

Compliance checks – What happens when we find something wrong

Every year we carry out checks to make sure that our customers are paying the right amount of tax at the right time and receiving the right allowances and tax reliefs. These are called compliance checks.

This factsheet tells you:

- when something is wrong
- what happens next
- what we can do to help
- how we agree the final figures
- decision notices
- what to do if you disagree
- contract settlement
- what if you cannot pay what you owe
- your principal rights.

When something is wrong

We will tell you if we have found something wrong, either by letter, or during a phone call, visit, or meeting. We will explain what we believe is wrong and why.

If you disagree with us, you should tell us why. If we still believe there is something wrong we will explain why and work with you to try to put things right.

If we find something wrong, it may mean that:

- we owe you some money, or
- you owe us some money, or
- it makes no difference to the amount of tax that is due.

If we owe you some money:

- we will repay you or credit your account as quickly as possible, and
- we will pay you any interest that is due.

If you owe us some money, you may also have to pay:

- interest, if you did not pay the right amount at the right time
- a penalty, if you did not take reasonable care.

You can find more information about penalties in factsheet *CC/FS7 Penalties for errors in returns or documents*. Details of how you can get a copy are in the right hand panel of this factsheet.

There are people who deliberately evade their tax obligations. We may publish the name, address and other information about serious tax evaders. You can find more information about our publications in factsheet *CC/FS13 Publishing details of deliberate defaulters*. Details of how you can get a copy are in the right hand panel of this factsheet.

If you need help

If you have any questions about this check or difficulty in obtaining any information mentioned in this factsheet, please contact the office that wrote to you.

Don't stop sending returns or making payments

During the compliance check, please carry on making returns and payments when they are due.

Benefits, fees, grants and tax credits

If you are receiving any benefits, fees or grants that are based on your income, and your income changes as a result of this check, you will need to tell the organisation that is paying you.

If you are receiving tax credits and your income changes as a result of this check, you must tell the Tax Credit Office. You can contact the helpline on **0845 300 3900**. For customers who are deaf, hearing or speech impaired, please phone **0845 300 3909** (textphone). Or you can write, marking your envelope 'Change of circumstances' to:
Tax Credit Office
Preston
PR1 0SB

Customers with particular needs

If you need extra help to deal with this check, please let the officer that wrote to you know. For example, if:

- English is not your first language
- you would like us to use a certain format to communicate with you, for example, Braille or Text Relay. If you use Text Relay by textphone, dial **18001** + number, by phone dial **18002** + number
- you would like us to visit you at home because it is difficult for you to get to one of our offices.

What happens next

We will work with you to find out:

- if there are any other errors
- what caused the error
- how much difference the error makes to your tax
- how we can help you to stop the error happening again.

What you can do to help

It will make it easier and quicker to put things right and speed up our check if you:

- tell us about any other errors you think you could have made
- tell us everything you can about the error we have found
- help us to work out the size of the error
- let us look at any records that will help us put things right.

We value your help in this way and if a penalty is due, the help you have given us may reduce the size of any penalty.

If you have deliberately tried to reduce your tax bill, you can avoid publication if you

- tell us everything about what you did, either before we contact you or as soon as we contact you, and
- co-operate fully with us to help us to correct what you did.

How we agree the final figures

We will write to you explaining all our figures and ask you to agree. We may also discuss these with you at a meeting or on the phone.

We will tell you if these figures mean that you meet the conditions for publishing your details. The factsheet CC/FS13 *Publishing details of deliberate defaulters* explains the conditions.

We will finish our check by either sending you one or more 'decision notices' or agreeing a contract settlement with you.

Decision notices

Decision notices can be:

- an assessment or amendment to an assessment
- a penalty notice if a penalty is due
- a letter setting out what the final position is.

If you owe us any money, you may also have to pay interest.

If we owe you any money, we will repay you or credit your account and we may also pay you interest.

What to do if you disagree

When we make a decision that you can appeal against, we will write to you to explain the decision and tell you what you need to do if you disagree. You will usually have three options. Within 30 days you can:

- send new information or arguments to the officer you have been dealing with
- have your case reviewed by a different HMRC officer
- arrange for your case to be heard by an independent tribunal.

You can find more about this in factsheet HMRC1 *HM Revenue & Customs decisions - what to do if you disagree*. Details of how you can get a copy are in the right hand panel of this factsheet.

What if you are unhappy with our service

If you are unhappy with our service, please contact the person or office you have been dealing with. They will try to put things right. If you are still unhappy, they will tell you how to complain.

Our factsheet *C/FS Complaints*, also tells you how to make a complaint. You can get a copy of this factsheet from our website. Go to www.hmrc.gov.uk and look for *C/FS* within the Search facility. You can also go to our website and under *quick links* select *Complaints & Appeals*.

If you prefer, you can write to:

Complaints Central Clearing
Team Manager
Ground Floor
1 Munroe Court
White Rose Office Park
Leeds
LS11 0EA

You will need to tell us the reference number and the address of the office that last wrote to you. Say exactly what you think has gone wrong and what you think we should do to put it right.

Which tax periods and taxes these penalty rules apply to

The penalty rules in this factsheet apply to tax returns or documents for all the taxes listed below which are:

- due to be sent to us on or after 1 April 2010 and
- relate to a tax period beginning on or after 1 April 2009.

They also apply to returns or documents for the taxes listed below, indicated by an asterisk (*), which were:

- due to be sent to us on or after 1 April 2009 and
- relate to a period beginning on or after 1 April 2008.

The penalty rules in this factsheet apply to:

Aggregates Levy
Air Passenger Duty
Alcohol Duty
Bingo Duty
Capital Gains Tax*
Climate Change Levy
Construction Industry Scheme*
Corporation Tax *
Excise Duties (Holding and Movements)
Gaming Duty
Hydrocarbon Oils Duty

Contract settlement

In some cases we can agree a contract settlement instead of issuing decision notices. The officer dealing with the check will explain this to you in more detail.

We may also ask you to sign a certificate confirming that you have told us about all your taxable income.

What if you cannot pay what you owe

If you think you may have problems paying, tell the officer dealing with the check.

Your principal rights

- You have the right to be represented. You can appoint anyone to act on your behalf. This includes professional advisers, friends, relatives and so on.
- You have the right to consult your adviser. We will allow a reasonable amount of time for you to do so.
- We will protect information we obtain, receive or hold about you.
- We can only ask you for what is reasonable for us to carry out our check. What is reasonable will depend on the circumstances of the individual check.
- You have the right to complain if you believe that we have not treated you fairly.

If you have an adviser, you must still take reasonable care to make sure that any returns or documents you send us are correct.

Your Charter

To find out what you can expect from us and what we can expect from you, go to www.hmrc.gov.uk/charter and have a look at *Your Charter*.

Income Tax (including Self Assessment) *
Inheritance Tax
Insurance Premium Tax
Landfill Tax
Lottery Duty
National Insurance Classes 1 and 4*
National Insurance Class 1A
Pay As You Earn (PAYE)*
Petroleum Revenue Tax
Pool Betting Duty
Remote Gaming Duty
Stamp Duty Land Tax
Stamp Duty Reserve Tax
Tobacco Duty
VAT *

If you need information on penalty rules for other taxes or other tax periods, please speak to the officer dealing with your compliance check.

This factsheet is one of a series:

The factsheets marked with an asterisk (*) do not apply to Excise Duties.

CC/FS1 *General information*

*CC/FS2 *Requests for information and documents*

*CC/FS3 *Visits - Pre-arranged*

*CC/FS4 *Visits - Unannounced*

*CC/FS5 *Visits - Unannounced - Tribunal approved*

CC/FS6 *What happens when we find something wrong*

CC/FS7 *Penalties for errors in returns or documents*

CC/FS8(T) *Help and advice* (This relates to a specific type of check. We will tell you if it applies to you)

CC/FS9 *Human Rights Act*

CC/FS10 *Suspending penalties for careless errors in returns or documents*

CC/FS11 *Penalties for failure to notify*

CC/FS12 *Penalties for VAT and Excise wrongdoing*

CC/FS13 *Publishing details of deliberate tax defaulters*

You can find these factsheets on our website. Go to

www.hmrc.gov.uk/compliance/factsheets.htm

If you prefer, you can ask the officer dealing with the check to send any of them to you.

You can get factsheet HMRC1
*HM Revenue & Customs decisions -
what to do if you disagree* from our
website. Go to
www.hmrc.gov.uk/factsheets/hmrc1.pdf
If you prefer, you can get one from our
orderline by phoning **0845 900 0404**.

Your adviser

If you want to appoint an adviser to
act on your behalf, you will need to
send us a form 64-8. You can get one
of these from our website. Go to
www.hmrc.gov.uk and look for *64-8*
within the Search facility. If you
prefer, you can get one by
phoning the officer that wrote to you,
or by phoning our orderline
on **0845 900 0404**.

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notes can be found at **www.hmrc.gov.uk**
Customer Information Team
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