HMRC - CH81130 - Inaccuracy Despite Taking Reasonable Care

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Where an inaccuracy in a document has been made despite the person having taken reasonable care to get things right, no penalty will be due. Examples of when a penalty would not be due include

a reasonably arguable view of situations that is subsequently not upheld

an arithmetical or transposition inaccuracy that is not so large either in absolute terms or relative to overall liability, as to produce an obviously odd result or be picked up by a quality check

following advice from HMRC that later proves to be wrong, provided that all the details and circumstances were given when the advice was sought

acting on advice from a competent adviser which proves to be wrong despite the fact that the adviser was given a full set of accurate facts, see CH84530

accepting and using information from another person where it is not possible to check that the information is accurate and complete. However, see CH81125.

You should treat a person as taking reasonable care if

arrangements or systems (such as comprehensive internal accounting systems and controls with specific reference to tax sensitive areas) exist that, if followed, could reasonably be expected to produce an accurate basis for the calculation of tax due by the internal tax department, or external agent, and

despite the above, inaccuracies arise in processing or coding items through the person’s accounting system which result in a mis-statement of tax liability, and

the effect of the inaccuracies is not significant in relation to the person’s overall tax liability for the relevant tax period.

For practical examples of an inaccuracy despite taking reasonable care, see CH81131.

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