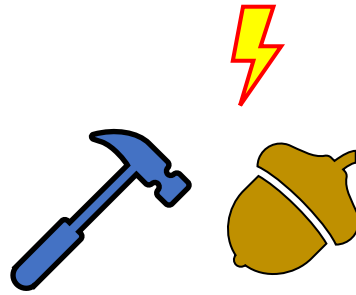


TAXMAN CRACKS DOWN ON INCORRECT TAX RETURNS



Last year the Taxman fined over 70,000 taxpayers for incorrect tax returns. The fines that the Taxman can impose range from 20% to 100% of the amount of tax due. The amount of the penalty is determined by HMRC's view of the taxpayer's behaviour that led to an incorrect tax return.

Cases where there has been a genuine mistake may escape penalties altogether.

Where there is a failure to take reasonable care, a penalty is more likely, but it may be possible to mitigate this to 20%.

Higher penalties up to 100% will be imposed in cases where there has been a deliberate error.

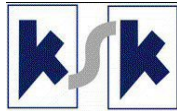
Some 72% of the penalties raised last year fell into the "failure to take reasonable care" category.

Nearly 20,000 cases were deemed to be the result of "deliberate errors" and were hit with the harshest penalties.

The government's reactions to the coronavirus crisis has left a whopping £2tn hole in the country's finances. As the government now begins to take stock and ease up on the financial assistance made available to tackle the crisis, the taxman will be on the frontline for helping tackle that debt.

Recent years have seen the resources at HMRC been cut, but the structure and focus have changed. The cuts have been to the 'customer' services resources, but the enquiries and investigations teams have been bolstered to capitalise on the wide-ranging powers and harsh penalty regime that now applies to the self-assessment tax system.

Taxpayers should be aware that our tax system is not a level playing field when it comes to penalties for even accidental errors. It can be very difficult to prove that an accidental error was not the result of failing to take reasonable care.



The message to all taxpayer's is to take great care to ensure that the information provided in their tax returns is accurate. For even greater peace of mind, you could ask us to complete your tax returns for you. We can usually provide a quote in advance of work being undertaken and even offer tax enquiry insurance that will cover the costs of fees arising from an HMRC enquiry. We offer an initial no obligation free 30-minute consultation to explain how we can assist you, so there really is nothing to lose from contacting us.

In addition, if you believe that you may have made an incorrect tax return, or you have received an enquiry form HMRC then Paul Southward will be able to assist you in all your dealings with the Taxman.

Contact Paul Southward, or your usual KSK contact:

e-mail: tax@ksk.co.uk

Phone: 01582 651000