

Compliance checks – General information

We have given you this factsheet because we have started a compliance check.

This factsheet tells you

- what a compliance check is
- what happens during a compliance check
- the benefits of helping us with our check
- what to do if you need more time to do something we have asked you to do
- what to do if you think we should stop the check
- what happens if something is wrong
- what to do if you disagree
- about your principal rights
- about appointing a representative
- about Your Charter

What a compliance check is

We carry out checks into returns or other documents 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. We call these checks 'compliance checks'.

We carry out some checks over the phone. If we phone you, you can ask us to write to you instead.

Some types of check can only be done within a certain time limit. The officer dealing with the check can explain these time limits to you. If we find an error we can sometimes check earlier periods.

What happens during a compliance check

We will always tell you what we are checking. We may check all or part of a tax return or another document. If later we find that we need to check another part of the return or document, or other returns or documents, we will tell you.

If you have appointed a representative, you can ask us to deal directly with them during the check. We may also tell them we have started a check. We will only give your representative details of the check if it relates to taxes that you have authorised us to contact them about.

Information about how you can appoint a representative is on page 3 of this factsheet.

We will ask you to give us any information or documents that we may need during the check. We may also need to visit your business premises, if you have any. We only ever ask to visit you at home if you run your business from there.

If you are unsure why we are asking for something, please speak to the officer dealing with the check and they will explain why they need it.

If you think that something we have asked for is unreasonable or not relevant to the check, please tell the officer dealing with the check. They will consider your reasons carefully and if they still think they need it, they will tell you why.

If you cannot do what we ask, please tell the officer dealing with the check as soon as possible.

If you have any questions at any stage, please contact the officer dealing with the check.

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 officer dealing with the check.

Don't stop sending returns or making payments

During the compliance check, please carry on sending returns and making 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 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.

If you choose not to help us, we will tell you what your rights are and what will happen next.

At the end of the check we will tell you if there is anything wrong. If we have found something wrong, we will work with you to put it right and prevent it happening again.

The benefits of helping us with a check

We appreciate any help that you can give us with our check. Your help will enable us to complete the check as quickly as possible and reduce any inconvenience that it may cause you.

If there is an error in a tax return or other document that was deliberate or caused by a failure to take reasonable care, or there has been a deliberate or careless failure to notify us about a tax liability, we may charge a penalty.

If you know or suspect that there is something wrong, you can reduce any penalty by telling the officer dealing with the check everything you can, letting them see any records they need and helping them to calculate the correct amount of tax. To qualify for the maximum penalty reduction that the law allows, you must tell us about any error or failure to notify immediately after we have started our check. If you delay, you may still be entitled to a reduction but it will be smaller.

If we find a careless error or failure to notify that you did not know about, you can still qualify for the maximum penalty reduction allowed by giving us all the information we need straightaway.

You can find more information about penalty reductions in our factsheets CC/FS7 *Penalties for errors in returns and documents* and CC/FS11 *Penalties for failure to notify*.

If you know or suspect that there is something wrong you should read our factsheet CC/FS9 *Human Rights Act* before considering what to tell us. We will always give you a copy if we are considering penalties because you have either told us, or we suspect that something is wrong.

In some circumstances we can publish the details of people who deliberately evade paying tax, as well as charging them a penalty. We cannot publish their details if they told us about all of the errors as soon as we started the check. You can find more information about publishing the details of deliberate evaders in factsheet CC/FS13 *Publishing details of deliberate defaulters*.

Details of how you can get copies of factsheets CC/FS7, CC/FS9, CC/FS11 and CC/FS13 are in the right hand panel of this factsheet.

What to do if you need more time to do something we have asked you to do

If you need more time to do something we have asked, please let us know. We will allow you more time if we think it is reasonable. You can also ask us to postpone the check if you have a good reason, for example, if you are seriously ill or someone close to you has died.

What if you think we should stop the check

If you think we should stop the check, please tell us why. If we do not agree, you may in some cases be able to ask the independent tribunal that deals with tax matters to decide whether the check should stop.

What happens if we find something wrong

If something is wrong, we will explain why and work with you to put it right and prevent it happening again.

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

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.

This factsheet relates to checks into returns or documents for:

- Aggregates Levy
- Air Passenger Duty
- Alcoholic Liquor Duties
- Amusement Machine Licence Duty
- Bingo Duty
- Capital Gains Tax
- Climate Change Levy
- Construction Industry Scheme
- Corporation Tax
- Excise Duties (Holding and Movements)
- Gaming Duty
- General Betting Duty
- Hydrocarbon Oils Duty
- Income Tax
- Inheritance Tax
- Insurance Premium Tax
- Landfill Tax
- Lottery Duty
- National Insurance Classes 1, 1A* and 4
- Pay As You Earn (PAYE)
- Petroleum Revenue Tax
- Pool Betting Duty
- Remote Gaming Duty
- Stamp Duty Land Tax
- Stamp Duty Reserve Tax
- Tobacco Products Duty
- VAT

*This factsheet only relates to Class 1A National Insurance checks from 06/04/2010

If there is an error that means that you are due some money from us, we will repay you or credit your account. In some cases we will also pay you interest.

If there is an error that means that you are due to pay us some money, we will tell you how much this is, and explain how we worked it out and how to pay. You may have to pay interest, and in some cases you may have to pay a penalty. You can find more information about this in factsheet CC/FS6 *What happens when something is wrong*. Details of how you can get a copy are in the right hand panel of this factsheet.

If we charge you a penalty for a deliberate error we may also need to monitor your tax affairs more closely. We have an enhanced monitoring programme called Managing Deliberate Defaulters. You can find more information about this in factsheet CC/FS14 *Managing Deliberate Defaulters*. Details of how you can get a copy are in the right hand panel of this factsheet.

Giving a statement you know to be false may make you liable to prosecution.

What to do if you disagree

If you disagree with anything during the check please tell the officer dealing with the check what you disagree with and why.

You can appeal against most of the decisions that we make. We will write and tell you when we make a decision that you can appeal against. We will also explain the decision and tell you what 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

Your principal rights and obligations

- You have the right to be represented during our check. 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 check.
- You have the right to complain if you believe that we have not treated you fairly.
- You have an obligation to take care to get things right.
- If you have an adviser, you must still take reasonable care to make sure that any returns, documents or details they send us on your behalf are correct.

Please also read factsheet CC/FS9 *Human Rights Act*, which tells you about your rights under the European Convention on Human Rights when we are considering penalties. Details of how you can get a copy are in the right hand panel of this factsheet.

Your Charter explains what you can expect from us and what we expect from you. For more information go to www.hmrc.gov.uk/charter

Appointing a representative

You can appoint a representative or agent to act on your behalf. This includes professional advisers, friends or relatives. If you want to appoint a representative 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 our 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**.

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 defaulters*

CC/FS14 *Managing Deliberate Defaulters*

*CC/FS15 *Compliance Checks -*

Self Assessment and old penalty rules

CC/FS16 *Excise Visits*

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**.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any rights of appeal. Any subsequent amendments to these notes can be found at

www.hmrc.gov.uk

Customer Information Team

March 2011 © Crown Copyright 2011