



Inland  
Revenue

CODE OF PRACTICE  
COP8

# Special Compliance Office investigations

Cases where serious fraud is not suspected

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This Code of Practice explains how we, the Special Compliance Office, carry out investigations where serious fraud is not suspected. It promises that we will treat you fairly and courteously in accordance with the law and Our Service Commitment to you (inside of back cover).

## **Introduction**

Most taxpayers pay what is due and others make genuine mistakes. Some, however, deliberately try to pay less than the correct amount or take advantage of a scheme or device to reduce or eliminate a liability that might otherwise be due. If we suspect this, we will investigate thoroughly to establish the facts.

We do not conduct investigations under this Code of Practice with a criminal prosecution in mind but towards a financial recovery of any tax, interest and penalties you owe.

We will adopt a different approach if we suspect or find evidence of serious fraud at any time during our investigation. We will then deal with the investigation either under our published Code of Practice 9 or, if it is being conducted with a view to criminal prosecution, under the Police & Criminal Evidence Act 1984 and the Criminal Procedure & Investigation Act 1996 and their respective Codes of Practice. In Scotland and Northern Ireland criminal investigations are carried out under the law applicable in those parts of the United Kingdom.

## **General**

We will investigate any situation where we believe that there may have been a serious loss of tax or other duties. This includes the tax affairs of individuals, partnerships, companies and trusts. We set high standards for the way we work.

We take over responsibility for some investigations started in local offices and in other parts of the Inland Revenue, and start others ourselves.

If our investigation includes an enquiry into a Self Assessment (SA) tax return we may deal with the whole tax return or specific aspects of it. If our involvement is limited to aspects of your tax return, a local Tax Office, or other specialist office, will deal with the other aspects. In such cases, we will co-ordinate our work. This Code only applies to our investigation.

We will liaise with your Tax Office during the investigation and at its conclusion. At the end of the investigation, your Tax Office will again take over responsibility for your taxation affairs.

## **Confidentiality**

You have a right to the same high degree of confidentiality as all taxpayers. We will only give information to people you have not authorised to receive it in the circumstances allowed by the law.

We are a Data Controller under the Data Protection Act. We hold information for the purpose of taxes, National Insurance contributions, tax credits and legal functions given to us by Parliament, and can use the information for our internal functions.

We might check new information we receive about you with our existing records. This includes information provided by you as well as others, such as other Government departments and agencies and overseas tax authorities. We will not give information about you to anyone outside the Inland Revenue unless the law allows us.

We will be discreet if we need to ask other people or organisations for information about you or your business during our investigation.

If you have given us a mandate (an authority for a third party such as a bank to provide us with information) we might use it to help our investigation. Mandates can help us get information usually available only to you. So, we will sometimes need to use our legal powers whether or not you have given us a mandate.

You can refuse to discuss any matter in front of other people, including your business partners, fellow directors and your spouse or partner. However, discussing issues openly will often help speed up an investigation and reduce costs.

### *Co-operation*

**It is entirely for you to decide whether to co-operate with our investigation. In making your decision you may wish to obtain assistance from a professional advisor. If you do obtain such assistance your advisor can accompany you at all meetings with us. He or she may also correspond with us on your behalf.**

**We make notes of all meetings and you or your professional advisor can ask for copies at any time.**

See page 12 for further comments regarding co-operation.

### *Professional representation*

We recommend that you approach a professional advisor to represent you during our investigation although again this is a matter for you.

You may change or stop using a professional advisor at any time.

You should give your professional advisor all the facts because **you** are personally responsible for your tax affairs and the accuracy of any information supplied to us.

We expect high standards from professional advisors. We will normally deal with your advisor but if there are delays or difficulties we might deal directly with you.

## *Meetings*

If you decide to co-operate with us, we regard attendance at meetings as an important part of that co-operation.

Meetings give us both a chance to ask questions and clarify points as the investigation progresses. If our only contact is by correspondence, it could take much longer.

We

- will make a written record of our meetings with you and you can ask for a copy
- might ask you to sign a copy of our notes to show that they accurately reflect what was said. You are not legally obliged to comply with this request and can comment on any of the contents you do not agree.

Any meetings you have with us can be at

- the office of your professional advisor
- our office or another Inland Revenue office
- your business premises, or
- your home.

You can ask your professional advisor to attend these meetings. We will be discreet during meetings at any of your premises and will first ask for your permission.

**Please tell us in advance if you need an interpreter or have any special needs so that we can take these into account when we prepare for the meeting.**

## *Opening the investigation*

Before we begin an investigation or take over an existing one we will look at the information in your tax returns, accounts and statements and from other sources. We might also make enquiries of other people and organisations before we contact you or your professional advisor in order to decide whether or not we need to proceed.

If we decide to investigate under this Code we will tell you and your professional advisor in writing.

We will normally tell you the reasons for starting the investigation although we are not obliged to do so. Sometimes we are unable to give you the reasons on grounds of confidentiality or if our investigation might be prejudiced.

We will identify the particular issues on which we intend to focus. However, during an investigation, it can become necessary to enquire into issues other than those identified at the outset.

We will normally invite you to a meeting to openly discuss the issues and give you the opportunity to tell us the relevant facts.

We expect you to be open and honest with us and to provide complete and accurate information. It is your responsibility to do so and to make sure that answers you give are correct to the best of your knowledge and belief. If you are unsure whether particular facts are relevant you should tell us anyway.

You should tell us without delay if you

- subsequently think that you may have provided incorrect or incomplete information, or
- want to add anything to what you have already told us.

You should consider very carefully any points we have raised and respond as fully and promptly as possible.

### ***Your costs***

We know that dealing with our investigation can cost you time and money, so we will make sure that our enquiries are reasonable and necessary to your case.

We will close our investigation as soon as we are satisfied that your tax affairs are in order or settled.

Our leaflet Code of Practice 1 'Putting things right when we make mistakes' explains when we pay compensation for mistakes we make.

### ***Keeping you informed***

You can ask us at any time to explain

- your legal rights
- why we have taken a particular action
- your obligation under the law.

You can ask for these explanations even if we have already given them to your professional advisor. You can also ask for a copy of any of our other publications.

We will deal promptly with letters from you or your advisor, normally within 20 working days. If we cannot do so we will let you or your professional advisor know the reason for the delay.

### ***Providing information***

We will always be courteous, fair and professional and will only ask for the information we believe to be necessary.

We will often ask you for information and documents to assist our investigation. We will give you a reasonable amount of time to provide any information. 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 explain our reasons.



You should tell us straightaway if you have difficulty obtaining the information we have requested and we will discuss with you how you might obtain it. You should also tell us if you think the information is not relevant to our investigation. We will discuss and try to agree the situation with you.

Parliament has given the Inland Revenue powers to obtain information. If we need to use these powers we will make sure that any representations you have made together with all the relevant facts are taken into consideration and put forward in any application we make before a Commissioner of Income Tax. The Commissioner is independent of the Inland Revenue.

You should ensure that any information you provide and any answers you give are correct. If you are unsure about any matter you should say so. It is important that you give us all the relevant facts even if you are in doubt about the tax consequences of a particular matter. If, subsequently, you realise that something you have told us or provided to us may have been wrong, you should tell us straightaway.

You have the right to ask us why we are continuing with our investigation if, for example, you believe that you have provided all the relevant information and explanations and we have had adequate time to investigate the position and bring matters to a close. If we are unable at that time to conclude the investigation, we will explain the reasons why. For example, we may feel it necessary to seek further information by approaching other persons or organisations.

Where our investigation includes an enquiry into a Self Assessment (SA) tax return, you may ask the Appeal Commissioners to consider whether that enquiry should be closed. We can explain to the Commissioners the reasons for not closing that enquiry. You may wish to discuss matters with your professional advisor before deciding upon such action.

## **Records**

You must keep certain records to help you to complete your Self Assessment tax return. You should read booklet SA/BK4 'Self Assessment. A general guide to keeping records'. You can get this from any Inland Revenue Enquiry Centre, local Tax Office or from our website

**[www.inlandrevenue.gov.uk](http://www.inlandrevenue.gov.uk)**

**Please make sure that you keep all existing records, including computer records, during our investigation whether or not you are required to do so by law.**

We may ask to see your business and private financial records. We can arrange to examine these at your premises. Where necessary we may ask to retain original records or copies.

You may ask for the return of any records which we hold if you need them at any time. If we have to keep them we will give you copies of any documents you need. We will do this free of charge and we will agree a timetable for this.

We will advise you, if necessary, of what you need to do if your business or personal records do not meet the legal requirements or if we consider they are inadequate in any other way. If you are still in doubt about the records you need to keep for the future you should ask your professional advisor or us to help.

## ***Paying tax during our enquiries***

We will ask you to make a payment on account towards any additional liability we think is due pending the conclusion of the investigation. Making a payment on account will help to reduce any interest charges and will demonstrate your willingness to reach a money settlement.

We might make a provisional amendment to your or your company's Self Assessment (SA) before the end of our investigation if we think that you might not pay any additional tax due unless we act quickly. We could also make assessments for earlier years.

You have the right to appeal against such assessments or amendments and can ask to postpone payment. If we cannot agree, you can ask the Appeal Commissioners to decide how much tax you should pay.

### ***Self Assessment tax returns***

You must send us complete and accurate tax returns by the legal deadline even if we are investigating your tax affairs under this Code. We will regard it as a serious offence if you deliberately submit an incorrect tax return.

If you are unable to provide final figures you should include your best estimated figures in your tax return and highlight any figures you think will be affected by our existing investigation.

### ***Appeal hearings***

You have 30 days to appeal to independent Appeal Commissioners against

- any amendment we make to your or your company's Self Assessment, or
- any assessment we make that you do not think is correct.

You can find out how to appeal by

- reading the notes with the amendment or assessment, or
- asking us to explain the process to you.

We will try to reach agreement with you about your or your company's tax liabilities without a formal appeal hearing. If we cannot agree, we both have the right to ask the Commissioners to hear any appeal.

We can arrange for the Commissioners to hear your appeal or you can contact them yourself. We will give you the address of the Clerk to the Commissioners on request.

Where an appeal hearing has been arranged at your request we can ask the Commissioners for an adjournment if we need more time to investigate. Likewise, if we have requested the appeal hearing and you need more time to provide information you can ask the Commissioners for an adjournment. In both cases, the Commissioners will decide if they will accept the request for an adjournment.

If we are making little or no progress settling your appeal by agreement, we might ask the Commissioners to settle it. We will tell you if we intend to do this. We will explain our proposed figures (they might be different from the ones we suggested to you during our negotiations) at least 14 days before the date fixed for the hearing, unless there are exceptional circumstances.

You have the right to put your case to the Commissioners and to tell them the figures you believe to be correct. You can choose whether or not to have your case presented for you by a professional representative 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 should remain unchanged, increased or reduced.

You can ask us or the Clerk to the Commissioners to explain anything you do not understand about the appeal hearing procedure.

## **Concluding the investigation**

If our investigation finds nothing wrong with your tax affairs, we will let you know that our investigation has been completed.

If it is appropriate to seek a money settlement at the conclusion of our investigation we will try to reach an agreement with you covering the amount of tax and other duties, interest and penalties we believe are due. We will only suggest adjustments that we consider to be reasonable in the light of the information we hold. You should ask us to explain if you do not understand any of the figures we propose for settling matters.

If we cannot reach agreement we may formally determine the tax, interest and penalties we consider appropriate. As described on page 9-10, you have the right to have any appeals you make heard by an independent appeal body.

**We can use the information or documents provided by you during the investigation in any proceedings to determine your liability to tax or other duties, interest and penalties.**

Where there have been errors or omissions in your accounts or tax returns we will ask you to sign a Certificate of Full Disclosure confirming that you have now declared all your taxable income, gains and other duties. We will not ask for a certificate if the investigation showed nothing wrong.

**We will take a very serious view if you sign a Certificate of Full Disclosure you know to be false. You should consider the certificate very carefully before signing it. If you sign a certificate you know to be false, you may be liable to prosecution.**

You should always make sure you understand what, if anything, was wrong with your accounts or tax returns. You should ask us or your professional advisor what you need to do to make sure you get them right in the future.

## ***Interest, surcharge & penalties***

We will charge interest on any tax paid late. You could also have to pay a penalty.

We can charge you a penalty for an incorrect tax return if it was delivered fraudulently or negligently or if you find that it is incorrect and fail to correct the error within a reasonable time. You are responsible for the accuracy and completeness of your tax return even if a professional agent or advisor is acting on your behalf.

When calculating any penalty we will take into account

- the extent of any voluntary disclosure of irregularities in your tax affairs that you make
- your co-operation with our investigation such as attending meetings and providing information and documents
- the seriousness of your errors or omissions.

Our leaflet IR1 60 'Enquiries under Self Assessment. How settlements are negotiated' explains how we calculate penalties.

You should tell us about anything you think is relevant when we are working out the penalty to be charged.

In some cases, we could charge you a surcharge as well as interest and penalties. Our leaflet SA/BK7 'Self Assessment. Surcharges for late payment of tax' explains about surcharges.

## ***False Statements***

You should make sure that answers given at meetings and in correspondence and all other information you provide to us are correct and complete to the best of your knowledge and belief.

**If you make a statement you know to be false you may be prosecuted.**

## **Suggestions**

We appreciate that you might find our investigation unwelcome, but we set high standards for the way we investigate fraud. If you have any suggestions about our standards or about this Code of Practice please write to

The Director  
Inland Revenue Special Compliance Office  
Room 326, New Court  
48 Carey Street  
London WC2A 2JE

## **Complaints**

Please tell us if you believe

- we have not followed our Code of Practice
- you or your company have been denied your rights in some respect
- we have made a mistake
- we have treated you or your company badly during our investigation.

To help you complain, and to avoid any future inconvenience to you, we have an easy to follow complaints procedure. We will try to settle your complaint as quickly as possible.

If you have a complaint please follow the steps below.

### **Step One**

It is usually best to contact the person you have been dealing with. If you prefer, you can contact that person's immediate manager. The officer dealing with the investigation can tell you who to contact.

### **Step Two**

If you cannot settle your complaint at step one you can write to the Director of Special Compliance Office. The Director will arrange for your complaint to be independently reviewed by a senior officer unconnected with the investigation.

### **Step Three**

If you are not happy with the Director's response you can ask the Adjudicator to look into your complaint and recommend appropriate action. The Adjudicator, whose services are free, is an impartial referee whose recommendations are independent.

The Adjudicator's address is

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**, or
- on the Internet at **www.open.gov.uk/adjoff**

The Adjudicator's leaflet A01 is available from the Adjudicator's office and Inland Revenue offices. It includes further information about complaining to the Adjudicator.

If you are not satisfied with the service you have received from us or the Adjudicator, or with the outcome of your complaint, you can ask an MP to refer your complaint to the Parliamentary Ombudsman. The Ombudsman will accept a referral from any MP but you should ask your own MP first.



For further information about the Parliamentary Ombudsman contact

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.

## Further information

We produce a wide range of leaflets, booklets and Helpsheets designed to explain different aspects of your tax or National Insurance in plain English, and to assist with the completion of tax returns. Most of them are free, and most are also available in Welsh.

Some you might find useful are

COP1 Putting things right. How to complain

COP11 Self Assessment. Local office enquiries

COP14 Corporation Tax Self Assessment Enquiries

IR160 Enquiries under Self Assessment. How settlements are negotiated

SA/BK4 Self Assessment. A general guide to keeping records.

SA/BK7 Self Assessment. Surcharges for late payment of tax

**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.**

Our IR List 'Catalogue of leaflets and booklets' gives further information about our publications, most of which you can get from any Inland Revenue Enquiry Centre, Tax Office or Inland Revenue National Insurance Contributions office. Addresses are in your local telephone book under 'Inland Revenue'. Most offices are open to the public from 8.30am to 5.00pm, Monday to Friday, and some are also open outside these hours.

Social Security offices and Jobcentre Plus offices (part of the Department for Work and Pensions), and your library or Citizens' Advice Bureau may also have copies of our leaflets.

You can also get most of our leaflets

- by calling our Orderline on **0845 9000 404** between 8.00am and 10.00pm, seven days a week (except Christmas Day)
- by fax on **0845 9000 604**
- by e-mail on **saorderline.ir@gtnet.gov.uk**
- on the Internet at **www.inlandrevenue.gov.uk**
- by writing to

**PO Box 37  
St Austell  
Cornwall PL25 5YN**

Helpline and Orderline calls are charged at local rates.







# 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.

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## 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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