2011 from 1 April 2012.
9. Subsection (7) provides that the new power, which will come into force on Royal Assent, will apply to tax whenever due.
10. Subsection (8) provides for the amendment in subsection (6) to take effect from 1 April 2012.

Background Note

11. This new power adds to the range of information powers in Schedule 36 FA 2008 which may be used in carrying out a check of a person's tax position. In a case where the full identity of the taxpayer is not known but information is required from a third party, the existing powers can only be used where a serious loss of tax is suspected. The

*These notes refer to the Finance Act 2012 (c.14)
which received Royal Assent on 17 July 2012*

new power allows HMRC to issue an information notice in a case where identifying information is held (for example a bank branch and account number) in order to find out relevant information. A notice may only be issued to third parties that HMRC believes might have obtained such information in the course of business.

12. Relevant information is narrowly defined and only consists of the name, address and date of birth (if known) of the person to whom the identifying information relates. Once the taxpayer is fully identified in this way any further enquiries that are necessary will be made using the existing powers in Schedule 36.
13. This new power is necessary in order to bring the UK's powers into line with latest international standards as determined by the OECD and the Global Forum on Transparency and Exchange of Information for Tax Purposes.
14. Subsections (6) and (8) update a reference in TMA 1970 that was overlooked in Schedule 23 to FA 2011.