HMRC - OT18670 - PRT Compliance: Risk Working - Time Limits And Expenditure Claims

Enquiries on PRT issues are subject to the same constraints as in other tax regimes. There is an expectation that the majority of enquiries will be completed within 18 months and that progress to a decision point be managed by Action Plans (TCRM5200).

As regards expenditure claims, in the past LB Oil & Gas have operated a system of disallowing any expenditure not agreed on which the tax specialist has been unable to make a decision 33 months after the claim was made in order to maintain the claimants right of appeal, because companies have three years in which to appeal against decisions. LB Oil & Gas will now work claims with the objective of resolving the issue within 18 months of an enquiry being opened, and of making decisions on the claim at the earliest appropriate points in the 18 month period.

In line with TCRM5200 the Action Plan should be completed and agreed with companies where an enquiry or risk assessment process is expected to take longer than 30 days. An action Plan should be in place where expenditure is reserved and as a consequence falls not to be deducted in the first assessment for which it could be allowed. An Action Plan should also be agreed with a company where expenditure is disallowed and it is apparent that the company disagrees with the decision, whether or not it has formally appealed against the decision.

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