HMRC - CTM95400 - CTSA: Superseded By SA

FA98/SCH18/PARA40

An SA contained in a return supersedes a Revenue determination provided the company delivers it not later than the later of:

the time limit for making the Revenue determination (CTM95390),

and

twelve months after the date of the Revenue determination.

The statute recognises that the return may not cover the same period as the Revenue determination.

Provided:

the return covers a period ending in or at the end of the period specified in the notice to deliver,

and

that period is (or is treated in the return as) an accounting period,

the return supersedes a Revenue determination made under FA98/SCH18/PARA36 or 37 for a period that ends in, or at the end of the period specified in the same notice to deliver.

If you made a Revenue determination for more than one period ending in or at the end of the specified period, the return supersedes the Revenue determination for the period it most overlaps.

The following examples demonstrate how and when a Revenue determination is superseded by an SA.

Example 1 concerns a company with an established tax history.

Example 2 concerns a newly registered company that was dormant throughout the period specified in the notice to deliver a return.

Example 3 concerns a newly registered company that does not tell you of its accounting intentions until more than twelve months after the date on which it was incorporated.

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.

The filing date for the return is 31 December 2000.

You make a Revenue determination for that period in July 2001.

In October 2001 the company makes a return for the period 1 January 1999 to 31 December 1999.

The Self-Assessment replaces the Revenue determination.

Example 2

Company B is incorporated on 15 January 1999.

Company B gives you no information about its activities or intended accounting date.

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

A notice to deliver, specifying that period is issued on 21 February 2000 and the filing date is 14 January 2001.

You make a Revenue determination in September 2001 for the period.

The company makes a return for the accounting period 15 January 1999 to 14 January 2000 in November 2001 showing that it was dormant throughout.

The return is not a return for an accounting period so it does not contain an SA. By making the return the company has shown that it has no accounting period ending in or at the end of the period specified in the notice to deliver and the Revenue determination is of no effect.

Example 3

Company C is incorporated on 1 September 1998.

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

A notice to deliver, specifying that period (specified period 1) is issued on 21 September 1999 and you record the filing date as 31 August 2000.

In October 1999 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.

a) Based on this information further notices to file are issued as follows:

in November 1999 specifying the period 1 September 1999 to 27 September 1999 (specified period 2),

in January 2000 specifying the period 28 September 1999 to 31 December 1999 (specified period 3),

in January 2001 specifying the period 1 January 2000 to 31 December 2000 (specified period 4).

b) By July 2001 Company C has made no return. You make Revenue determinations for the periods:

28 September 1998 to 27 September 1999,

and

28 September 1999 to 31 December 1999.

c) In October 2001 Company C submits accounts for the 19-month period 1 September 1998 to 31 March 2000 with returns for:

the accounting period 28 September 1998 to 27 September 1999,

and

the accounting period 28 September 1999 to 31 March 2000.

d) The Self Assessment:

for the period to 27 September 1999 supersedes the Revenue determination for the period from 28 September 1998 to 27 September 1999 because they both end in or at the end of the same specified period - FA98/SCH18/PARA40 (1)(a),

for the period 28 September 1999 to 31 March 2000 does not supersede the Revenue determination for the period 28 September 1999 to 31 December 1999. This is because the return and the determination do not end in (or at the end of) the same specified period. The determination ends at the end of specified period 3 but the return ends in specified period 4.

The company does not have an accounting period that ended in specified period 3 so the Revenue determination for that period is of no effect - FA98/SCH18/PARA36 (6).

COTAX will normally trace and discharge the relevant Revenue determination automatically when an SA is recorded, even if it relates to a different accounting period from the Self-Assessment. The steps in this process are:

When the return is logged:

COTAX will normally amend the accounting period record automatically.

COTAX will normally ‘link’ the superseded accounting period containing the Revenue determination with the superseded accounting period for which the SA is made.

where either of these automatic processes fails, COTAX advises the operator to refer the file to the Inspector, so that you can amend the accounting period record and make the necessary links, before the return is logged.

the tax charged by the determination is stood over.

For more information see the On-line Company Tax Manual (COM) in the ‘Returns/Notices’ business area.

When the Self-Assessment is recorded (whether in the course of capturing the return or by the use of the CTSA assessing function)

COTAX automatically discharges the determination.

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