



General information about compliance checks

We've given you this factsheet because we've started a compliance check. This factsheet contains important information. Please take the time to read it and keep it safe – you may need to refer to it during our check.

This factsheet is one of a series. For the full list of factsheets in the series, go to www.gov.uk and search for 'Compliance checks factsheets'.

What is a compliance check

We carry out checks into returns or other documents to make sure that our customers pay the right amount of tax at the right time and receive the right allowances and tax reliefs. We call these checks 'compliance checks'.

We carry out some checks over the phone. If we phone you, you can ask us to write to you instead. Some types of check can only be done within a certain time limit. The officer dealing with the check can explain these time limits to you. If we find something wrong we may extend our check, for example, we may check earlier periods.

What happens during a compliance check

We'll always tell you what we're checking. If we find that we need to extend the scope of our check, we'll tell you.

If you've appointed a representative, you can ask us to deal directly with them during our check. We may also tell them that we've started a check. We'll only give your representative details of the check if it relates to taxes that you've authorised us to contact them about. Information about how you can authorise a representative is on page 4 of this factsheet.

We'll ask you to give us any information or documents that we may need during the check. In some cases, we'll ask to visit your business premises, if you have any. We normally only ask to visit you at home if you run your business from there.

If you aren't sure why we're asking for something, please speak to the officer dealing with the check and they will explain why we need it. If you can't do what we ask, or if you think that something we have asked for is unreasonable or not relevant to the check, please tell the officer dealing with the check. They will consider your reasons carefully and if they still think they need it, they will tell you why.

If you have any questions at any stage of our check, please contact the officer dealing with the check.

What if you need more time to do something we've asked you to do

If you need more time to do something we've asked you to do, please tell us. If we think it's reasonable to do so, we'll allow you more time. You can also ask us to postpone the check if you have a good reason, for example, if you're seriously ill or someone close to you has died.

The benefits of helping us with a check

Helping us with our check can have benefits for you. It will allow us to complete the check as quickly as possible and reduce any inconvenience that it may cause you.

We may not find anything wrong. But if there's something wrong, helping us with our check will also reduce the amount of any penalty we may charge.

If we do find something wrong, we'll work with you to put it right. We'll also tell you about any additional tax and late payment interest that is due, and about any penalty that we may charge.

You can reduce the amount of any penalty by giving us assistance throughout our check. We call this assistance the 'quality of disclosure' or 'telling, helping and giving'.

We measure the quality of disclosure by considering how much:

- you tell us about what is wrong
- help you give us to work out what is wrong
- access you give us to your records

If we ask you for either of the following:

- information or documents and you don't provide these when we ask for them
- to visit your business premises to inspect your business records, assets or premises or to visit your premises to carry out a valuation and you refuse

this may affect our view on the quality of disclosure, and the amount by which we reduce any penalty.

How to qualify for the maximum penalty reduction if something is wrong

If you know or suspect that there's something wrong, you must:

- tell us everything you know about what's wrong as soon as we tell you that we've started a check
- work with us to calculate the right amount of tax

If we've found something wrong that you didn't know about, you must:

- have given us as much assistance as we needed up to that point
- as soon as we tell you that there is something wrong, tell the officer dealing with the check everything about it, let them see any additional records they need and help them to work out the right amount of tax

We'll reduce the penalty by the maximum amount possible if we agree that you've done everything you could to assist us.

When we work out the quality of disclosure, we'll take into account how long it has taken for you to tell us about the inaccuracy. If you've taken a significant period (normally 3 years) to correct or disclose the inaccuracy, we'll normally restrict the amount of reduction given for disclosure.

We'll restrict the penalty range by 10 percentage points above the minimum to reflect the time taken, before working out the reductions for telling, helping and giving.

You can find more information about penalties and penalty reductions in our penalty factsheets.

Go to www.gov.uk and search for 'Compliance checks factsheets'. In some circumstances we can publish the details of people who have deliberately got their tax affairs wrong, as well as charging them a penalty. We can't publish their details if they qualify for the maximum penalty reduction. You can find more information about this below.

What if you think we should stop the check

If you think we should stop the check, please tell us why. If we don't agree, you may in some cases be able to ask the independent tribunal that deals with tax matters to decide whether we should stop the check.

What happens if something is wrong

If something is wrong, we'll explain why and work with you to put it right. Where relevant, we'll also tell you how to prevent it happening again. We may also ask you to sign a certificate confirming that you've told us about all relevant facts relating to our check.

If you're due to pay us some money, we'll tell you how to pay. You may also have to pay interest and any penalty that we charge. If we owe you some money, we'll normally repay you or credit your account. In some cases, we'll also pay you interest.

What happens if you've deliberately done something wrong

We may carry out a criminal investigation with a view to prosecution if you:

- give us information that you know to be untrue, whether verbally or in a document
- dishonestly misrepresent your liability to tax or claim payments to which you aren't entitled

Managing Serious Defaulters

If you've deliberately got your tax affairs wrong, we may need to monitor your tax affairs more closely. We've an enhanced monitoring programme called Managing Serious Defaulters. You can find more information about this in factsheet CC/FS14, 'Managing Serious Defaulters'. Go to www.gov.uk and search for 'CC/FS14'.

Publishing details of deliberate defaulters

In certain circumstances we may publish your details if you've deliberately got your tax affairs wrong. We can't publish your details if you qualify for the maximum penalty reduction. You can find more information in factsheet CC/FS13, 'Publishing details of deliberate defaulters'. Go to www.gov.uk and search for 'CC/FS13'.

What happens at the end of a check

We'll finish our check by either sending you one or more 'decision notices' or by agreeing a contract settlement with you.

A decision notice can be:

- an assessment or amendment to an assessment
- a penalty notice if a penalty is due
- a letter setting out what the final position is

A contract settlement is a legally binding agreement, where you offer to pay everything that is due as a result of our check, and we agree not to use our formal powers to recover that amount. You can only pay through a contract settlement if both you and we agree to this and to the terms of the contract. We can't enter into a contract settlement for any VAT or VAT penalties that are due.

What if you can't pay what you owe

If you think you may have problems paying, please tell the officer dealing with the check.

What to do if you disagree

If there's something that you don't agree with, you should tell us.

If we make a decision that you can appeal against we'll write to you to explain the decision and tell you what to do if you disagree. You'll usually have 3 options. Within 30 days you can:

- send new information to the officer you've been dealing with and ask them to take it into account
- have your case reviewed by an HMRC officer who hasn't been involved in the matter
- arrange for your appeal to be heard by an independent tribunal, who'll decide the matter

Whichever you choose, you may also be able to ask for an HMRC specialist officer to act as a neutral facilitator to help resolve the dispute. This process is known as Alternative Dispute Resolution (ADR).

ADR is only available for disputes relating to some of the taxes and other areas that we administer. The officer dealing with your check will tell you if ADR is available for the matter that you're disputing.

You can find more information in:

- HMRC1, 'HM Revenue & Customs decisions – what to do if you disagree', for appeals and reviews
- CC/FS21, 'Alternative Dispute Resolution', for ADR
- Go to www.gov.uk and search for 'HMRC1' and 'CC/FS21'.

Your principal rights and obligations

You have:

- the right to be represented – you can appoint anyone to act on your behalf, including professional advisers, friends or relatives
- the right to consult your adviser – we'll allow a reasonable amount of time for you to do so
- an obligation to take care to get things right – if you have an adviser, you must still take reasonable care to make sure that any returns, documents or details they send us on your behalf are correct

'Your Charter' explains what you can expect from us and what we expect from you. For more information, go to www.gov.uk/hmrc/your-charter

Your rights when we're considering penalties

If there's something wrong and we're considering penalties, we'll tell you. The European Convention on Human Rights gives you certain rights when we're considering penalties. You can find full details about these rights in factsheet CC/FS9, 'The Human Rights Act and penalties'. Go to www.gov.uk and search for 'CC/FS9'.

Authorising a representative

You can authorise someone to deal with us on your behalf. This includes professional tax advisers, friends or relatives. They can deal with us just for a compliance check, or more permanently for your day-to-day tax affairs. If you want to authorise a professional tax adviser, they will give you a form to complete and send to us. If you want to authorise someone other than a professional tax adviser, you'll need to write to tell us who you want to authorise and what you want them to deal with for you.

This factsheet relates to compliance checks into any of the following:

Aggregates Levy	Insurance Premium Tax
Annual Tax on Enveloped Dwellings	Landfill Tax
Apprenticeship Levy**	Machine Games Duty
Bank Payroll Tax	National Insurance Classes 1, 1A* and 4
Capital Gains Tax	Pay As You Earn (PAYE)
Climate Change Levy	Petroleum Revenue Tax
Construction Industry Scheme	Stamp Duty Tax
Corporation Tax	Stamp Duty Reserve Tax
Income Tax	VAT
Inheritance Tax	

*For Class 1A National Insurance, this factsheet only relates to P11D(b) returns for tax years starting on or after 6 April 2010.

**For Apprenticeship Levy, this factsheet relates to returns for tax years starting on or after 6 April 2017.

More information

Customers with particular needs

If there's anything about your health or personal circumstances that may make it difficult for you to deal with this check, please tell the officer that is carrying out the check. Telling them will mean that they can help you in the most appropriate way. For more details go to www.gov.uk/dealing-hmrc-additional-needs

Don't stop sending returns or making payments. During the compliance check, please carry on sending returns and making payments when they are due.

Benefits, fees, grants and tax credits

If you're receiving any benefits, fees or grants that are based on your income, and your income changes as a result of this check, you'll need to tell the organisation that is paying you. If you're receiving tax credits and your income changes as a result of this check, you must tell the Tax Credit Office. You can phone 0345 300 3900 or write to us, marking your envelope 'Change of circumstances', to:

Tax Credit Office
PRESTON
PR1 4AT

What if you're unhappy with our service

If you're unhappy with our service, please tell the person or office you've been dealing with. They will try to put things right. If you're still unhappy, they will tell you how to complain.