HMRC - COM71125 - Partial Closure Notice

The Finance Act 2017 made changes to the Taxes Management Act 1970 and Schedule 18 of the Finance Act 1998 to allow HMRC to close, and taxpayers to seek a Tribunal direction to require HMRC to close, specific matters of an open CTSA enquiry in advance of final closure by issuing a Partial Closure Notice (PCN)

The legislation applies to enquiries under;

TMA 1970 s9A for an individual or trust

TMA 1970 s12AC for a partnership

FA 1998 Schedule 18 para 24 for a company

This new measure allows HMRC to conclude checks in relation to specific matters, by issuing a partial closure notice, whilst keeping the compliance check itself open until such a time that all the matters included in the check have been concluded, either by issuing further partial closure notices, or a final closure notice (FCN) to conclude the overall enquiry.

It is current HMRC policy that this new measure should only be used by compliance colleagues undertaking compliance checks in Counter Avoidance and Large Business and only in specific circumstances were the following circumstances apply;

large amounts of tax are at risk or

there is evidence of tax avoidance or

high levels of complexity occur.

Further information and guidance can be found at CH279600 and CH279610.

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