HMRC - COM71020 - Taxpayer Amendments

General

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The Enquiry Manual at EM1906 has full guidance on company amendments to CTSA returns received while an enquiry is in progress and COM23010 has general information on company amendments to CTSA returns in non-enquiry cases.

Is it an amendment?

HM Revenue & Customs does not prescribe the form of company amendments to returns and it is important to be clear about what the company is proposing in order to avoid any later dispute about the status of what was received.

You may therefore want to confirm that what has been submitted is an amendment and not something less, such as interim computations discussed in ongoing enquiry negotiations.

HM Revenue & Customs can enquire into an amended return in the same way as a main return. However, if the time limit for enquiring into the original return has passed, the scope of any enquiry must be limited to matters relating to or affected by the amendment itself.

Amendment received while HMRC enquiry in progress

If a company amends its return while an enquiry is in progress, the amendment does not restrict the scope of the enquiry, but may be taken into account together with any matters arising in the enquiry.

Any change to the tax charge and any group relief or capital allowance consequences of the amendment only become effective once the enquiry is closed.

Therefore, if you receive an amendment during the course of an enquiry you should make a COTAX note, keep the correspondence in a prominent place in the file and not amend the self assessment figures on COTAX.

You should note that if the time limit for amending the company tax return has expired, the company cannot amend its return unless specific legislation permits it.

If the company is within time to amend its return, you should take the company’s amendment into account as part of your enquiry before you issue your closure notice, even if this means prolonging the enquiry to deal with any new points raised. See the Enquiry Manual at EM3835.

It does not take effect until after the enquiry is completed so far as the amendment affects the amount stated in the company’s self assessment as the amount of tax payable, or any amount that affects or may affect:

the tax payable by the company for another AP or

the tax liability of another company for any AP.

Where the effect of an amendment has been deferred under these conditions, it takes effect as follows.

If the conclusions in the closure notice state either that the amendment was not taken into account in the enquiry or that no amendment of the return is required arising from the enquiry, then the amendment takes effect on the completion of the enquiry.

Otherwise, the amendment takes effect as part of the amendments made by the closure notice.

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Amendment anticipating conclusions in a closure notice

As a result of negotiations leading up to the close of an enquiry, you may receive a revised computation from the company that fully and accurately anticipates your conclusions before you have stated them in a closure notice. The revised computation may be submitted within the applicable time limits so that it is a valid amendment.

You cannot conclude an enquiry into a company tax return by just accepting the revised computation, even if the figures subsequently stated in your closure notice will be identical to those in the revised computation. To complete the enquiry you must issue a closure notice.

How you treat the revised computation depends on whether the time limit for amending the company tax return has expired.

If the time limit to amend the return has not expired, the amendment is deferred and takes effect when the enquiry is completed.

If the time limit has expired, the company cannot amend its return.

See:

COM71090 for more information on closing enquiries in these circumstances

COM23010 for information on time limits.

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Amendment or claim received after HMRC enquiry concluded

The time limit for amending the company’s return has normally expired by the time the enquiry is concluded. If the company cannot amend its return, it may still be able to make or withdraw claims to group relief and capital allowances. In general, such claims may be made or withdrawn up to the first anniversary of the

If we make a revenue amendment following the completion of the enquiry, the time limit is further extended to the later of 30 days after the amendment notice was issued, or 30 days after the determination of an appeal against the revenue amendment.

See COM53040, COM53110 and COM53010 for more information on the company’s right to make or withdraw claims to group relief and capital allowances at the end of an enquiry.

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COTAX

COTAX only supports enquiries into original company tax returns, not enquiries into amended returns. You must open, conduct and close those enquiries outside COTAX. The reasons why COTAX cannot support these enquiries are as follows.

The wording of COTAX-issued jeopardy amendments, closure notices and revenue amendments, refers to a ‘company tax return’, which is not appropriate to an amended company tax return.

Where there is a settled enquiry into an original company tax return, function MAPS (Maintain AP Signals) greys out the enquiry details fields, which stops you setting the ‘enquiry in progress’ signal again on that AP.

Where there has been no enquiry into the original return and the enquiry window has closed, you must not use MAPS to set the ‘enquiry in progress’ signal to ‘Y’ on the AP if you wish to enquire into an amendment.

When you conclude an enquiry into an amended company tax return:

use function RAMA (Record/Amend Assessment)

select the ‘prepare a revenue amendment’ option to record the result on COTAX

suppress the assessing output as the wording of the form issued by COTAX is not appropriate to settling a enquiry into an amendment to a company tax return.

See:

COM71021 for a list of forms relevant to this subject

COM71011 for a list of functions to use in particular situations

COM71012 for legislation applying to this subject.

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