HMRC - CTM95340 - CTSA: Review

You should normally review cases, for a Revenue determination under FA98/SCH18/PARA36,18 months after what you believe to be the end of the company’s accounting period. If you believe that the filing date is later than that, you must wait until after the filing date before making a Revenue determination.

COTAX enters cases onto work list DRNR (determination required no return) when:

a return has not been received 18 months after the end of the accounting period,

the filing date (and any deferred filing date) held by COTAX has passed, and

no determination has already been made.

(See the On-line Company Tax Manual (COM) ‘Work Lists’ business area.).

You can make a Revenue determination before the 18 months point if you consider that:

there would be the risk of a loss of tax if you did not take immediate action,

or

the failure to deliver a return is preventing a proper review of other companies in a group.

Companies who are members of a group payment arrangement will have made known to the Revenue their accounting period end date. You will thus have sufficient information to ascertain the filing date and make a Revenue determination of tax.

Note: You must not make a Revenue determination before the filing date for the return.(See CTM93000 onwards for guidance on how to determine thatdate.) Also, you will have to take special action to identify such cases because COTAXwill not do that for you.

Example 1 shows a straightforward continuing case.

Example 2 shows a newly incorporated case.

Example 3 shows a newly incorporated case that advises its accounting period and then changes it.

Example 1

Company A, a company with an established tax history, makes up its accounts to 31 December annually.

A notice to deliver, specifying the period 1 January 1999 to 31 December 1999 is issued on 21 January 2000.

You assume the filing date for the return to be 31 December 2000.

In the absence of special circumstances, you will review Company A to make a determination under Paragraph 36 after June 2001, if the company has not delivered a return by then.

Example 2

Company B is incorporated on 15 January 1999. It gives no information about its activities or intended accounting date.

You assume that the first accounting period of Company B is from 15 January 1999 to 14 January 2000.

A notice to deliver, specifying that period is issued on 18 January 2000 and the filing date is 14 January 2001.

In the absence of further information or special circumstances you will review Company B for determination after 14 July 2001.

Example 3

Company C is incorporated on 1 September 1998. In the absence of any further information, you assume that its first accounting period is from 1 September 1998 to 31 August 1999.

A notice to deliver, specifying that period, is issued on 21 September 1999 and the filing date is 31 August 2000.

In October 1999, in response to the notice, Company C tells you that it did not start to trade until 28 September 1998 and that it will draw up its first accounts to 31 December 1999.

Based on this information:

The first return that Company C should deliver is for the dormant period 1 September 1998 to 27 September 1998 (FA98/SCH18/PARA5 (3)).

The filing date for that return is 3 months after the date of service of the notice to deliver, 25 December 1999 (FA98/SCH18/PARA14 (1)(d)). Four working days are assumed to be necessary for delivery of the notice in the ordinary course of the post.

No other return is due in response to the notice to deliver that was issued in September 1999.

The first accounting period of the company is the period 28 September 1998 to 27 September 1999 and the second is from 28 September 1999 to 31 December 1999.

The filing date for the returns for those periods is 31 December 2000, provided that an appropriate notice to deliver is served before 1 October 2000 (Paragraph 14 (1)(a) and (b)).

In practice, you will not insist on a formal return for the dormant period and you will review Company C for a Revenue determination under FA98/SCH18/PARA36 after 30 June 2001.

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