HMRC - CH81160 - Deliberate And Concealed Inaccuracy

You must check the date from which these rules apply for the tax or duty you are dealing with. See You must check the date from which these rules apply for the tax or duty you are dealing with. See for full details.

A deliberate and concealed inaccuracy is the most serious level of evasion. It occurs where a document containing a deliberate inaccuracy is given to HMRC and active steps have been taken to hide the inaccuracy either before or after the document has been sent to us.

As well as deliberately recording an inaccuracy, the person has to take active steps to cover their tracks by making arrangements to conceal the inaccuracy.

The act of concealment may include

creating false invoices to support inaccurate figures in the return

backdating or postdating contracts or invoices

creating false minutes of meetings or minutes of fictitious meetings

destroying books and records so that they are not available

systematically diverting takings into undisclosed bank accounts and covering the traces

invoice routing, for example the purported sale or purchase of goods through a tax haven company (with no activity undertaken by that company even though contracts exist showing the contrary) leaving profits untaxed in that company

creating sales records that deliberately understate the value of the goods sold, the balance of the full price being paid separately to the person

describing expenditure in the business records in such a way as to make it appear to be business related when it is in fact private (possibly with the supplier agreeing to change the description on the relevant invoices)

altering genuine purchase invoices to inflate their value

compiling false business accounts to support the availability of agricultural or business relief from IHT

mis-declaring the strength of alcoholic products on paperwork and accompanying documentation.

Although the penalties for deliberate inaccuracies are civil monetary penalties, we also have a criminal investigation policy and will refer the most serious cases for consideration of criminal proceedings where appropriate.

For practical examples of deliberate and concealed inaccuracies, see CH81161.

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