

Under the LDF disclosure, he will only face the anniversary tax for the relevant year, the income and capital gain taxes since 1999 and penalties of 10 to 20%. Under the normal LDF disclosure, he will face a tax burden of about GBP 6 million.

However, if he chooses the Composite Rate Option, he will only face a tax burden of GBP 5.3 million or 10.9% of the total asset value.

2.5 Conclusion for LDF

2.5.1 Loopholes

Loopholes are very rare in the LDF. This is because identified and notified persons are legally able to terminate the relationship and to move to another jurisdiction. Therefore, it is not necessary to find and use a loophole to escape the agreement. Furthermore, the possibility to use the LDF, under particular circumstances, is not a loophole but rather planned to establish new client relationships in Liechtenstein and to bring untaxed assets back to formal taxation in the UK.

2.5.2 Clients

The LDF is an opportunity for most individuals with undisclosed assets in the UK. The requirements to become a relevant person are easy to meet if the offshore assets are not accounted on an offshore bank account through a UK branch. The taxation of interest and gains according to the personal tax rate or the composite rate is very favourable even if an additional 10% to 20% penalty is due. The LDF is a great chance for UK individuals to resolve their tax issues due to worldwide assets before the noose tightens.

2.5.3 Financial Intermediaries

Initially, there was huge scepticism among FIs. Trustees, in particular, were concerned about the aftermath and commitments. Now, four years later, opinions have changed slightly and the FIs have grown to accept the redirection of the financial market through the Liechtenstein government. FIs should be happy to handle the increased risk of untaxed assets. The world is changing in every sector and the Liechtenstein FIs have to accept the change and act proactively to acquire acceptable positions for the future. The recent developments – tax agreements with Austria, FATCA, “offshore leaks” – indicate a clear direction towards an automatic exchange of tax information. Due to the LDF, an automatic exchange of tax information with UK would be no problem since all UK persons in Liechtenstein will be tax compliant.