

Compliance checks – penalties

You may be liable to pay a penalty if we find that you failed to do something the law says you must do, your mistakes meant you gave us the wrong information, or you gave us the wrong information deliberately.

We will charge a penalty when we believe one is due. If you agree we will include any penalty as part of a contract settlement. If you don't agree we will take formal action which will provide you with the right of appeal against the penalty assessment.

This factsheet explains the different types of penalties applicable for returns due to be filed up to 31 March 2009, and how we work them out. Ask the officer carrying out the check for details of penalties applicable for returns due to be filed from 1 April 2009.

Types of penalty

Fixed penalties

Some penalties are of a fixed amount. For example, if you were late sending us your P35 return, the penalty will be for the same amount for each month it is late. How much you are charged will depend on how many people should be on the return.

Some fixed penalties carry maximum charges.

Maximum penalty of a set amount

Some penalties are set at a maximum amount by law. For example, if your return was wrong due to your carelessness or was deliberate, the maximum penalty is £3,000 for each incorrect return. We will set your penalty according to your circumstances up to the maximum.

Tariff based penalties

Some penalties are tariff based. The penalty normally increases the more times you get something wrong. For example, if you sent in form CIS300 more than 12 months late, we can charge you a maximum penalty of £3,000. However, we will seek a lower penalty the first time it happens but this will go up the more times it happens.

Initial and daily penalties

These penalties are in two parts. If you didn't do something that you should have, for example, if you didn't make a declaration on form CIS300, we can charge you an initial penalty, followed by a daily penalty until you put it right.

Maximum penalty of the difference

We will work out these penalties using the difference between the amount you should have paid or returned and what you actually paid or returned. Legally it can be 100% of the difference but this would be exceptional. For example, if you should have paid or returned £10,000 but the amount you paid or returned was £6,000 we may charge you a penalty of £4,000.

We will work out the maximum penalty, and reduce it based on what you disclosed to us, how much you co-operated with us, and how serious your mistakes were.

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Help

If you have any questions, concerns or would like more details please contact the office in the covering letter.

Getting advice

You can get advice from a professional adviser or organisation. Advisers may charge you for their service.

Customer service

HM Revenue & Customs commitment

We aim to provide a high quality service with guidance that is simple, clear and accurate.

We will:

- be professional and helpful
- act with integrity and fairness, and
- treat your affairs in strict confidence within the law.

We aim to handle your affairs promptly and accurately so that you receive or pay only the right amount due.

Putting things right

If you are not satisfied with our service, please let the person dealing with your affairs know what is wrong. We will work as quickly as possible to put things right and settle your complaint. If you are still unhappy, ask for your complaint to be referred to the Complaints Manager.

Disclosure

We will look to reduce a penalty by up to 30% if you told us about mistakes you made without any prompting from us or fear of us finding out about them, or by up to 20% if you told us about them when we asked.

We will look to reduce the penalty based on when you gave us access to all the information needed, how promptly you gave it, and how you helped us to fully understand what went wrong.

Co-operation

We will look to reduce a penalty by up to 40% depending on how much you co-operated with us.

We will reduce it based on the following, if you:

- gave us information quickly
- gave us records when we asked for them
- answered our questions honestly and accurately
- gave us all the relevant facts
- helped us during our checks.

To what extent you co-operate and provide us with information is entirely up to you. If you are unsure you may wish to get independent advice.

Seriousness

We will look to reduce a penalty by up to 40% depending how serious your mistakes were and how much you owed. We will also look at what you did, why you did it, and for how long. The reduction will be greater for less serious mistakes of smaller amounts.

Example - maximum penalty of the difference

Amount that should be shown on return	£10,000
Actual amount on return	£6,000
Maximum penalty	£4,000
After consideration of all the facts, the reductions due are	
Disclosure	10%
Co-operation	25%
Seriousness	<u>25%</u>
Overall reduction	60%
This means that the penalty will be 40%.	
The calculation looks like this:	
Difference between returned and due	£4,000
Penalty at 40% of amount underpaid	<u>£1,600</u>
Total payable (+ interest)	£5,600

We will talk to you about the level of penalty. If you think something affects the amount of penalty, please tell us. We will consider what you say. We will try to agree an amount with you straightaway or may need a few days. If we agree with you, we will revise the amount.

Penalties worked out this way are subject to Article 6 of schedule 2 of the Human Rights Act 1998. For more information please go to www.statutelaw.gov.uk or speak to the person dealing with your check.

Customers with particular needs

We offer a range of facilities for customers with particular needs, including:

- wheelchair access to nearly all Enquiry Centres
- help with filling in forms
- for people with hearing difficulties
 - Text Relay
 - induction loops.

We can also arrange additional support, such as:

- home visits, if you have limited mobility or caring responsibilities and cannot get to one of our Enquiry Centres
- services of an interpreter
- sign language interpretation
- leaflets in large print, Braille and audio.

For complete details please:

- go to www.hmrc.gov.uk/enq or
- contact us. You will find us in *The Phone Book* under 'HM Revenue & Customs'.

Yr Iaith Gymraeg

Ffoniwch **0845 302 1489** i dderbyn fersiynau Cymraeg o ffurflenni a chanllawiau.

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

Issued by

HM Revenue & Customs

Customer Information Team

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Printed by Paragon 12/09