

Mandatory online filing of Company Tax Returns: managing the transition

About online filing for Corporation Tax

From 1 April 2011, all Company Tax Returns for periods ending after 31 March 2010 must be filed online. For the vast majority of Corporation Tax customers, this means submitting the computations and accounts that are part of the return using the Inline eXtensible Business Reporting Language (iXBRL) format, which 'tags' information in the return. Many small companies will be able to use the free software available on the HM Revenue & Customs (HMRC) website to meet this requirement. Otherwise, companies will need to use commercial software products to file.

HMRC knows that this is a big change. This guidance addresses some possible concerns and uncertainties you may have about the transition.

General approach

HMRC's overall approach is to advise and support people to get it right, not to reject returns or penalise people for getting things wrong. HMRC want to encourage people to make a reasonable attempt to submit iXBRL accounts and computations - without fear of penalties if the new iXBRL requirement isn't fully met first time.

HMRC does expect you to make a reasonable attempt to comply with Corporation Tax online filing, including iXBRL tagging. But they understand that is new and some people won't get everything perfect from day one. HMRC will be reasonable about difficulties and mistakes.

Please note: there are no new penalties in relation to online filing: so the only penalties which can arise are the well known ones for late filing of returns or errors in the tax declared - see below for more about these.

Level and accuracy of the XBRL tagging

You should aim for XBRL tagging of computations and accounts to be completed to the level of the XBRL 'minimum tagging lists' which HMRC published last year. However, HMRC appreciate you may find it hard in the early months to get the tagging just right.

Returns will clear HMRC's electronic Gateway as long as a small number of key items are tagged. Where returns have these 'validation items' tagged they will not be rejected at the Gateway. All software suppliers are aware of these validation items- and if you use commercial accounts production software product that has passed HMRC recognition then these items will be automatically tagged for you.

Only in very extreme circumstances would a return which clears this Gateway be rejected later because of poor tagging. This would only happen where HMRC believe there has not been a reasonable attempt made to XBRL tag a part of the submission - and they would discuss this with you first.

HMRC **will not reject** any return where you have made a reasonable attempt to comply with the iXBRL requirement. For example they will accept annual accounts which have:

- Automatic tagging produced by an accounts production software package - but where additional manual tagging of free-form items hasn't been completed.
- Been 'manually tagged' and are complete and accurate as far as is reasonably possible.

Provided the validation items are tagged, you do not have to contact or notify HMRC of tagging deficiencies before you submit a return.

All of this means rejection for 'tagging reasons' is extremely unlikely. But if it does happen, and the return is not re-submitted on time, penalties for late filing remain automatic. However that penalty can be appealed under the reasonable excuse provisions where people have faced genuine obstacles to filing online on time. HMRC will be particularly sympathetic in the first two years to such appeals.

For returns submitted and accepted, HMRC will not penalise missing or incorrect tagging. There is no legal provision for such a penalty unless the errors have led to a loss of tax. That is very difficult to envisage - particularly where the human readable format of the iXBRL documents contains correct and accurate information. Unless there is tax at risk, deficiencies in tagging will be treated as an education issue to help taxpayers and agents get things right in the future.

HMRC **will not open** Corporation Tax enquiries solely or mainly to check the quality of XBRL tagging. However, incorrect or missing tags may trigger HMRC's risk-assessment rules - for example skewing one of our risk ratios – and this means there may be greater potential for post-submission contact from HMRC. That risk would be greater the less information from the minimum tagging list is tagged. But deficiencies in tagging in one year will not make a company more likely to be selected for an enquiry into future filings.

Late software delivery problems

If a delay in the delivery of software means you are not able to produce iXBRL accounts at all, then you should contact HMRC.

Follow the link below to email HMRC, setting out the problem and provide a contact name and telephone number. HMRC have established a specialist team to deal with these queries, and someone from that team will contact you to discuss the problem and agree the action to be taken.

That action will vary depending on factors such as the potential length of the delay. For example HMRC may suggest using the HMRC free product if that is applicable, or agree to submission with minimal tagging, submission in alternative format, or delayed submission. HMRC **will not enforce** any late submission penalties where late software delivery or other IT issues have caused the delay, and they have agreed to late submission.

[Contact HMRC if you're unable to produce iXBRL accounts due to an issue with late software delivery](#)

[More on Corporation Tax online filing](#)