



Inland  
Revenue

# Self Assessment Local office enquiries

CODE OF PRACTICE  
COP11

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## Glossary

We have a full range of services for people with disabilities, including leaflets in Braille, audio and large print. For details, please ask your local Inland Revenue office or Enquiry Centre.

# This Code of Practice tells you how our local offices will carry out enquiries into income tax Self Assessment tax returns and claims made outside a tax return.

## Introduction

There are separate Codes of Practice for enquiries into tax credits, company tax returns and for other cases dealt with by our specialist offices, such as, where we suspect serious fraud.

This Code of Practice promises you fair treatment under the law and in accordance with Our Service Commitment to you. There is a copy of the service commitment at the back of this booklet, which explains the rules that we will follow and your rights and responsibilities in particular situations.

When we talk about amounts of tax in this booklet we are including any Class 4 National Insurance contributions that may also be due.

**We want you to pay the right amount of tax: no more, no less.**

We also want you to feel confident that

- other taxpayers are paying what they should, and
- we operate the tax system fairly.

In order to do this, we enquire into some tax returns and claims. We ask for further information to help us understand the figures and to check that they are right. We want to make sure you do not pay too much tax or too little. Either way, we will tell you if we find something wrong.

To discourage tax evasion and ensure the whole system is operating fairly, we will select some tax returns for enquiry at random. We can then check if anything is wrong, which may not be apparent at first glance.

### ***What happens when you receive my tax return or claim?***

We use the figures that you provide to establish the tax that you should pay or that we should repay to you.

If we find any obvious mistakes, for example, in the arithmetic, we may correct them without making enquiries. If we do, we will send you details of the corrected figures. If you disagree with our amendment, you can ask us to reverse any changes we have made within 30 days of the date we issued our correction.

You can also amend the tax return or claim to different figures within the normal 12 months for doing so (see *Can I change my tax return or claim?* opposite).

If your tax return, or a claim you have made outside a return, shows that you have paid too much tax, we will normally repay the excess to you. But, if we have already started enquiries into your tax return, or claim, we will usually hold onto the repayment until we are sure the tax return, or claim, is correct. However, if it is clear from the facts that some repayment will be due whatever the outcome of our enquiries, we will repay that amount before final settlement of your tax liability.

We carry out a full programme of checks, including

- looking at information in your tax return
- looking at the supporting information you sent with any claim
- comparing it with information from other sources.

After these checks, if we think that your tax return, or claim, may be incorrect, or if we think something requires fuller explanation, we will start enquiries.

### ***Why are you starting an enquiry?***

We are checking whether your tax return, or a claim you have made, is correct.

We can enquire into any tax return, or claim, and may do so at random. Therefore, if we make enquiries into your Self Assessment tax return it does not mean that we think it is incorrect.

When we ask questions or need information we will not tell you whether we have selected your tax return at random or as a result of our checks. This is because it does not make any difference to how we carry out the enquiry.

Once we start an enquiry, our only purpose is to ensure the tax return, or claim, is correct. However, the initial request may identify particular areas on which our enquiries will focus.

***Can I change my tax return or claim?***

Yes, but there is a time limit.

When you have sent in your tax return, or claim, you should tell us at once about anything that you discover is wrong or which should have been included but has been left out. You can amend

- your tax return, as long as we receive your amendment within 12 months of the filing date (normally 31 January following the tax year to which the tax return relates)
- any claim you made outside a tax return, as long as we receive your amendment within 12 months of receiving the original claim.

You cannot amend your tax return, or claim, after these periods, but if you discover later that you made a mistake you may be able to claim for any extra tax relief. You should always tell us about any changes needed and we will then discuss with you how we can settle matters.

If you make an amendment during an enquiry, we can check the amendment as part of that enquiry. This Code will then apply to the amendment as well as to the tax return into which we were already enquiring. If we enquire into the amendment as well, it will not take effect until we complete the enquiry.

If you believe you have underpaid tax because of your amendment, we recommend that you make a payment towards any additional amount because interest will run from the date that the tax should have been paid. See *Do I have to pay interest?* on page 18.

***Do I have to pay tax and National Insurance during your enquiry?***

Yes. You should continue to pay any tax or National Insurance contributions you owe, as normal, throughout the time when we are enquiring into your tax return or claim. You will continue to receive your Self Assessment Statements of Account.

***Do I have to co-operate with your enquiry?***

We would welcome your co-operation with our enquiry and in establishing the correct tax and National Insurance. The extent to which you co-operate with us and provide us with information is entirely a matter for you. However, in making your decision, you may wish to get help from a professional adviser. If you do, your adviser can accompany you to all meetings held with us. He or she may correspond with us on your behalf.

We will make notes of all meetings and copies of these notes will be given to you or your adviser if you ask for them.

Our enquiry may show that an offence has been committed for which you may have to pay a penalty, which is worked out as a percentage of the tax underpaid or paid late (as described in leaflet IR160 'Enquiries under Self Assessment').

In calculating the amount of the penalty, we will take into account the extent to which you have been helpful and have freely and fully volunteered any information about income or gains which were omitted or understated. Further information about penalties is provided on page 19 (see *Do I have to pay penalties?*).

***What do I do about my next tax return?***

You should not let our enquiries into one year's tax return delay the submission of a tax return for any other year, even if you cannot provide final figures because you think these might be affected by the enquiries that are under way. If this is the case, you should

- include your best estimates in the tax return, and
- indicate which figures are provisional, because they may be affected by the outcome of the existing enquiries.

The information you provide should be correct to the best of your knowledge. If you provide information you know to be false, you could be liable to prosecution.

Please tell us if you need help completing your tax return. We can explain things to you and help you decide what you need to put where, but we cannot complete your tax return for you.

## The Enquiry

### *When do you start an enquiry?*

#### **Tax returns**

We normally have from the time we receive your tax return until 12 months from the fixed filing date (usually 31 January) to tell you that we intend to start enquiries.

If you send in your tax return late we will have until a year after the quarter date following the receipt of your tax return. Quarter dates are 31 January, 30 April, 31 July and 31 October. We have the same period to open an enquiry into any amendment that you make to your tax return after the fixed filing date.

#### ***Tax return examples***

If we receive your 2003-04 tax return

- on 23 September 2004, we can start an enquiry at any time up to 31 January 2006
- on 7 February 2005, your tax return is late because the filing date was 31 January 2005, we can start an enquiry at any time up to 30 April 2006.

#### ***Amendment examples***

If we receive your 2003-04 tax return on 23 September 2004 and your amendment

- on 4 November 2004, we can start an enquiry into your tax return, including the amendment, at any time up to 31 January 2006
- on 12 August 2005, we can start an enquiry into the amendment at any time up to 31 October 2006 but we can only start an enquiry into the rest of the tax return up to 31 January 2006.

At the end of that period, if we have not begun any enquiries, your tax return will normally be accepted as the final version.

## Claims

If you make a claim before your tax return is due we can start an enquiry into your claim at any time until 12 months from 31 January following that tax year. A tax year runs from 6 April one year to 5 April the next. The tax year 2003-04 is from 6 April 2003 to 5 April 2004.

### ***Early claim example***

You claim a 2003-04 loss in December 2003. 31 January following that tax year is 31 January 2005, and 12 months later is 31 January 2006 so

- we can start an enquiry into a claim for the tax year 2003-04 at any time up to 31 January 2006.

If you make your claim later we have a different period in which we can start an enquiry, if this ends after the period above. We have up to a year after the quarter date following the receipt of your claim. The quarter dates are given in the *Tax returns* section on page 5.

### ***Later claim example***

You claim an allowance for 2003-04 in June 2006. The following quarter date is 31 July 2006 and 12 months later is 31 July 2007 so

- we can start an enquiry into your claim for the tax year 2003-04 at any time up to 31 July 2007.

At the end of that period, if we have not begun any enquiries, your claim will normally be accepted as the final version.

### **After the time for starting an enquiry**

We cannot start an enquiry after the periods given above. But we may still be able to assess and collect from you any extra tax we later find you owe. We can only make an assessment after the time for starting an enquiry if we discover

- an error that we could not reasonably have been expected to know about from the information that you provided in or with your tax return or claim. (We can make an assessment at any time up to 31 January five years after the end of the tax year. So, for tax year 2003-04 we have up to 31 January 2010.)
- your tax return, or claim, was incorrect because of negligent or fraudulent conduct. (We can make an assessment at any time up to 31 January twenty years after the end of the tax year. So, for tax year 2003-04 we have up to 31 January 2025.)



If we discover an error after the time for starting an enquiry we might ask you for further information in order to ensure that we assess the right amount of tax. We will behave towards you in the same way as we set out in this booklet, but the legal rules for enquiries will not apply. This means we do not

- issue the formal opening and closing letters that we do in an enquiry. In particular, the section below on *How do you start your enquiries?* and any references to a 'closure notice' will not apply
- have the same formal powers, but we do have some different ones to help us obtain information we need.

If we have discovered an error after the time for starting an enquiry we will write to tell you what we are doing and why. This may be referred to as an 'investigation' rather than an 'enquiry'. We will try to agree the final position with you.

If we discover that you do owe us extra tax we can settle the matter by making assessments for the tax you owe us. You can appeal against any assessment (see the sections *Can I appeal?* on page 16 and *What happens after I've appealed?* on page 17).

### *How do you start your enquiries?*

We will tell you (and your professional adviser if you have one) in writing

- that we intend to start enquiries
- whether we are looking at the whole of your tax return or only at one or more specific areas of it, or a claim you made outside the tax return
- explain your rights and responsibilities.

We will also tell you what information we need from you. Exceptionally, we may not be able to do this, but we will always explain why and say when we expect to be able to do so.

In our letter we will give you a period of time in which we expect you to reply and to send us any information we have requested.

If we start by only looking at one or more specific areas of your tax return we will not normally ask you about other areas, but sometimes during an enquiry we realise that the information we have means we must ask about more than we originally thought.

### *Can I have professional representation?*

You can, at any time

- choose to be professionally represented, for example, by an accountant or tax adviser
- change or stop using a professional adviser.

You need to complete a form 64-8 when you appoint a new adviser. This lets us know that your professional adviser has the authority to talk to us on your behalf. Let us know if you need this form.

We will deal with any professional adviser you have appointed, unless you ask us not to. If there is little progress in settling matters, we will tell you and may then deal with you direct (or with any other professional adviser that you appoint).

You should make sure your professional adviser has all the facts. **You** are personally responsible for your own tax affairs and for the accuracy of all information supplied to us, even if you have a professional adviser.

### *What do I have to do if you ask for information?*

You should respond as promptly as you can when we ask for information. This will help to keep your time and costs, and ours, to a minimum.

You must keep your business records and any other records you need to complete your tax return, or claim, properly. We can charge a penalty if you do not keep all your records. In particular, once we start an enquiry you must keep all records that are relevant throughout the whole enquiry.

We will ask questions and explain what further information we need as clearly and simply as possible. We will only ask for information relevant to anything that is in, or should be in, your tax return.

We may limit our enquiries to one or more specific aspects of your tax return. Our enquiries can include

- requests for clarification of particular entries
- detailed consideration of whether those entries have been treated correctly for tax, and
- checking records on which the particular entries were based.

We may decide to conduct an extensive examination, which considers all aspects of your tax affairs. Enquiries of this type will

typically involve an in depth review of the records on which your tax return was based including, if you are self-employed, your business records.

If we ask to see the records on which your tax return was based you should be able to provide these quickly and easily, as they should already be in your or your professional adviser's possession. If we decide we need other information, we will explain our request fully.

We will try to

- take up as little of your time as possible by asking early on in our enquiries for everything we need to know
- avoid asking for information in a piecemeal way, but this is not always possible as one question may lead to another.

It may help if you tell us about any special features of your personal financial affairs or your business, which you think may be relevant to any questions we have asked.

Occasionally, we may need to get information from other people if we cannot get that information directly from you or we need to check something. We will

- keep your affairs confidential
- not tell other people that we are enquiring into your tax return.

### **Time limits**

We will give you a reasonable amount of time to provide any information that we need - normally 30 days, but we will be flexible about this. We may try to agree a time limit if we realise it may take longer than normal for you to get the information we have asked for.

If you think that we have not given you enough time you should tell us how much more time you need, and why. We will let you have more time if this seems reasonable. If we cannot agree, we will tell you why.

You should tell us straightaway if

- you have difficulty getting the information we have asked for and we will discuss with you how to get it
- you think it is not relevant to our enquiries.

We will consider your reasons carefully and if we think we still need the information we will explain why.

### **Formal powers**

If you do not provide the information we have asked for and we have to use our statutory powers to obtain it from you we will

- explain our statutory powers to you
- advise you of any penalties that might arise if you do not co-operate, and
- tell you about your rights of appeal to independent Appeal Commissioners.

### **Place**

If you are in business you can ask us to examine your records at your business premises. We will usually be able to do so. Sometimes we may suggest this ourselves. This will save you sending them to us and can often be more convenient for everyone. The length of our visit will depend on the amount and complexity of the records we need to examine.

You can also ask us to examine your records at the premises of your professional adviser or we can take records to our office to examine them.

### **Returning records**

We will try to return your records as soon as possible. If you need them in the meantime, you can ask us to return any records that we hold. You should tell us what you need, and when you expect to be able to return them. We will either

- send them to you if we can. You should take care of these records so that you are able to return them to us complete and in their original condition, or
- give you copies, if we need to keep them. We will do this free of charge, and within seven days of receiving your request if possible.

### ***What about meetings?***

We may ask to meet you to discuss aspects of your financial affairs of which only you have first hand knowledge or because a meeting may be the quickest way of discussing a large amount of information you have sent us. We will tell you the main areas we want to discuss in an agenda.

If you do not have a professional adviser you can ask a friend or relative to come with you. Just let us know. We have a duty to keep your confidentiality and will ask you during the meeting whether you mind discussing matters in front of your companion.

If you have a professional adviser we may ask for a meeting with them before meeting you. This may be because we want to discuss the accounts that they drew up for you. Normally, both you and your professional adviser will want to attend any meeting we have with you together.

You do not have to attend any meeting, but we will expect you to provide promptly any information we consider essential to our enquiries. Meetings allow you to

- clarify and explain any points you think we may not have understood, and
- ask questions as well.

If we believe that correspondence will not be an adequate substitute for a meeting, we will make this clear to you.

### **Place and time**

We may ask you to have a meeting at

- our offices
- your business premises, or
- your home.

You should tell us if it is not convenient for you to have the meeting where we suggest. We are usually able to meet you somewhere else that is more convenient for you.

Meetings will usually be in office hours, but if this is difficult for you it may be possible to meet at other times.

### **Answering questions**

You should ensure the answers you give us at meetings are correct. If you are not sure about an answer you should say so. It is better to say you do not know, or cannot remember, rather than worry that you may have given us a wrong answer.

If, after a meeting, you realise something you said may have been wrong, you should tell us straightaway.

### **Bringing documents**

You and your professional adviser should bring any documents for the period under enquiry, which you think may help you answer questions or support points you might wish to raise about

- your tax return
- your business, or
- your claim.

If you are unsure what you may need you can ask us.

### **Taking notes**

We will make a written record of any meeting we have with you and you can ask for a copy.

We may ask you to sign a copy of our notes to show that they record the main points of what was said. You can comment on these notes and to tell us about anything you disagree with. You do not have to sign them or comment on them, but a signed record could be useful to you and to us if we cannot reach agreement and have to ask the Appeal Commissioners to resolve matters.

You or your professional adviser can also take notes during the meeting.

You have the right to ask us why we are continuing our enquiries, if you believe

- you have provided all the information and explanations necessary to check your tax return, and
- we have had adequate time to consider the information and explanations.

We will reconsider the matter to see whether we can agree or explain what further information we need for checking your tax return.

If you think we don't have any grounds for continuing our enquiry, you can ask the Appeal Commissioners to consider whether the enquiry should be closed. For example, you may believe

- you have provided all the information reasonably required to determine the accuracy or completeness of the tax return, or
- the enquiry is being prolonged unnecessarily by us.

### ***Can I stop your enquiry?***

If you want to apply for the enquiry to be closed you should put your reasons in writing. You can send your application to the officer dealing with your enquiry to pass on to the local Commissioners, or you can send your application directly to the Commissioners.

For more information about contacting the Commissioners ask us for the leaflet 'Tax Appeals. A guide to appealing against decisions of the Inland Revenue on tax and other matters' or view the leaflet on our website at [www.inlandrevenue.gov.uk](http://www.inlandrevenue.gov.uk)

## If nothing is wrong

### *What happens if you find nothing wrong during your enquiry?*

If we find nothing wrong, we will tell you and let you know that our enquiries have finished.

We will send you a letter called a 'closure notice'. You have the right to appeal against our conclusions in the closure notice. If we have found nothing wrong we will not change anything in your tax return or claim.

You can appeal if you feel that our enquiries showed you had paid too much tax, but we did not reduce your self assessment figures.

If you amended your tax return, or claim, during our enquiries the closure notice will show your amendment. This may mean that you owe us more tax. Interest is charged on any tax paid late. See *Do I have to pay interest?* on page 18.

If you have paid too much tax you may be due interest from us.

***What happens if I have paid too much tax?***

## If something is wrong

During our enquiry we may find that you do not owe us as much tax as you have said in your tax return. We will check any mistakes whether they lower your tax charge or mean you owe more tax.

At the end of our enquiry we may decide that your self assessment was too high and we will amend it to the lower figures.

If we owe you money because you paid too much, we will pay you interest from the date of payment up to the day we repay you.

The rate of interest we pay is lower than the rate of interest we charge.

***Do I have to pay extra tax during your enquiries?***

We will ask you to make a payment on account towards any additional tax we think you owe, but until your tax return is amended, you do not have to pay anything more if you do not think you should.

However, making a payment on account will help reduce any interest charges if, at the end of our enquiries, we find you do owe additional tax. If it turns out that you have paid too much tax, we will repay any overpayment with interest.

We may make a provisional amendment to your self assessment before the end of our enquiries if we think

- additional tax is due, and
- it might not be paid if we did not act promptly.

We may also make assessments for earlier years.

You have a right to appeal against these assessments or amendments and can ask to postpone payment of any of the tax. If we cannot reach agreement, you can ask the Appeal Commissioners to decide how much tax you should pay at this stage of our enquiries.

***What happens if you find something wrong?***

If we find something wrong in your tax return, or claim, we will

- suggest changes we consider reasonable in the light of all the information we have
- try to agree with you any changes that are needed to your own figures, and



- explain how we arrived at the figures we put forward. If you do not understand them you should let us know.

Any amendment you make to your tax return, or claim, during an enquiry cannot take effect until we have finished the enquiry.

If you tell us about an amendment to your tax return, or claim, during the enquiry we have a separate right to enquire into the amendment, but will normally look at it as part of the enquiry we have already started. Our conclusions and amendments will then be about both the original tax return and your amendment.

### **Closure notices**

When our enquiries are complete, we will normally (but see the section on *Contracts* on page 16) tell you in writing

- that the enquiry is completed
- what our conclusions are, and
- what amendments we are making.

This is called a 'closure notice'.

You have the right to appeal against our conclusions or amendments; the closure notice will explain this.

If our amendment increases your self assessment for a year this may also increase the Self Assessment payments on account (due on 31 January and 31 July) due for the year following.

### **Earlier years**

If we discover an error in your tax return, or claim, during our enquiries it may also have been made for earlier years. If this is the case, we will tell you what changes should be made to those figures and will try to reach agreement with you about this.

We may ask you for further information about earlier years in order to ensure we assess the right amount of tax for each year. We may be past the time when we could start an enquiry into any earlier tax return and the rules for enquiries will not apply. This means we do not

- issue the formal opening and closing letters that we do in an enquiry
- have the same formal powers but we do have some different ones to help us obtain information we need.

If we discover that your tax return, or claim, was incorrect because of negligent or fraudulent conduct, we can make an assessment at any time up to 31 January twenty years after the end of the tax year. So, for tax year 2003-04 we have until 31 January 2025.

### **Tax credits**

If you are claiming tax credits and changes are needed to your figure of income, this may affect your tax credit claim as well as the amount of tax and National Insurance payable.

### **Contracts**

Where our enquiry results in any penalties being charged (see the section *Do I have to pay penalties?* on page 19) or tax being due for more than one year, we will try to settle matters through a contract between us, rather than by issuing several closure notices or assessments.

We will talk to you and your professional adviser about this and give you leaflet IR160 'Enquiries under Self Assessment' which explains the process.

### ***What happens if we cannot agree?***

If we are unable to agree a contract or any amendments or assessments, we may use the information or documents you provided during the enquiry in any appeal proceedings to decide the tax, National Insurance, interest and penalties which you owe.

### ***Can I appeal?***

You can appeal to independent Appeal Commissioners within 30 days of the issue date against

- our conclusions or any amendment we make to your self assessment, or
- any other assessment we make that you do not think is correct.

You can find out how to make an appeal by reading the notes with the amendment or assessment, or by asking us to explain the process to you. The leaflet 'Tax Appeals. A guide to appealing against decisions of the Inland Revenue on tax and other matters' tells you more about appeals and the Commissioners.

Copies of our leaflets are on our website at [www.inlandrevenue.gov.uk](http://www.inlandrevenue.gov.uk)

### ***What happens after I've appealed?***

We will try, wherever possible, to reach agreement with you about your tax without a formal appeal hearing.

If we cannot reach an agreement, you have the right to ask for any appeals to be heard by the Commissioners. We will arrange for this to be done or, if you prefer, you can contact the Clerk to the Commissioners yourself. We will give you the Clerk's address if you ask for it.

If the appeal hearing has been arranged at your request and we think we will need more time for our enquiries, we will ask the Commissioners to adjourn the hearing to a later date. Likewise, if we have requested the appeal hearing and you need more time to provide information, you can ask the Commissioners to adjourn the hearing to a later date. In both cases, the Commissioners will decide whether to accept the request for an adjournment.

We may ask the Commissioners to hear your appeal if there is little or no progress being made towards settling it by agreement.

We will

- tell you if we intend to ask the Commissioners to settle your appeal, and
- explain the figures we propose to put forward at least 14 days before the hearing date, unless there are exceptional circumstances. The figures we put forward may differ from those we suggested to you during our negotiations.

You have the right to

- put your case to the Commissioners and to tell them the figures you believe to be correct
- choose whether or not to have your case presented for you by a professional adviser, or by any other person, providing the Commissioners do not object.

After listening to both parties and considering all the evidence, the Commissioners will decide whether the amendment or assessment, or claim, should

- remain unchanged
- be increased, or
- be reduced.

You can ask us or, if you prefer, the Clerk to the Commissioners if there is anything about the appeal hearing procedure which you do not understand or feel you need to know.

***What do I do about paying tax after the enquiry?***

We will ask you to pay any tax due on an amendment to your self assessment within 30 days of receiving the closure notice containing the amendment. You should pay the tax as soon as possible.

***Do I have to pay interest?***

Interest is payable whenever amounts are paid late. The normal due dates for Self Assessment tax are

- 31 January during the tax year to which the charge relates, and
- 31 July after the end of the tax year for any Self Assessment payments on account, and
- 31 January after the end of the tax year for your final, balancing payment.

You will be charged interest from these dates to the date that you make the payment. The interest will be charged even if you pay everything within 30 days of receiving the closure notice.

***Example***

Enquiry into your 2003-04 tax return.

Before an enquiry into your tax return for 2003-04 you paid £5,200 in total with

- two payments on account of £2,000 each, in full, on 31 January 2004 and 31 July 2004, and
- a balancing charge of £1,200 on 31 January 2005.

The amendment at the end of the enquiry is made on 14 October 2005 and increases the self assessment for 2003-04 to £8,200. You pay the extra £3,000 on 28 October 2005 but will be charged interest

- on the £3,000 from 1 February 2005 to 27 October 2005.

***Effect on your payments on account for 2004-05.***

Your payments on account for 2004-05 are based on your 2003-04 tax return - £2,600 due on 31 January 2005 and £2,600 due on 31 July 2005 (£5,200 in total) - and are paid in full and on time.

As a result of the enquiry these payments on account are increased to £4,100 each (£8,200 in total). You pay the extra £3,000 on 28 October 2005 but will be charged interest

- on £1,500 from 1 February 2005 to 27 October 2005, and
- on the second £1,500 from 1 August 2005 to 27 October 2005.

***Do I have to pay surcharges?***

If an amendment is made by the closure notice we send you at the end of the enquiry, you have 30 days from receiving it to pay any tax you owe. If you delay paying that tax or you do not pay at all a surcharge (a fixed percentage of any tax unpaid at a specific date) will be due 28 days later.

A second surcharge is due if amounts are still unpaid more than six months after the end of the 30 days you had in which to pay any tax resulting from the enquiry.

Surcharge and penalties cannot be charged on the same tax.

***Example***

Details are the same as the example opposite (ignoring the 2004-05 payments on account). If you only pay £1,500 of the total £3,000 due for the 2003-04 self assessment on 28 October 2005 and you pay the other £1,500 in January 2006, you will be charged

- interest on the outstanding £1,500 until it is paid, and
- a surcharge of £75. This is 5% of the £1,500 still owing more than 58 days after the amendment.

There would be no surcharge if we charged a penalty on the additional tax you were paying as a result of our enquiry.

***Do I have to pay penalties?***

You may have to pay a penalty if

- you send in your tax return late
- we did not ask you to complete a tax return and you did not then tell us that you had income or gains that should be taxed
- we find something wrong with your tax return, or claim, during our enquiry.

We can only seek penalties for incorrect tax returns, or claims, if tax is understated and the error was due to negligence or fraud.

When calculating any penalty, we will take into account

- the extent to which you voluntarily disclosed anything that was wrong
- your help in concluding our enquiries, and
- the seriousness of your errors or omissions.

For example, if we ask you to come to a meeting but you choose not to and, as a result, the enquiry took longer to settle than was necessary, we may then take the delay into account in deciding the level of penalty that may be due.

You should tell us about any matters you think are relevant when we are working out any penalty that may be charged.

We will try to agree a settlement by contract on the amounts of tax, interest, surcharge and penalties that are due from you. If we cannot reach an agreement, we may formally determine the penalty we think is appropriate. We will also, where necessary, determine the amount of surcharge that may be due.

You have the right to ask the Appeal Commissioners to hear an appeal against

- any penalty determination, and
- any surcharge, on the grounds that you had a reasonable excuse for not paying the tax on time.

The way we work out penalties is set out in our leaflet IR160 'Enquiries under Self Assessment'. If you do not understand how we have calculated interest, surcharge or penalties, or why they are due, you should ask us or your professional adviser, or read our leaflet IR160.

### *What happens at the end of your enquiries?*

When our enquiries have shown something is wrong we will

- explain what it is
- tell you how to get things right for the future
- make suggestions about improvements to your business or personal records if they do not meet legal requirements or we consider they are inadequate. If you are professionally represented, we may recommend that you seek advice from your professional adviser.

If you are still unsure about the records you need to keep in future, or the amount of detail required, ask your professional adviser or us to help you. You can also ask for our leaflet SA/BK4 'Self Assessment. A general guide to keeping records'.

If our enquiries show that your tax return was incorrect, we may ask you to sign a Certificate of Disclosure confirming that you have now declared all your taxable income and gains. We will not do so if our enquiries have shown that your tax return

- was correct, or
- overstated your taxable income or gains. We will repay any tax you have overpaid plus appropriate interest.

We will take a very serious view if you sign a Certificate of Disclosure you know to be false, so you should consider it carefully before signing.

## Your rights under Our Service Commitment to you

**During our enquiries** We will always be courteous, fair and professional.

We will deal promptly with letters from you or your professional adviser, normally within our 15 working day target for replies. If we cannot reply quickly, for instance, because of the amount or complexity of the material you have sent us, we will let you know the reason for the delay.

### *Keeping you informed*

Although we will not give reasons for making enquiries, we will explain your legal rights and the reasons for any actions we take as our enquiries proceed. We will tell you, for example, why we

- think we need a meeting with you
- are not satisfied with any explanation you may have given
- are amending your self assessment
- need to use our statutory powers to obtain information or documents
- are reviewing your tax returns for earlier years
- are making assessments for earlier years.

You can ask us at any time to

- explain your rights, or
- tell you why we have taken a particular action, or
- explain what you are obliged to do under the law.

You can ask for these explanations even if we have already given them to your professional adviser.

You can also ask for any of our information leaflets, some of which are listed on page 26. These have been written to help you. We have leaflets in other languages, Braille, large print or audio, just ask about them at your local Inland Revenue office or Inland Revenue Enquiry Centre.

Copies of our leaflets are on our website at **[www.inlandrevenue.gov.uk](http://www.inlandrevenue.gov.uk)**



## **Confidentiality**

You have the right to the same high degree of confidentiality that all taxpayers receive.

We may ask you to discuss your personal tax affairs in front of other people, such as, your business partners, your spouse or domestic partner. This may help speed up our enquiries, and help to reduce costs all round. But, we will ask for your agreement beforehand.

You do not have to discuss your personal tax affairs in front of other people. If there are matters you do not wish to discuss with others present, please tell us.

We will only give information to people you have not authorised in the limited circumstances allowed by law, such as, at Appeal Commissioners' hearings.

## **Your costs**

We know that dealing with our questions may cost you time and money, so we will only ask for information that we need to check that your tax return, or claim, is correct.

We will end our enquiries as soon as possible. That is, when we are confident your tax return, or claim, is correct, or that all errors or omissions involving more than a trivial amount of tax have been identified and put right.

## **Complaints**

Our leaflet Code of Practice 1 'Putting things right. How to complain' explains our complaints procedure and when we pay compensation for mistakes we make.

Please tell us if you believe

- you have been denied your rights
- we have made a mistake
- you have been treated badly
- we have not acted in accordance with this Code of Practice.

To help you to do this and to avoid any further inconvenience, we have a straightforward and easy to use complaints procedure.

You can complain in writing, by phone or fax, or by visiting your local office. We will try to settle your complaint as quickly as possible. So if you have a complaint, please follow the steps below.

*Step one*

When you have a complaint, it is usually best to contact the person you have been dealing with. You may however prefer to contact that person's immediate manager or the person in charge of the office. If you wish to do this phone the customer relations manager and they will tell you who to contact.

*Step two*

If you cannot settle your complaint at step one, contact the Director with overall responsibility for the office you deal with. We will tell you the name and address of the Director to contact. The Director will review the complaint objectively.

*Step three*

If you're not happy with the Director's response you can ask the Adjudicator to look into your complaint. The Adjudicator is a fair and unbiased referee whose recommendations are independent. You can contact the Adjudicator at

The Adjudicator's Office  
Haymarket House  
28 Haymarket  
London  
SW1Y 4SP

Tel: **020 7930 2292** (Typetalk facilities are available)

Fax: **020 7930 2298**

You can also contact the Adjudicator

- by e-mail at [adjudicators@gtnet.gov.uk](mailto:adjudicators@gtnet.gov.uk), or
- on the Internet at [www.adjudicatorsoffice.gov.uk](http://www.adjudicatorsoffice.gov.uk)

The Adjudicator's Office leaflet A01 (available from the Adjudicator's Office and Inland Revenue offices) tells you how to make a complaint and gives information on what the Adjudicator can look into.

If at any time you are not satisfied with the service you are receiving from us or from the Adjudicator, or with the handling of your complaint, you can ask an MP to refer your case to the Parliamentary Ombudsman. The Ombudsman will accept referrals from any MP, but you should approach your own MP first.

Further information is available from

Office of the Parliamentary Commissioner for Administration  
Millbank Tower  
Millbank  
London  
SW1P 4QP

Helpline: **0845 015 4033**

Fax: **020 7217 4160**

Or contact the Parliamentary Ombudsman

- by e-mail at [opca-enqu@ombudsman.org.uk](mailto:opca-enqu@ombudsman.org.uk), or
- on the Internet at [www.ombudsman.org.uk](http://www.ombudsman.org.uk)

You can also ask your MP to take up your case with the Inland Revenue or Treasury Ministers.

## *Suggestions*

We set high standards for the way we carry out our enquiries and are constantly looking for ways to improve those standards.

If you would like to suggest any changes to the way we do things or if you have any comments about this Code of Practice, please write to us at

Inland Revenue  
Cross-Cutting Policy  
Room S1, West Wing  
Somerset House  
Strand  
London  
WC2R 1LB

## Further information

We produce a wide range of leaflets. Some we have mentioned which you might find useful are

- COP1 Putting things right. How to complain
- IR160 Enquiries under Self Assessment
- SA/BK4 Self Assessment. A general guide to keeping records
  - Tax Appeals. A guide to appealing against decisions of the Inland Revenue on tax and other matters.

Our leaflets are available at [www.inlandrevenue.gov.uk](http://www.inlandrevenue.gov.uk) and from any Inland Revenue Enquiry Centre. Most are open to the public from 8.30am to 5.00pm, Monday to Friday. Addresses are in your local phone book under 'Inland Revenue' and at [www.inlandrevenue.gov.uk/local](http://www.inlandrevenue.gov.uk/local)

You can get many leaflets from our Orderline by

- phone or textphone (for Minicom users) on **0845 9000 404** from 8.00am to 10.00pm, every day except Christmas Day, Boxing Day and New Year's Day
- fax on **0845 9000 604**
- completing the online order form at [www.inlandrevenue.gov.uk/contactus/staustellform.htm](http://www.inlandrevenue.gov.uk/contactus/staustellform.htm)

Orderline calls are charged at local rates.

Your library or Citizens Advice Bureau may also have copies of some of our leaflets, but may not have them all.

## Glossary

### *Amendments*

Changes you, or we, make to your tax return, or claim, you make outside a tax return.

### *Claim*

A claim you make separately from your tax return for a tax relief or a tax allowance.

### *Closure notice*

The letter we send you at the end of an enquiry. It tells you our conclusions and makes any amendments we feel are necessary.

### *Enquiry*

The formal process for us to ask about your tax return, or claim, and decide whether it is correct and complete. The enquiry process involves sending you an opening letter, informal and formal procedures for asking you for information, sending you a closure notice and making any amendments needed to your tax return or claim.

### *Fixed filing date*

Usually 31 January after the end of the tax year.

### *Investigation*

The process for us to ask about the correct tax charge for an earlier year when we are too late to start a formal enquiry. We do not follow the same formal procedures.

### *Opening letter*

The letter we send you to tell you we are starting an enquiry into your tax return or claim.

### *Quarter dates*

31 January, 30 April, 31 July and 31 October.

### *Tax year*

A tax year runs from 6 April in one year to 5 April in the next. The tax year 2003-04 is from 6 April 2003 to 5 April 2004.



# Our Service Commitment to you

The Inland Revenue and Customs and Excise are committed to giving you the best service we can by;

## *acting fairly and impartially*

We

- treat your affairs in strict confidence, within the law
- want you to pay or receive only the right amount due.

## *communicating effectively with you*

We aim to provide

- clear and simple forms and guidance
- accurate and complete information.

## *providing good quality service*

We aim to

- handle your affairs promptly and accurately  
be accessible
- keep your costs to the minimum
- help customers with special needs
- be courteous and professional.

## *taking responsibility for our service*

We

- publish our customer service aims and achievements annually
- want to hear from you if you wish to comment, or complain, so we can improve our service. We advise you how to do this.

## ***We can provide better service if you help us by***

- keeping accurate and up-to-date records
- letting us know if your personal or business circumstances change
- giving us correct and complete information
- paying on time.

Further information on customer service is available at Inland Revenue and Customs and Excise local offices, set out in our Charters, complaint leaflets and Codes of Practice.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.

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