HMRC - COM71093 - Closing An Enquiry: Manual Closure Notices (Action Guide)

To close an enquiry with a manual closure notice in a non-contract settlement case, consider steps 1 - 21below. The guide is presented as follows.

Enquiry into return for the wrong period

1. If you conclude that a company tax return under enquiry is for the wrong period, you must amend the company’s AP record to show the correct period or periods before you issue your manual closure notice with revenue amendment. See COM71060 for guidance.

Issuing a manual closure notice with revenue amendment

2. If your enquiry results in an amendment to the return and the wording of the standard COTAX closure notice does not suit your case, follow the detailed guidance at EM3871 and issue a manual closure notice with revenue amendment when you are ready to complete the enquiry, unless you are settling the enquiry by contract settlement. See the Enquiry Manual at EM6000 onwards and COM71120 for information about contract settlements.

3. Your manual closure notice must say that you have completed your enquiry, state your conclusions, taking into account any deferred taxpayer amendment received during the enquiry and amend the return to give effect to the conclusions stated in the notice.

If a taxpayer amendment was received during the enquiry and for some reason you have not considered the amendment during your enquiry, you should say so in the closure notice using the free format message field.

Follow the guidance in EM3878 if your case involves other circumstances, such as where your conclusions affect other returns made by the company or returns made by other companies.

4. Do not attempt to record a manually issued closure notice with revenue amendment on COTAX at this point as you may create spurious output.

5. On the same day that you issue the manual closure notice with revenue amendment, use function MRSC (Maintain Repay / Realloc Signals (Company)) to inhibit reallocations or repayments to or from any AP of the company and function MAPS (Maintain AP Signals) to enter the enquiry ended date equal to today’s date, that is the date you are issuing your manual closure notice with revenue amendment.

6. Use RAMA option ‘prepare a revenue amendment’ to enter the figures that reflect your conclusions and to calculate the amended liability, but store it as a draft instead of issuing it.

7. Print the draft revenue amendment and use the figures to prepare your manual closure notice with revenue amendment.

8. Issue the manual closure notice with revenue amendment.

9. Use RAMA option ‘prepare a revenue amendment’ again to record the manual issue of a revenue amendment in the figures contained in your draft. Select ‘record manual issue’ from the drop down menu for the ‘do you want to?’ field on screen COT121G. Enter today’s date as the date of issue. Where appropriate, deal with the penalty action dialog box at the end of RAMA which allows you to make, amend or inhibit any tax-related late-filing penalty determination based on the amended assessment.

When you have dealt with all the consequences of your enquiry, such as amending other returns as a result of your conclusions, use function MRSC (Maintain Repay / Realloc Signals (Company)) to unset the inhibitions on reallocations or repayments to or from any AP of the company.

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Appeals against jeopardy amendments

If there is an open appeal against a jeopardy amendment you need to dispose of it. See COM71050 for guidance on how to do that.

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Amendment anticipating conclusions in a closure notice

If the time limit has not expired, go to step 14.

If the time limit has expired, go to step 17.

Note that if you cannot use RAMA on the same day as using MAPS, you must use function MRSC (Maintain Repay / Realloc Signals (Company)) to inhibit any reallocations or repayments until you are ready to record the taxpayer amendment then unset the inhibitions after you have recorded the taxpayer amendment.

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Enquiry does not result in an amendment to the return

If the enquiry does not result in an amendment to the return, issue a manual closure notice by writing to the company, stating that you have completed your enquiry and you have concluded that no amendment is needed to the company tax return.

The wording on the SEES CTSA closure notice ‘I do not need to make any amendments to the company’s self assessment return form’ meets this requirement.

If a taxpayer amendment was made during the enquiry and for some reason you have not considered the amendment during your enquiry, you should say so in your closure notice.

See COM71020 and COM23010 for more information.

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Interaction with Caseflow or CQI

If your office uses Caseflow or CQI, update the relevant system with the settlement details once the enquiry is settled.

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