HMRC - CH81170 - Under- Assessment By HMRC

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 penalty may be appropriate where tax has been under-assessed because of the person’s (P’s) failure to send us a return, see CH81090. You must consider

whether P knew or should have known about the under-assessment, and

what steps (if any) it would have been reasonable for them to take to tell you about the under-assessment.

P must tell you if they think the assessment is too low. Reasonable steps to tell you about the under-assessment include

phoning to discuss it

writing, e-mailing or faxing an HMRC office to tell us the assessment is insufficient

consulting an agent to enable them to inform us and ensuring HMRC are informed within the 30 day period

sending us the completed return after the assessment has been issued.

P will not be liable to a penalty if they tell us that the assessment is too low within 30 days of the date the assessment is issued. P only has to tell us the assessment is too low. They do not necessarily have to send us the outstanding return. You may need to consider what other action is appropriate to obtain the return.

A person who sends their return in on time will not receive an assessment of estimated liability. They will have self-assessed, or declared their tax liability, and so this penalty will not apply.

This penalty could apply where, exceptionally, an IHT account is not received within the appropriate time-limits and we make a determination of the tax due.

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