

Tax Authority Clarifies Mandatory Reporting of Cross-Border Arrangements

6 February 2023

Report from our correspondent Richard Curtis, Tax Author

The United Kingdom's tax authority, His Majesty's Revenue and Customs (HMRC), has clarified reporting on cross-border arrangements under the mandatory disclosure rules (MDR) in its new [guidance](#).

As previously reported (see [Treasury Promulgates Regulations to Implement OECD Mandatory Disclosures Rules \(20 January 2023\)](#)), the International Tax Enforcement (Disclosable Arrangements) Regulations 2023 will apply from 28 March 2023, requiring promoters, service providers and taxpayers to report prescribed arrangements and structures that could facilitate tax evasion.

HMRC's new guidance summarizes the persons required to notify, the notifiable arrangements and when and how this must be done.

A person must notify a cross-border arrangement if it is a UK resident and its business:

- has its place of management in the United Kingdom;
- is incorporated or registered in the United Kingdom; or
- operates in a branch or office located in the United Kingdom.

There are some exemptions from reporting, such as if this would breach legal professional privilege or if the arrangement has already been reported.

A report must be drawn up within 30 days from when the arrangement:

- was made available;
- started; or
- help, support or advice was offered about it.

Cross-border arrangements are subject to the notification requirement if they are:

- a [Common Reporting Standard \(CRS\) avoidance arrangement](#); or
- an [opaque offshore structure](#).

A penalty will apply if such arrangements are not reported. However, the reporting process is not yet available and further information on this is awaited. The reporting requirement comes into effect from 28 March 2023 and any arrangements available from 25 June 2018 must be disclosed by 24 September 2023.

United Kingdom - Tax Authority Clarifies Mandatory Reporting of Cross-Border Arrangements (06 Feb. 2023), News IBFD.

Exported / Printed on 10 Mar. 2024 by hkermadi@deloitte.lu.