HM Revenue & Customs

No safe havens 2014

Foreword

Offshore evasion is illegal and harmful. It is unfair that those who can afford to use expensive offshore banks and complex financial structures can evade their responsibility to pay the taxes which fund vital public services.

£1.5 billion has been recovered from offshore tax evaders over the past two years thanks to the Government's tough and effective approach, but the job is not done yet.

We are stepping up our efforts to tackle offshore evasion. Under the Prime Minister's leadership of the G8, the UK has led a global leap forward in tax transparency, meaning there are fewer places to hide. We will now make sure that there will be tough new sanctions for those who do not come forward under HMRC's offshore disclosure facilities. Those who continue to believe they can hide wealth offshore must know that serious consequences await them. We will introduce a new strict liability criminal offence that could mean jail for those who do not declare taxable offshore income. We will consult on the detail, such as the appropriate safeguards, later in the year. HMRC will also consult on tougher civil sanctions.

We will legislate to implement the new OECD standard in automatic exchange of information between governments. HMRC will have access to greater levels of information than ever before: offshore banks will start to collect information on UK taxpayers in three months' time, which will be automatically reported to HMRC. Furthermore, HMRC is ready and able to pay rewards for significant information from whistleblowers which helps uncover secret offshore accounts.

Our message to taxpayers is clear: if you are hiding undeclared income offshore, HMRC is closing in on you. So come forward now before they come to you.

David Gauke
Exchequer Secretary to the Treasury

Closing in on offshore tax evaders

New international agreements mean we are getting access to more information on offshore accounts than ever before.

44 jurisdictions have signed up to automatically share information on financial accounts.

3 months until offshore banks collect the first data to share with HMRC.

We are closing in. If you don't come to us before we come to you, you will face a tax investigation and tough sanctions — including prosecution and even prison.

Over 1.5 million
lines of data are already received every year on offshore savings.

200% of tax evaded
the maximum civil penalty for offshore tax evasion.

If you have tax liabilities to declare, you should come forward now through one of our disclosure facilities.

56,000 people have come forward through our disclosure facilities.

We will turn the spotlight on hidden accounts, using offshore intelligence and HMRC's skills developed in the fight against organised crime and smuggling to bring offshore tax evaders to justice.

If caught, you will be in line for tough new sanctions.

New fines and possible imprisonment
for failing to tell HMRC about taxable offshore income

We will use vast quantities of offshore data and what we already know about taxpayers and their behaviours to prevent people from evading offshore and to tackle them when they do.

Time is running out
We are ramping up the fight against offshore tax evasion.

Come to us before we come to you.

We have contacted **over 20,000** people about their offshore assets since January 2013.

Our offshore evasion strategy

Last year, we published our strategy for tackling offshore tax evasion.

Our aims

- there are no jurisdictions where UK taxpayers feel safe to hide their income and assets from HMRC
- would-be offshore evaders realise that the balance of risk is against them
- offshore evaders voluntarily pay the tax due and remain compliant
- those who do not come forward are detected and face vigorously-enforced sanctions
- there will be no place for facilitators of offshore evasion.

HMRC's overall approach to compliance maximises voluntary compliance and aims to **promote** good compliance by helping taxpayers get it right, **prevent** non-compliance by taxpayers where we can, and **respond** to non-compliance by tackling those unwilling to play by the rules.

What is offshore evasion?

Offshore evasion is using another jurisdiction's systems with the objective of evading UK tax.
This includes:

- moving UK gains, income or assets offshore to conceal them from HMRC;
- not declaring taxable income or gains that arise overseas, or taxable assets kept overseas; and
- using complex offshore structures to hide the beneficial ownership of assets, income or gains.

Case study – loose ends

The first that Ms A knew of her late husband's hidden Swiss bank account was when his bank tried to contact him following the introduction of the UK's agreement with Switzerland.

Ms A contacted HMRC straight away, and was happy to pay the tax and legitimately use the funds. She signed a legal declaration that all liabilities had been disclosed, and told HMRC about all assets she owned. She paid the tax and interest due, and her prompt and complete disclosure meant she was eligible for the lowest penalties.

Two weeks later, her accountant called HMRC again, advising that Mr A had received a second letter from another Swiss bank that she also knew nothing about.

The agent was very embarrassed for his client, especially since she had sworn that she had declared all outstanding tax. In the circumstances, HMRC accepted a further disclosure and applied low penalty rates, but her husband's secrecy had put Ms A in a very difficult position.

Your problems can be inherited by your loved ones. Don't leave them to sort things out.

Closing the net

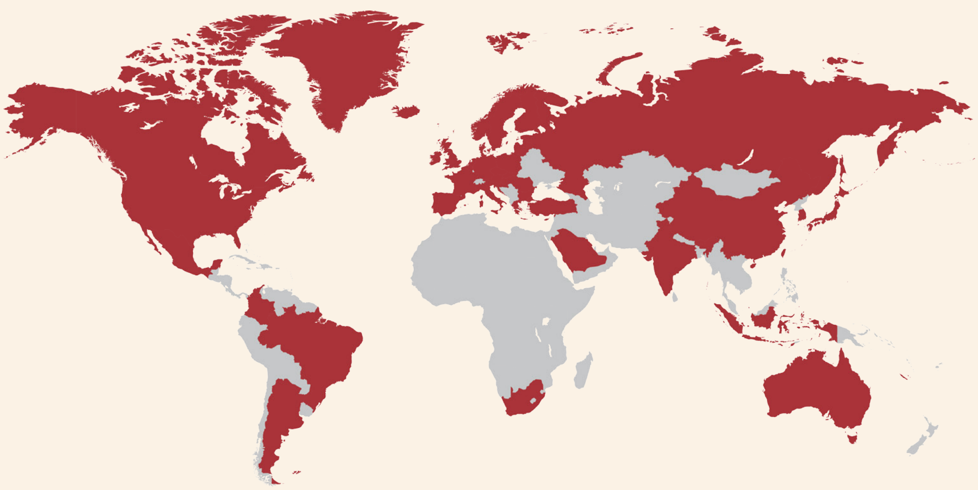
The UK has led in developing and implementing a new global standard of automatic exchange of tax information.

Last year, the UK signed ten more automatic exchange agreements with the Overseas Territories: Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Gibraltar, Montserrat and the Turks and Caicos Islands; and the Crown Dependencies: Jersey, Guernsey and the Isle of Man.

The new global standard developed by the OECD was strongly endorsed at the meeting of G20 Finance Ministers and Central Bank Governors in February 2014. The G20 agreed to detail implementation plans at its September 2014 meeting, called for early adoption by all jurisdictions able to do so, and called on all financial centres to match these commitments.

Following the announcement in April 2013 by the UK, along with France, Germany, Italy and Spain, of our intention to adopt the new global standard as early as possible, 44 jurisdictions in total have now made the commitment to early adoption. This will lead to a step change in tax transparency and the ability of governments to clamp down on those who seek to evade paying tax.

Who has endorsed the new global standard in exchange of information so far?



Argentina, Australia, Belgium, Brazil, Bulgaria, Canada, China, Colombia, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, India, Indonesia, Ireland, Italy, Japan, Latvia, Liechtenstein, Lithuania, Malta, Mexico, the Netherlands, Norway, Poland, Portugal, Republic of Korea, Romania, Russia, Saudi Arabia, Slovakia, Slovenia, South Africa, Spain, Sweden, Turkey, the United Kingdom, and the United States; the UK's Crown Dependencies of Isle of Man, Guernsey and Jersey; the UK's Overseas Territories of Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Gibraltar, Montserrat, Turks and Caicos.

Ahead of the introduction of new information sharing agreements, HMRC has set up disclosure facilities for people with offshore investments:

- the Liechtenstein Disclosure Facility, which closes in April 2016
- the Isle of Man, Guernsey and Jersey Disclosure Facilities, which close in September 2016.

These facilities give people a limited opportunity to come forward voluntarily to clear up their tax affairs. Disclosure facilities work: 56,000 people have so far come forward under HMRC's offshore disclosure facilities, which have collected £1.3 billion.

What happens if we contact you first?

You may not be eligible to use the offshore disclosure facilities if you are challenged by HMRC before you register to make a disclosure. HMRC is getting information all the time; information which might help us to identify your account.

If HMRC challenges you before you come forward voluntarily:

– You will face a tax investigation into your financial affairs

– You will not qualify for penalties at the lowest rates

– You will have to pay the taxes you owe for up to the last 20 years

– You will not have your anonymity guaranteed – you could find your name on a published list of tax evaders

– You could face criminal prosecution, fines and even imprisonment.

If you are eligible for the disclosure facilities, come forward now, and make a full disclosure, you will:

– Benefit from a penalty at the lowest rates available

– Pay taxes due since April 1999

– Not have your details published

– Benefit from a bespoke service intended to assist you to get things right.

Case study – leaving it too late

As part of a taskforce looking into offshore assets, 100 taxpayers with accounts in the Cayman Islands were contacted by HMRC in early 2014 and asked to check if they owed any tax on their offshore investments. If they do not make a disclosure, and HMRC's analysis suggests they have tax to pay, these taxpayers will face an investigation.

As they have been challenged by HMRC, those people will not be eligible for the terms available through the Isle of Man, Guernsey or Jersey disclosure facilities. This means that they face higher penalties on any tax owed.

HMRC will be launching more taskforces throughout this year using information on offshore accounts. Offshore evaders can't risk waiting – the time to come forward is now.

Under the terms of the UK-Swiss agreement, HMRC received details of secret accounts held by more than 25,000 people. We have contacted more than 14,000 relevant individuals to collect all unpaid tax that is due, and are working to contact the remainder by May. For those who claim they have no further tax to pay, we will verify their claim, and will investigate where we believe they may not have told us everything.

Tackling hidden Swiss accounts

We are using new powers obtained through the UK-Swiss agreement to identify individuals who have hidden funds and unpaid tax liabilities.

Where HMRC identifies plausible grounds for suspecting a person might have an offshore account, it can require the Swiss authorities to confirm whether they hold accounts with Swiss financial institutions.

We are sending 1,000 of these requests to Switzerland this year. We will use the information we receive from these requests to launch more tax investigations.

If you have used Swiss bank accounts to evade tax, and have failed to take advantage of the opportunities to clear up your affairs, then it is just a matter of time before we catch you.

Case study – surveying jail

John William Powell, a quantity surveyor from Kenilworth, was sent to prison for two and a half years for failing to pay income tax. His fraud was uncovered when HMRC's offshore experts identified Powell's ownership of a holiday home in Antibes by analysing data on French properties, which showed that the house had been bought with the proceeds of the tax evasion. The case was referred for criminal investigation, Powell pleaded guilty, and was sentenced in February this year.

HMRC is getting more data on offshore assets – including holiday homes. Whether the proceeds of tax evasion are held in a bank account or used to buy property, they will not remain hidden forever. When you are caught, you could face jail.

Time is running out

The world is changing. Offshore investments are becoming more transparent. We are already changing the way we tackle offshore evasion, taking advantage of access to more information than ever before, and shining the spotlight on hidden assets.

The way we tackle offshore tax evasion is evolving in line with HMRC's overall approach to compliance. This maximises voluntary compliance and aims to **promote** good compliance, **prevent** non-compliance and **respond** to non-compliance. For the majority of our customers we will provide services that help them comply so that we reduce error and encourage accuracy. For those customers who are unwilling to comply we will use the information we have alongside information available elsewhere to find those people and take appropriate countermeasures.

The future of tackling offshore tax evasion

Exploiting offshore account data

From this summer, financial institutions in the Crown Dependencies and Overseas Territories will be collecting data on UK residents to share with HMRC. Banks in a further 30 countries will follow suit shortly after.

HMRC will get huge amounts of personal information on offshore investments (see box). This data will allow us to:

- **Promote** good compliance by designing it into systems and processes. Promote is about ensuring customers have the information they need to understand the risks they face through non-compliance; designing out and stopping careless errors; looking for risk; and helping customers to get it right first time by intervening before they interact with us (registration, filing) or we make repayments.
- **Prevent** non-compliance at or near the time of filing by blocking mistakes and personalising returns. Prevent is about exploiting our digital channels, using what we know about individuals and companies to identify risks as they arise and giving customers the opportunity to correct their mistakes before they reach HMRC.
- **Respond** to non-compliance by personalising HMRC's response, enabling customers to self-correct and self-serve. Respond is about tailoring our activity when we have to intervene to address compliance risks. It means looking for ways we can automate tasks; using compliance centres to best effect; and using data to target risk more effectively so we can focus our face-to-face interventions on tackling those who bend or break the rules.

This will lead to a data-driven approach to offshore compliance, with HMRC's activities focused on encouraging people to get it right, designing out opportunities to get it wrong, and intervening early to ensure they comply. Those who don't tell HMRC about their taxable offshore income will be quickly caught and investigated, and may face tough sanctions.

Our high-tech data analysis system, Connect, has already made four billion connections across customer tax records and information from numerous other sources to identify areas where tax collection is at risk.

What will HMRC see?

44 jurisdictions are shortly going to share information on financial accounts.

If you have:

- a bank account
- an investment account
- a custodial account
- a qualifying insurance contract
- an interest in a qualifying trust, partnership or other legal person or arrangement

(or you are the beneficial owner of any of the above, even if they are not in your name)

HMRC will be able to see:

- your name
- your full address
- your account number
- your annual balance
- details of your income, depending on the type of account.

We are building the data analysis capabilities that HMRC will need to hit the ground running as soon as the first data reaches the UK. We are improving our detection of risk and making greater use of customer insight to better identify and target potential tax evaders before they get things wrong.

Hitting the ground running

HMRC already receives and uses data on interest paid on bank accounts under the European Union Savings Directive. We are running trials to help inform our approach to bulk offshore data with contact with taxpayers starting in April 2014.

The project will:

- Build our capability to handle and analyse bulk offshore data
- Help us identify more offshore evaders using bulk offshore data
- Trial new, more effective investigative approaches
- Drive people towards disclosure facilities.

Turning the spotlight on hidden investments

Despite the recent progress towards greater international tax transparency, there remain threats from offshore financial centres that have not signed up to this approach, and from complex structures which exploit these financial centres. The Government continues to press other jurisdictions, especially offshore financial centres, to sign up to the new international standard. The G20 has called for early adoption by all jurisdictions able to do so, and called on all financial centres to match these commitments.

HMRC is shining the spotlight on those with accounts in countries which have not signed up to automatically share tax information. We are taking our existing capabilities developed in the fight against organised crime and smuggling, and redirecting them against offshore tax evasion.

This will allow us to **respond** to the most serious non-compliance by focusing our face-to-face interventions on tackling those who break the rules.

Do you have information about offshore tax evasion?

HMRC really appreciate help from the public, and act on it. We can pay rewards for information about offshore tax evaders, if appropriate. As the table overleaf shows, we use information from whistleblowers to launch criminal and civil investigations and to encourage offshore evaders to disclose.

You may be eligible for a reward if you give us significant information – such as details of offshore bank accounts – that assists HMRC in preventing or tackling offshore tax evasion. When a reward is paid, how much is paid will depend on what results we have been able to achieve from the information.

If you have information which you think will help HMRC in the fight against offshore evasion, go to hmrc.gov.uk/reportingfraud or call the Tax Evasion Hotline on **0800 788 887**.

We are bolstering our capability to exploit offshore intelligence. We have invested in our data analytical capability including our award-winning Connect system, to ensure that we can understand and exploit data as quickly as possible, using state of the art risking tools to ensure all offshore tax issues are identified. We are building up our expertise with a specialist team to prepare the most complex offshore cases for both criminal and civil investigation.

We are building our understanding of the locations, enablers and mechanisms that facilitate offshore evasion. A new team of specialist intelligence analysts will produce an intelligence-led threat assessment to ensure HMRC can react to emerging and changing threats and target the highest risk evaders.

How we exploit data on hidden offshore assets

Data	Approach	Action and outcome
Liechtenstein complex financial arragements	– Negotiated with Liechtenstein on a strategic solution: a time-limited general disclosure facility to complement HMRC's enforcement programme	– Over £900m yield so far – Over 4,700 taxpayers cleared up liabilities – No UK investor will be able to have a Liechtenstein account without being able to demonstrate they are tax compliant
HSBC Geneva	– Established a triage approach to identify cases already under investigation and those warranting investigations of serious fraud	– Contacted over 3,500 taxpayers – Opened criminal investigations where sufficient evidence was available – Over £135 million recovered – Over 700 taxpayers paid additional liabilities
Jersey bank accounts	– Segmented 5,000 lines of data to identify trends – Compared with HMRC intelligence – Identified high-risk individuals	– Opened more than 175 investigations – More individuals will be contacted in the coming months
Offshore structures in the British Virgin Islands, Cayman Islands, Cook Islands and Singapore	– Worked with US and Australian authorities to understand data – Reconstructed and forensically analysed the data – Identified nexus points of suspicious activity and key facilitators to contact – Deployed analysts to unravel the complex web of offshore structures and identify those who are behind them	– Turning the spotlight on financial intermediaries – Working with other tax authorities to share information and help them recover tax – We expect to uncover the true ownership of around 8,000 offshore companies

We are investing in new digital capabilities to better exploit the information we receive, including a new data capture facility to allow better analysis of information submitted through our disclosure facilities. This will help us to spot hidden patterns and better understand how people evade taxes.

We will work with partner tax administrations — including Australia, France, Germany, Spain and Italy — to build our understanding of emerging offshore threats and to develop capabilities to exploit offshore data.

We will build our capabilities to tackle offshore evasion where we suspect it, ensuring our people have the skills and tools necessary to carry out investigations. For example, this year we will launch improved, up-to-the-minute training in detecting and closing down offshore evasion schemes, and on using international exchange of information agreements to track down evaders.

Tough sanctions for those who fail to clear things up now

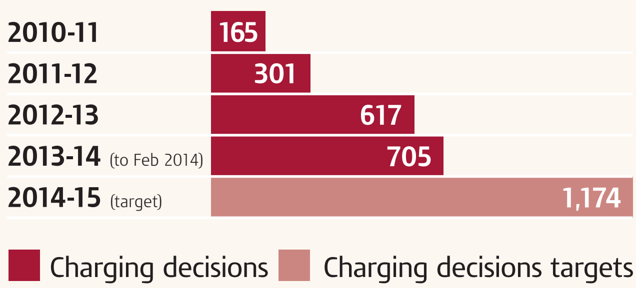
Time is running out for offshore tax evaders. Those who do not clear things up now will face a suite of tough new sanctions, specifically designed to tackle those who don't come forward.

A new criminal offence

HMRC will consult on a new strict liability criminal offence of failing to declare taxable offshore income. If you don't declare offshore income, you could face an unlimited penalty, and a prison sentence. We will consult on the detail of this new offence, and the appropriate safeguards, later this year. It will only apply to offshore income which is taxable and must be reported to HMRC. Our published criminal investigation policy will still apply, meaning criminal investigation will be pursued where there is a need to send a strong deterrent message or where the conduct is so serious that only a criminal sanction is appropriate.

This new criminal offence will complement our approach of increasing the number of criminal investigations for tax offences, and we will continue to investigate cases under the existing offences. As the chart below shows, we have committed to increase the number of prosecutions fivefold. This will result in over 1,000 additional prosecutions for tax evasion by the end of the 2014-15 financial year. Offshore evaders have been caught, sentenced to prison terms and the proceeds of their evasion confiscated.

Number of charging decisions* and targets



* *Charging decisions means that the independent Crown Prosecutor has formally authorised criminal proceedings.*

Enhanced civil sanctions

Failure to declare income and gains arising offshore can already be met with tough, higher penalties worth up to 200 per cent of tax evaded. The 2013 Autumn Statement announced that HMRC would consult on strengthening the civil sanctions available for tackling offshore non-compliance.

A consultation document will be published shortly which explores a number of options for:

- extending the scope of the offshore penalties regime to align across personal taxes and deter the use of offshore accounts to hide the proceeds of domestic evasion
- deterring the deliberate movement of assets to avoid international agreements which tackle offshore non-compliance
- updating the offshore penalties regime to reflect the new global standard of automatic exchange of tax information.

Case study – tax evasion unplugged

Mr B used a windfall to set up various businesses which he didn't declare to HMRC. He arranged his affairs so that he virtually disappeared from view – no tax record, no financial records – and set up an offshore account to invest his profits. His determination to pay no tax meant he wasn't even on the electricity grid.

His offshore investments were very successful and he ended up with hundreds of thousands of pounds sitting offshore. Yet Mr B lived a very basic lifestyle in the UK – his house fell into disrepair and he didn't spend money on possessions. He was scared that if he used his offshore accounts his tax evasion would be found out.

In the end, when he realised he couldn't fill in a simple Government form without revealing his evasion, he decided to come forward.

HMRC will see more data on offshore assets, and is building its capabilities to exploit this data. If you have hidden offshore investments, you should know HMRC is closing in on you. Come to us before we come to you.

Changing the behaviour of offshore evaders

Our aim is that the minority who choose to evade tax offshore change their behaviour, come forward and then stay on track.

The effectiveness of traditional intervention methods and financial deterrents can be limited. More cost-effective ways of influencing behaviour through public policy are being explored across Government. In HMRC, we are applying behavioural insights in new areas and learning what works well to influence taxpayers to voluntarily meet their obligations. By drawing on insight about customers and the reasons why some people evade tax, we can test and apply innovative approaches to tackle offshore tax evasion.

Using behavioural insight to deliver the new approach

We have identified four areas (see below) where we may be able to draw on behavioural insight to influence offshore tax evaders to move towards compliance.

HMRC's compliance strategy

Promote

Targeted communications
Raise awareness of the increasing risk of detection from greater data sharing, and our relentless pursuit of evaders, encouraging voluntary compliance.

Designing out opportunities
Focus on what we can influence such as tax returns and building on our new support programme, Sustaining Offshore Voluntary Compliance. Work with intermediaries and target those facilitating offshore evasion.

Prevent

Early intervention
Earlier intervention based on customer understanding and driven by bulk offshore data. Identify the drivers of evasion behaviour so we know how to tackle it.

Respond

Non-financial deterrents
Increase the 'emotional cost' of evasion and complement existing financial penalties.

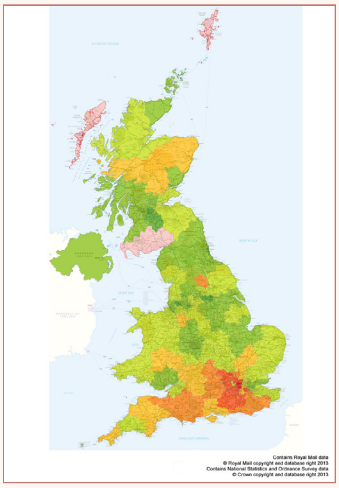
Promote Targeted communications

Communications can be used to make people aware of the risks they run by evading tax offshore, especially when messages are targeted at those most likely to have offshore accounts and designed to encourage them to disclose.

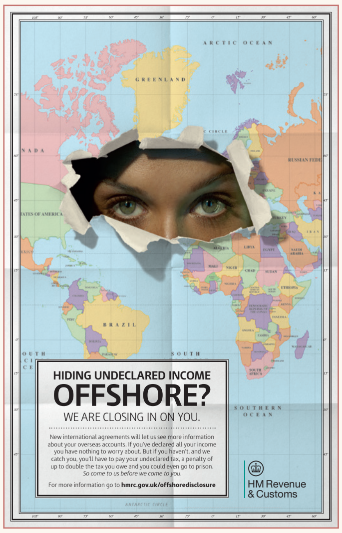
How we planned our targeted publicity campaign

1. **Data.** We used data from disclosure facilities, EU Savings Directive and foreign pages on self assessment returns.
2. **Analytics.** We used analytical tools to cross-reference flows and indicate potential hotspots, where the highest proportion and number of offshore account holders live.
3. **Socio-economic analysis.** We drew on behavioural and customer insight to effectively target communications.
4. **Design.** We designed a campaign that would resonate with the target audience and align with HMRC's general evasion publicity campaign, but with a distinctive offshore feel.
5. **Support compliance activity.** We used the campaign to support new taskforces targeting offshore wealth.
6. **Launch.** Launched by the Chancellor at a G20 meeting in Sydney.

   Evaluate. We will fully evaluate the impact of the publicity.
7. **Learn and repeat.** We will implement the lessons we learn and improve our future publicity.



Offshore account hotspots



- national press
- weekly publications
- targeted digital
- SMS

Promote Designing out opportunities to evade

Prevent Early intervention

We can promote voluntary compliance by focusing on interactions we can influence, such as the tax return cycle. We can draw on different insights to encourage voluntary compliance, such as:

- **Norms — highlighting positive behaviour of others**
  Evidence suggests that people are more likely to comply if they know that the majority of people, and especially people they believe are similar to them, have already done so.
- **Simplification — messages and processes**
  Various trials and studies have shown that simple, clear messages and streamlined, assisted processes can make it easier for customers and significantly increase the number, quality and accuracy of people's responses.
- **Honesty — active declarations**
  According to research, people are more likely to lie if they can do this by omitting information, rather than actively providing false information. There is some evidence to suggest that upfront declarations may increase honesty, though UK evidence is mixed.
- **Raising awareness — impacts and consequences**
  People may not be aware of the risks and consequences for themselves and the impacts of tax evasion on public services.

Respond Non-financial deterrents

Financial and criminal penalties have an important role to play in deterring offshore tax evasion. However, we know that there are other factors that are important and influence behaviour in a way which rational models of decision-making would not predict. We will use insights gained from behavioural sciences to evaluate the sanctions available for tackling offshore tax evasion, and explore whether non-financial sanctions offer a viable addition to these sanctions.

Case study – unrequited cash

Mr C lived and worked in the UK, and as far as he was aware was fully tax compliant. Some years ago he had been pursued by a wealthy woman, Ms X, whom he rejected.

Several years after Ms X died, Mr C was contacted by a bank. Ms X had been putting funds into an overseas bank account for Mr C's benefit since he had rejected her years earlier.

Mr C immediately sought advice and disclosed the tax due to HMRC, paying tax and interest.

Hidden offshore accounts can come about for all kinds of surprising reasons. You will always get the best terms if you choose to come forward to HMRC.

We have not yet developed firm proposals for new non-financial sanctions. However, we have indentified three ways in which a new sanction could, given further consideration and development, help influence the behaviour of potential offshore evaders. These are set out in the box below.

Lifestyle

Increasing the emotional cost of an action and broadening the impact beyond financial cost alone can increase the deterrent effect. The need for a positive self-image and ego is a well-known principle, likely to be particularly prevalent in the affluent. It is possible that self-image and ego could be reflected in lifestyle; creating greater association between the impact of sanctions and the lifestyle could therefore have a greater effect.

Transparency

People seem to be more likely to lie if they believe nobody will find out about it. This links to the wish to maintain a good social standing and reputation, and the tendency to comply with the norm. Sanctions that would reduce or remove this anonymity are therefore likely to have a strong deterrent effect.

Future Behaviour of Evaders

Once an evader has disclosed or been caught, we want to ensure their future behaviour remains compliant and they do not return to non-compliance. We can build on the principles of commitment, complemented by practical constraints on behaviour, to reduce the willingness and the opportunity to evade offshore again.

How we already use these insights

Transparency/Lifestyle: Publishing Details of Deliberate Defaulters

- Applies to those penalised for deliberate non-compliance who have failed to disclose over £25,000
- Applies unless the taxpayer fully cooperates with HMRC investigations
- Publishes names on HMRC's website

Future Behaviour: Managing Serious Defaulters

- Formal aftercare programme for deliberate defaulters for up to five years
- Additional reporting requirements where £5,000 or more is deliberately evaded
- Early release from the scheme for those demonstrating a sustained change in behaviour

Future Behaviour: Sustaining Offshore Voluntary Compliance

- Additional support for those who disclose offshore liabilities
- Provides aftercare help and advice to those disclosing
- No increase in reporting or administrative burden.

We have identified a number of principles which will underpin the next phase of this work.

Non-financial sanctions must:

- Be **evidence-based**, developed out of customer insight and an understanding of human behaviour
- Make it the **default option** to get things right — reserving tough sanctions for those who choose not to
- **Incentivise compliant behaviour and deter non-compliant behaviour** — impact on the behaviour of the non-compliant without implying that minority behaviour is more widespread
- **Sustain** positive behaviour change
- Be **tested and evaluated** through pilots or randomised controlled trials.

As this work develops, we will seek opportunities to test our ideas with stakeholders and obtain further insight and understanding.

Time is running out for offshore tax evaders

2009
Tax agreement with Liechtenstein.

2011
Tax agreement with Switzerland.
New offshore penalties of up to 200% of tax.

2013
Isle of Man, Guernsey, Jersey disclosure facilities open.
G8 secures automatic exchange of information as the new standard.

2014
Budget announces tough measures to tackle tax evasion.
Banks start to collect information on offshore accounts of UK residents.

2015
New criminal offence and sanctions come into effect.

2016
First information on offshore accounts reaches HMRC.
Disclosure facilities close.