

**Voluntary Disclosure of
Undisclosed Funds
Invested with
Financial Institutions**

1. Introduction

Under recently introduced regulations financial institutions are required to make returns to Revenue where interest, on DIRT liable accounts, in excess of €635 is paid to depositors for any year. Details will be provided in the first instance in relation to interest paid in the years 2005, 2006 and 2007. Where interest in excess of €635 was paid on DIRT liable accounts for the years 2005 and 2006, Banks, Building Societies and Savings Banks are required to provide the details to Revenue on or before **15 September 2008**. For the year 2007 they are required to provide the details on or before 31 October 2008.

In light of this, Revenue has announced a voluntary disclosure initiative. The initiative is aimed at those who, at any time in 2005, 2006 or 2007, held in aggregate **€100,000 or more** in accounts and there are undeclared tax liabilities associated with the funds. Taxpayers who had DIRT liable accounts and who have no undeclared tax liabilities are not required to contact Revenue in relation to this initiative. The benefits of making a voluntary disclosure include substantial mitigation of penalties, non-publication of the settlement details and non-prosecution.

Persons who fall within the category referred to and who fail to avail of this initiative are precluded from getting the benefits once the deadline date of 15 September has passed.

In relation to this disclosure initiative there are two phases and two dates as follows:

- The Notice of Intention to disclose must be completed and submitted by 15 September 2008,
- The disclosure and payment must be made by 15 January 2009

More detailed information including FAQ's and the disclosure form are available on the Revenue website (www.revenue.ie)

This initiative is about undeclared tax liabilities. If the funds in the deposit accounts were declared to Revenue or came from payments which were tax free you do not have to worry.

If you are unsure whether you need to consider making a disclosure contact the helpline:
01-6474818

2. Treatment of Disclosure and Payment

Where, not later than 15 January 2009 (having made a notice of intention by 15 September 2008), a person makes a disclosure on the designated form and pays the liability due, subject to the conditions set out in Part 3 below, the disclosure will be treated as an unprompted qualifying disclosure as set out in the Code of Practice for Revenue Auditors.

This means the following treatment will apply:

- the disclosure will be regarded for the purposes of section 1086 of the Taxes Consolidation Act, 1997, as a voluntary disclosure - this means that the identity of the person involved and the details of the payment to Revenue will not be published
- Revenue will not take steps to initiate the prosecution of any offence that may have been committed by the taxpayer, in relation to the disclosure
- penalties will be mitigated in accordance with the Code of Practice for Revenue Auditors.

3. Conditions which must be satisfied

The following conditions must be complied with to get the benefits associated with an unprompted qualifying disclosure as outlined in the Code of Practice for Revenue Auditors.

Eligibility Conditions

The benefits will apply where the person making the disclosure and payment is not currently under Revenue audit or investigation and,

- has submitted, not later than 15 September 2008, a Notice of Intention to make a voluntary disclosure
- has fulfilled, not later than 15 January 2009, the calculation, disclosure and payment conditions set out in this leaflet, and
- does not come within the excluded categories set out below;

Holders of Bogus Non-Resident (BNR) accounts

Ansbacher and NIB / CMI enquiry cases

Persons previously required to make a disclosure relating to an offshore financial product or Single Premium Policy

Persons who have come or may come under investigation arising from the Moriarty or Flood / Mahon tribunals.

The benefits will be applied to corporate account holders fulfilling the conditions set out in this Part. This treatment will also apply where a company fulfils all other requirements but the account was held by a director of the company and was funded by untaxed monies extracted from the company.

Calculation Conditions

The person making the disclosure must prepare,

- a computation of the amounts giving rise to any liability and a calculation of all Tax (e.g. Income Tax, Value Added Tax, Capital Gains Tax, Capital Acquisitions Tax or any other tax under Revenue's care and management), Duties, PRSI and Levies which are due, at the date of the submission of Form IRP1 (see Payment Conditions below), and
- a calculation of statutory interest and penalties (in accordance with the Code of Practice for Revenue Auditors)

The computations and calculations referred to above (together with supporting documentation) must be retained, for inspection on request by Revenue.

Disclosure Conditions

The person making the disclosure must, on the appropriate form (Form IRP1 - which can be downloaded from the Revenue website www.revenue.ie),

- submit a statement of the amounts of Tax, Duties, PRSI and Levies and of interest and penalties calculated to be due by the person in accordance with the Calculation Conditions above,
- make a full disclosure of all sources of liability to Tax, Duties, PRSI and Levies which have not previously been declared to Revenue,
- include a statement as to background information and
- make a full disclosure of all deposits in accounts funded by monies not previously disclosed by the person to Revenue and must identify, in those disclosures, each such account (by the account number, institution, amount deposited and date of deposit).

Payment Conditions

The person making the voluntary disclosure must, not later than 15 January 2009, pay to Revenue the full Tax, Duties, PRSI and Levies, together with interest and penalties calculated in accordance with the Calculation Conditions.

4. Issues relating to Calculations

Calculation errors, which are not significant, will not invalidate the benefits of disclosure and payment: the treatment set out in Part 2 will continue to apply. To minimise the potential for such errors, the calculations of tax, interest and penalties for periods prior to 1997/98* may, at the option of the person making the disclosure and payment, be carried out on the following basis:

- in relation to income tax, the liability for all years up to and including 1997/98 may be calculated on the basis that the aggregate undisclosed income of all years preceding 1997/98 was income chargeable for 1997/98 and not any other year; and
- in relation to Value Added Tax, the liability for all taxable periods up to and including January / February 1998 may be treated on the basis that the total undisclosed taxable supplies for all periods preceding January / February 1998 arose in that January / February 1998 period and not in any other period.

** where tax is owing for periods prior to 5 April 1991 Revenue are precluded from mitigating penalties for these periods. However, undeclared income for these periods may be taxed by reference to the rates pertaining in 1997/98 but a 100% penalty applies.*

5. Consequences of Failure to Disclose and Pay by 15 January 2009

Persons who have undeclared tax liabilities in relation to accounts which in aggregate held **€100,000 or more** at any time during the years 2005, 2006 and 2007 and who fail to avail of this disclosure initiative are precluded from making a qualifying disclosure if:

- A Notice of Intention to disclose is not submitted on or before 15 September 2008 and
- A full payment and disclosure is not made on or before 15 January 2009.

Where follow-up enquiries identify taxpayers with undeclared liabilities associated with accounts which in aggregate held €100,000 or more at any time during the relevant years they will face additional penalties and where the settlement exceeds €12,700 for periods up to 2004 or €30,000 for later periods they will be published in Irish Oifigiúil. They also may be subject to criminal investigation.

6. Further Information

A Revenue HELPLINE is available at;
01-647 4818, Monday to Friday,
8.30 a.m. to 4.30 p.m.

Enquiries may also be addressed to

**Office of the Revenue Commissioners,
Investigations & Prosecutions Division,
Underlying Tax Project (Interest Reporting),
4th Floor,
1 Clanwilliam Court,
Lower Mount Street,
Dublin 2.**

which may also be contacted as follows;
e-mail to; utproject@revenue.ie
Fax number; 01 -647 4821

Supplies of this Explanatory Note and the subsequent disclosure form may be requested from the :

- Revenue Forms & Leaflets Service by telephoning LoCall 1890 306706. This service is available 24 hours a day, 7 days a week
- Revenue website www.revenue.ie