HMRC - IPT09130 - Assessments: Issuing A Pre-Assessment Letter

You should normally issue a pre-assessment letter if:

the basis of the assessment is complex and/or contentious;

records are scant and you are having difficulty arriving at the quantum; or

a tribunal appeal is likely and/or the business has expressed its intention to dispute the basis of your assessment.

Pre-assessment letters are not required for all assessments. If, for example, the intended assessment is about to run out of time, or if it is straightforward, the letter will be positively unhelpful in delaying matters, or may simply be unnecessary.

Assessment Time Limits

If you intend to issue a pre-assessment letter, you should always ensure that there is enough time for the business to respond to the letter and for you to make and notify the assessment before time limits run out. If there is not enough time, then avoid using the letter and make your assessment to best judgment on the evidence already to hand.

As the letter gives the trader a chance to respond to an intended assessment, you should only issue it before, not after, you have made the assessment. Indeed, the letter signifies that you have not taken the final decision to assess - i.e. have not yet made the assessment. It is not expected that any response by a business to the letter requires you to issue a second pre-assessment letter with revised calculations.

Important: The pre-assessment letter never constitutes a “made” and “notified” assessment. If the deadline for a reply to the pre-assessment letter has expired, and you still intend to make an assessment, you should make and notify your assessment in the usual way without delay.

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Best practice - model letter

A specimen pre-assessment letter is available to assist you. However, you may wish to use a local version.

Remember it is crucial that:

any legal references on the letter are correct, and that there is no suggestion that the assessment has already been made;

your letter informs the business of your intended decision, and it is accompanied by a schedule which clearly demonstrates to the business the basis of your calculations;

your letter refers to the potential liability to interest and gives the business a deadline to respond (usually 21 days as recommended in the model letter).

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