

in 7 months if he wants to apply the composite rate (flat tax of 40 to 50%) or 10 months if he decides to calculate his tax liability on an actual basis. HMRC will send a disclosure certificate (confirmation, name, reference number) within 30 days to this person, who has to forward a copy to the FI within 30 days.¹⁹⁹

If a person is not liable to UK tax obligation or is tax compliant, he has to send a certification to the FI. This includes a written confirmation from a qualified legal, tax or accounting advisor, a special form (self-certification) provided by HMRC, a certified or notarised copy of the tax filing or a written waiver and identification form.²⁰⁰ Subsequent registration for the LDF if the first is incomplete is not possible.²⁰¹

The certification process is fast and efficient. HMRC responds within 60 days of receiving the application for the LDF and cases are handled within 7 or 10 months. This demonstrates that HMRC is interested in a fast and efficient procedure.

2.3.3.7 Schedule 5: Review Procedure

The Government of Liechtenstein was required to establish a review procedure.²⁰² The review panel was established on November 21st, 2012.²⁰³ The panel decides whether an FI has to terminate his services to an incompliant person. This problem occurs due to the fiduciary duty, contract issues or legal issues or a breach of duty in other jurisdiction. The review panel has to resolve such problems in conjunction with the FI.²⁰⁴

The fact that the Government of Liechtenstein itself is permitted to establish the review panel is a signal of trust from HMRC. As well as making decisions in case of termination of client relationship, the panel is an important contact institution for financial market participants. Furthermore, the panel plays an important role in the analysis of audit reports.

2.3.3.8 Schedule 6: Audit Procedure

The compliance of FIs regarding the taxpayer assistance and compliance programme is audited by an independent auditor.²⁰⁵ Banks and trust companies listed in an appendix of the MoU (“the A List”) are

¹⁹⁹ Memorandum of Understanding, 2009, schedule 4, no. 4 & 5.

²⁰⁰ Memorandum of Understanding, 2009, schedule 4, no. 6.

²⁰¹ HMRC, LDF FAQ, March 2013, sec. 3.12.

²⁰² Memorandum of Understanding, 2009, schedule 5, no. 1.

²⁰³ Regierung des Fürstentums Liechtenstein, 2012.

²⁰⁴ Memorandum of Understanding, 2009, schedule 5, no. 3 & 4.

²⁰⁵ Memorandum of Understanding, 2009, schedule 6, no. 1.