HMRC - CH82350 - Losses And When To Assess A Penalty

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.

In most instances the use of a wrongly recorded loss in future periods will increase the amount of potential lost revenue (PLR) on which a penalty will be based.

You should calculate the PLR as soon as the correct figure of loss is decided and you have established that the inaccuracy was

careless, or

deliberate.

Where there is disagreement about the existence or amount of a loss or about the careless or deliberate nature of the alleged inaccuracy, you may make a loss determination and assess a penalty in order to bring the appeal rights into play.

In those circumstances the calculation of the PLR should take account of all additional amounts that may become due or payable should our position be upheld.

Those amounts are likely to extend beyond the assessments or other actions needed to bring the appeal rights into play.

For example

Consequential amendments to other tax periods will not be triggered at this point but the PLR calculation will have to make assumptions about what amounts would become due or payable as a result of putting the inaccuracy right.

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