

**FOURTH JOINT DECLARATION
BY
THE GOVERNMENT OF THE PRINCIPALITY OF LIECHTENSTEIN AND HER
MAJESTY'S REVENUE AND CUSTOMS
CONCERNING
THE MEMORANDUM OF UNDERSTANDING RELATING TO COOPERATION IN TAX
MATTERS**

The Government of Liechtenstein and Her Majesty's Revenue and Customs (HMRC) have previously agreed to issue periodic public statements on the progress of the Liechtenstein Disclosure Facility (LDF), the Taxpayer Assistance and Compliance Programme (TACP), the Double Taxation Agreement (DTA) and other associated arrangements as appropriate. This Fourth Joint Declaration recognises the continuing success of the unique historic arrangements that exist between the United Kingdom and the Principality of Liechtenstein following the implementation of the groundbreaking Memorandum of Understanding Relating to Cooperation in Tax Matters (MOU) signed in August 2009. Since then more than 5,800 people and companies have registered to participate in the LDF; more than 5,200 disclosures have been received and the LDF has raised more than £1,000,000,000 from settled cases and payments on account. The audit process in Liechtenstein reports a high level of compliance, and indicates that the TACP has been implemented to the agreed standard.

This declaration also supplements and further clarifies the MOU. Any terms used herein will have the meaning given to them in the MOU unless the context requires otherwise.

1) SINGLE CHARGE RATE (SCR)

Following further detailed consideration, HMRC has decided to make available a Single Charge Rate (SCR) at 50% for the 2011/12 and 2012/13 tax years in limited terms. HMRC will in due course publish the full details of the SCR arrangement, including the limitations of eligibility, in frequently asked questions on this subject.

The earlier decision not to allow a SCR for 2009/10 remains unchanged.

After the expiration of the return filing date for each respective tax year 2013/14 to 2015/16, HMRC will consider whether a SCR will be made available as an alternative to the statutory basis of taxation for that year. The decision of HMRC will be published together with full details of agreed arrangements if it is decided to make a SCR available.

2) ELIGIBILITY FOR TERMS OFFERED BY LIECHTENSTEIN DISCLOSURE FACILITY

The parties now agree that for the purposes of the Liechtenstein Disclosure Facility, in addition to the restrictions contained in the MOU and previous Joint Declarations there are further circumstances in which a relevant person who participates in the Liechtenstein Disclosure Facility will not be entitled to access all of the terms normally available under the facility.

These further circumstances include cases:

- Where the relevant person enters the LDF to settle liabilities HMRC is already aware of
- Where the issue being disclosed has already been subject to an intervention that started more than three months before the date of application
- Where there is no substantial connection between the liabilities being disclosed and the offshore asset held by the relevant person as at 1 September 2009.

In cases where any of these circumstances apply the person making the disclosure will not be eligible for the shorter limitation period, the fixed penalty or the composite rate option under the LDF.

The restrictions connected to these circumstances do not prevent the person from entering the LDF. There have been no changes to the categories of people prevented from entering the LDF which are set out in the MOU.

HMRC will publish the full details of how this will be implemented in frequently asked questions on this subject.

3) AVAILABILITY OF UK CHARITABLE TAX RELIEFS TO CHARITABLE BODIES IN LIECHTENSTEIN

The Government of the United Kingdom has announced it will recognise Liechtenstein, a European Economic Area (EEA) state, as a relevant territory for UK charity tax purposes. This means that qualifying charities subject to the jurisdiction of courts in Liechtenstein will be able to claim UK tax reliefs. Regulations to recognise Liechtenstein as a relevant territory were laid before the UK Parliament on 10th July 2014 and came into force on 31st July 2014.

FUTURE ARRANGEMENTS

The Parties will continue to monitor the operation and effectiveness of the tax arrangements and intend to issue further joint press releases and/or joint declarations as necessary. Additional answers to frequently asked questions will be published on an ongoing basis to address the more technical issues that arise in relation to the operation of the LDF and the understanding and application of the TACP.

In the spirit of mutual cooperation and while taking account of international developments, particularly the adoption of the new standards on the automatic exchange of information, the Parties will continue working together and will discuss the respective rights and duties that may apply after 5 April 2016, with the purpose of agreeing appropriate mechanisms not already in force at the time for identification and documentation of relevant persons and for UK clients to demonstrate that they are UK tax compliant.

This Fourth Joint Declaration is signed in duplicate, one original for each party, in [location], this 14th day of August 2014 by

Jennie Granger, Commissioner

For and on behalf of Her Majesty's Revenue and Customs of the United Kingdom of Great Britain and Northern Ireland

Prime Minister Adrian Hasler

For and on behalf of the Government of the Principality of Liechtenstein