

FINANCE ACT 2012

EXPLANATORY NOTES

INTRODUCTION

Section 219: Penalties: Offshore Income Etc

Summary

1. [Section 219](#) adds to the list of factors in paragraph 21A of Schedule 24 to Finance Act 2007 that the Treasury must have regard to in classifying a territory into one of the three categories set out in that provision. The classification of the territory determines the range within which a penalty falls in respect of under-declaration, failure to notify or late return of income and gains relating to that territory.

Details of the Section

2. [Section 219](#) inserts two new paragraphs 21A(4)(d) and 21A(4)(e) of Schedule 24. In classifying a territory they require the Treasury to have regard to the existence and quality of arrangements between the UK and that territory that provide for co-operation in the area of taxation.

Background Note

3. The extension to the range of factors recognises that agreements are being reached which, while not offering automatic exchange of information, deliver an outcome for the UK that is much better than that which can be delivered through exchange on request. In particular, they enable HMRC to regularise the tax position of UK taxpayers with accounts in those territories. Such agreements, if fully implemented, justify inclusion of territories in category 1, alongside territories that do exchange information automatically.