HMRC - CH82272 - Example Of Allocating Overstatements To PLR

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.

This example shows how to allocate overstatements against understatements using the stepped approach set out in CH82270.

As a result of a compliance check you establish

understatements of tax totalling £80,000

overstatements of the same tax in the same tax period totalling £50,000 (Step 1).

The overstatements are allocated in the following order.

So the net understatement on the return is £30,000.

This order leaves £5,000 of the overstatement to be set against the ‘deliberate and concealed’ understatement of £35,000, resulting in a penalty for an inaccuracy that is deliberate and concealed to be calculated on PLR of £30,000 (£35,000 - £5000).

\*These could be single inaccuracies or grouped inaccuracies, see CH82200.

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