HM Revenue & Customs

Compliance checks series – CC/FS1a

About compliance checks

We have asked you to read this factsheet because we've started a compliance check. Please keep it safe – you may need to refer to it during the check. A compliance check allows us to check your tax position, to make sure you're:

- paying the right amount of tax at the right time
- getting the right allowances and tax reliefs

We carry out some types of checks over the phone. If you'd prefer us to write to you instead, you can ask us to do this if we phone you. We may ask you to give us information or documents to help with the check.

If you need help

If you have any health or personal circumstances that may make it difficult for you to deal with this check, please tell the officer that's contacted you. We'll help you in whatever way we can. For more details, go to **www.gov.uk/dealing-hmrc-additional-needs**

You can also ask someone else to deal with us on your behalf, for example, a professional adviser, friend or relative. We may however still need to talk or write to you directly about some things. If we need to write to you, we'll send a copy to the person you've asked us to deal with. If we need to talk to you, they can be with you when we do, if you prefer.

During the compliance check

When we start the check, we'll tell you what we need from you. If you have business premises, we may ask to visit them. We'll only ask to visit your home if you run your business from there. If we need anything else during the check, we'll let you know.

You can speak to the officer who's dealing with the check if you:

- are not sure why we're asking for something
- cannot do what we ask
- think that something we've asked for is unreasonable or not relevant to the check
- have any other questions at any stage of the check

Please continue to send returns or make payments during this compliance check, if they're due.

Our personal information charter sets out the standards that you can expect from us when we ask for information or hold information about you. It also tells you about the use of 'open source' material (such as information on the internet). Go to **www.gov.uk** and search for 'HMRC personal information charter'.

If you need more time

If we've asked you to do something and you need more time, please tell us. We may agree to allow extra time if there's a good reason, for example, if you're seriously ill or someone close to you has died.

The benefits of helping us with the compliance check

If you help us with the compliance check, we can:

- complete it quickly as possible and reduce any inconvenience to you
- reduce the amount of any penalty we charge you, if we find there's something wrong

If we find something wrong, we'll work with you to put it right, and tell you if you need to pay any:

- additional tax and late payment interest
- penalties

If we're considering charging you a penalty, we'll look at how much assistance you've given us during the check. We call this assistance the 'quality of disclosure' or 'telling, helping and giving'.

We measure the quality of disclosure by considering how much:

- you tell us about what's wrong
- help you give us to work out what's wrong
- access you give us to the information or documents we need to complete the check

If there are ways that you can help us with the check but you choose not to, this will affect our view on the quality of disclosure. For example, if we ask:

- to visit your business premises to inspect your business records and assets, or to carry out a valuation, but you do not let us
- for information or documents, but you do not give us everything we've asked for

How to get the maximum penalty reduction if something is wrong

If there's something wrong and you do everything you can to assist us, we'll reduce the penalty by the maximum amount possible.

If you know or suspect that there's something wrong, to get the maximum reduction possible, you must:

- tell us everything you know about it immediately
- work with us to calculate the right amount of tax

If we find something wrong that you did not know about, to get the maximum reduction possible, you must:

- have given us as much assistance as we needed, up to the point we find it
- immediately tell the officer dealing with the check everything about it, let them see any records they ask for, and help them to work out the right amount of tax

To work out the quality of disclosure, we also consider how long it's taken you to tell us about anything that's wrong. If it's taken you a long time, (such as 3 years or more), we usually restrict the minimum of the 'penalty range' by 10 percentage points. This means you will not benefit from the lowest penalty percentage that's normally available. We then work out the reductions for telling, helping and giving.

For more information about penalties, reductions and restricting the penalty range, go to **www.gov.uk** and search for 'compliance checks factsheets' and select 'penalties'.

We may publish your details if you deliberately got your tax affairs wrong, but we'll not do this if we've given you the maximum penalty reduction. For more information about this, read the section 'If you've deliberately done something wrong'.

If you think we should stop the compliance check

If you think we should stop the check, you first need to tell us why. If we do not agree, you may be able to ask the independent tribunal that deals with tax matters to decide if we should stop it.

If something is wrong

If we find something wrong, we'll:

- explain why it's wrong, and work with you to put it right
- tell you how to prevent it happening again, where possible

We may also ask you to sign a certificate, to confirm that you've told us all relevant facts relating to the check.

If you owe us money, we'll tell you how to pay. This may also include interest and any penalties we've charged you. If we owe you money, we'll normally refund you or credit your account. In some cases, we'll also pay you interest.

If you've deliberately done something wrong

We may carry out a criminal investigation with a view to prosecution if you've deliberately done something wrong, such as:

- given us information that you know is not true, whether verbally or in a document
- dishonestly misrepresented how much tax you owe, or claimed payments you're not entitled to

Managing serious defaulters

If you deliberately got your tax affairs wrong, and we find this during the check, we may monitor your tax affairs more closely. We have an enhanced monitoring programme called ‘managing serious defaulters. For more information, read factsheet CC/FS14, 'Managing serious defaulters'. Go to **www.gov.uk** and search for ‘CC/FS14’.

Publishing details of deliberate defaulters

We may publish your details if you deliberately got your tax affairs wrong, but we’ll not do this if we’ve given you the maximum penalty reduction. For more information, read factsheet CC/FS13, 'Publishing details of deliberate defaulters'. Go to **www.gov.uk** and search for ‘CC/FS13’.

What happens at the end of the compliance check

When we’ve completed the check, we’ll either send you one or more ‘decision notices’ or agree a contract settlement with you.

A decision notice can be:

- an assessment, or amendment to an assessment
- a penalty notice, if a penalty is due
- a letter explaining the final position

A contract settlement is a legally binding agreement, where you offer to pay everything that you owe as a result of the check, and we agree not to use our formal powers to recover that amount. You can only pay through a contract settlement if both you and we agree to this, and to the terms of the contract. You cannot use contract settlements for any VAT or VAT penalties.

If you cannot pay what you owe

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

If you disagree

If there’s something that you do not agree with, please tell us.

If we make a decision that you can appeal against, we’ll write to you about the decision and tell you what to do if you disagree. You’ll usually have 3 options. Within 30 days, you can:

- send new information to the officer dealing with the check and ask them to take it into account
- have your case reviewed by an HMRC officer who has not been involved in the matter
- arrange for an independent tribunal to hear your appeal and decide the matter

Whichever you choose, you may also be able to ask for an HMRC specialist officer to act as a neutral facilitator to help resolve the dispute. We call this Alternative Dispute Resolution (ADR).

ADR is only available for disputes that relate to particular tax areas. The officer dealing with the check will tell you if ADR is available for your dispute. For more information about appeals and ADR, read factsheets:

- HMRC1, ‘HM Revenue and Customs decisions – what to do if you disagree’
- CC/FS21, ‘Alternative dispute resolution’

Go to **www.gov.uk** and search for ‘HMRC1’ or ‘CC/FS21’.

Your principal rights and obligations

You have:

- the right to be represented – you can authorise anyone to act on your behalf
- an obligation to take reasonable 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

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

Your rights if we're considering penalties

We'll tell you if there's something wrong and we're considering penalties. To find out what rights you have when we consider penalties, read factsheet CC/FS9, 'The Human Rights Act and penalties'. Go to **www.gov.uk** and search for 'CC/FS9'.

Authorising a representative

If you have a representative, you can ask us to deal directly with them during the check. We'll only give them details of the check if it relates to taxes that you've authorised us to contact them about.

If you want to authorise a:

- professional tax adviser, ask them to give you an authorisation form to complete and send to us
- friend or relative, write to us and say who you want to authorise and what you want them to deal with on your behalf

Compliance checks that this factsheet relates to

This factsheet relates to compliance checks for the following.

Aggregates Levy	Insurance Premium Tax
Annual Tax on Enveloped Dwellings	Landfill Tax
Apprenticeship Levy (relating to returns for tax years starting on or after 6 April 2010)	Machine Games Duty
Bank Payroll Tax	National Insurance contributions classes 1, 1A and 4 (For class 1A, it relates to P11D(b) returns for tax years starting on or after 6 April 2010)
Capital Gains Tax	Pay As You Earn (PAYE)
Climate Change Levy	Petroleum Revenue Tax
Construction Industry Scheme	Soft Drinks Industry Levy (from 6 April 2018)
Corporation Tax	Stamp Duty Land Tax (relating to returns for tax years starting from April 2018)
Income Tax	Stamp Duty Reserve Tax
Inheritance Tax	VAT

More information

Benefits, fees, grants and tax credits

If you get any benefits, fees or grants based on your income, and your income changes as a result of this check, you'll need to tell the organisation that's paying you. If you receive tax credits, you must tell the Tax Credit Office about income changes. You can phone them on 0345 300 3900 or write to them at:

Tax Credit Office
HM Revenue and Customs
BX9 1LR
United Kingdom

You do not need to include a street name or PO Box.

Please write 'Change of circumstances' at the top of your letter.

If you're not happy with our service

Please tell the person or office you've been dealing with. They'll try to put things right. If you're still not happy, they'll tell you how to make a formal complaint.

This factsheet is one of a series. For the full list, go to **www.gov.uk** and search for 'Compliance checks factsheets'.