

UPDATES & OTHER TIDBITS

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Tags

Blacklist
Brexit
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EXPIRED INDIVIDUAL TAX IDENTIFICATION NUMBERS

Individual Tax Identification Numbers (“I.T.I.N.’s”) that have not been used on a Federal tax return at least once in the last three consecutive years (*i.e.*, 2014, 2015, and 2016) and I.T.I.N.’s with middle digits 70, 71, 72, or 80 expired December 31, 2017. Affected taxpayers who expect to file a tax return in 2018 (*e.g.*, a Form 1040 for tax year 2017) must submit a renewal application as soon as possible to avoid refund and processing delays in 2018.

Taxpayers whose I.T.I.N.’s have middle digits of 70, 71, 72, or 80 have the option to renew I.T.I.N.’s for their entire family at the same time. Those who have received a renewal letter from the I.R.S. can renew the entire family’s I.T.I.N.’s, even if some family members have I.T.I.N.’s with other middle digits. Family members include the tax filer, their spouse, and any dependents claimed on the tax return.

Federal returns that are submitted in 2018 with an expired I.T.I.N. will be processed. However, exemptions and/or certain tax credits will be disallowed. Taxpayers will receive a notice in the mail advising them of the change to their tax returns and the need to renew I.T.I.N.’s. Once an I.T.I.N. is renewed, any applicable exemptions and credits will be restored and refunds will be issued.

E.U. NAMES U.S. POSSESSIONS AS NON-COOPERATIVE JURISDICTIONS FOR TAX PURPOSES

The U.S. possessions Guam and American Samoa are among the 17 tax havens blacklisted by the E.U. for failure to meet international standards for tax transparency, fair taxation, and mechanisms against base erosion and profit shifting.

The censure is attributed to several facts. Guam and America Samoa do not apply any automatic exchange of financial information and have not signed and ratified – including through their governing jurisdiction – the O.E.C.D. Multilateral Convention on Mutual Administrative Assistance. They do not apply the B.E.P.S. minimum standards, nor have they committed to address these issues by the E.U. deadline, December 31, 2018.

The screening process for certain Caribbean jurisdictions, including the U.S. Virgin Islands, is on hold in light of the devastating storms that struck the region in September 2017, causing casualties and major damage to key infrastructure. However, these jurisdictions will be contacted by February 2018 to ensure that the matter can

be resolved by the end of 2018.

Other countries on the E.U. blacklist include Bahrain, Barbados, Grenada, Korea, Macao SAR, Marshall Islands, Mongolia, Namibia, Palau, Panama, Saint Lucia, Samoa, Trinidad and Tobago, Tunisia, and the United Arab Emirates.

H.M.R.C. ISSUES GIFT TAX DEMANDS TO CONTRIBUTORS TO BREXIT REFERENDUM

The Brexit saga has seen yet another interesting twist. H.M.R.C. (the U.K. taxing authority) has issued sizable tax demands under the U.K.'s inheritance tax laws to several key Brexit figures including Peter Cruddas and Robert Edmiston, who donated large sums to Vote Leave for conducting Brexit campaigns in 2016.

Donations to political parties are usually tax exempt in the U.K.¹ However H.M.R.C. is of the view that the exemption is not available to donations made by individuals for a referendum campaign. A member of the Conservative Party reacted to the demand by stating that the government is penalizing people who had the audacity to challenge it. Another M.P. said that taxes must be paid if rightfully owed. Reportedly, at least one Remain supporter has received a demand as well.

Companies and financial institutions are not liable for inheritance tax and therefore do not face additional tax.



¹ Section 24 of Inheritance Tax Act, 1984.