



KPMG AEOI Updates & Tracking Service

FATCA/CRS Alert



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United Kingdom: Issued Revised Penalty Framework

On 25 June 2025, His Majesty's Revenue and Customs ("HMRC") issued the International Tax Compliance (Amendment) Regulations 2025, introducing amendments to the International Tax Compliance Regulations 2015. See the KPMG Alert for a brief overview of the changes, [here](#).

Among other amendments, the penalty framework has been substantively revised to address various non-compliance scenarios. Under the amended provisions, a penalty may be imposed where a Reporting Financial Institution (FI) or UK representative fails to comply with the obligations under the International Tax Compliance Regulations as follows:

- **Failure to apply due diligence procedures:** A penalty not exceeding £100 for each account holder or controlling person in respect of which the failure occurs. However, where the failure involves not obtaining a valid self-certification as required under the FATCA, the Reporting FI or UK representative is liable to a penalty not exceeding £300 for each such account holder or controlling person.
- **Failure to comply with record-keeping obligations under Regulation 3(2A) or 3(2B):** A penalty not exceeding £5,000 for each reportable period in respect of which one or more failures have occurred.

A failure is deemed to have occurred in respect of a reportable period if the failure pertains to records relating to that reportable period for the purposes of Regulation 3(1), 3(2), or 3(3).

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- **Failure to submit a return under Regulation 6 by the specified deadline (31 May):** A penalty not exceeding £5,000. If the failure continues after the notice of assessment is issued, a further penalty not exceeding £600 per day may be imposed for each day the failure continues.
- **Submission of inaccurate or incomplete returns under Regulation 6(1):** A penalty not exceeding £100 for each account holder or controlling person in respect of which the information is inaccurate or incomplete. This penalty applies where the inaccuracy or incompleteness is deliberate, due to failure to take reasonable care, or where the reporting FI or UK representative later discovers the inaccuracy or incompleteness and fails to take reasonable steps to inform the HMRC.
- **Failure to notify individual reportable persons under Regulation 10:** A penalty not exceeding £100 for each reportable person in respect of which the failure occurs. If the failure continues after a notice of assessment, a further penalty not exceeding £100 per day may be imposed for each day the failure continues.
- **Failure by a specified non-reporting FI to register with HMRC under Regulation 10A:** A penalty not exceeding £1,000. If the failure continues after the notice of assessment, a further penalty not exceeding £300 per day may be imposed for each day the failure continues.
- **Failure to provide information required by HMRC under Regulation 12G:** A penalty not exceeding £5,000. If the failure continues after the notice of assessment, a further penalty not exceeding £600 per day may be imposed for each day the failure continues.
- **Failure to provide a valid self-certification under Regulation 12 GA:** A penalty not exceeding £300 may be imposed on the self-certification provider (individual, entity, or controlling person), where the failure is deliberate, due to a failure to take reasonable care, or where the self-certification is not submitted within 12 months of liability arising.

Note: HMRC has confirmed to KPMG that the revised penalty regime will come into force from 16 July 2025. HMRC further indicated that penalties for customers who do not provide self-certifications would not be applied automatically, and would only arise following discussions with an FI.

Reference: [Amended Regulations \(Penalties\)](#)

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