



**Tax Controversy**

Penalties

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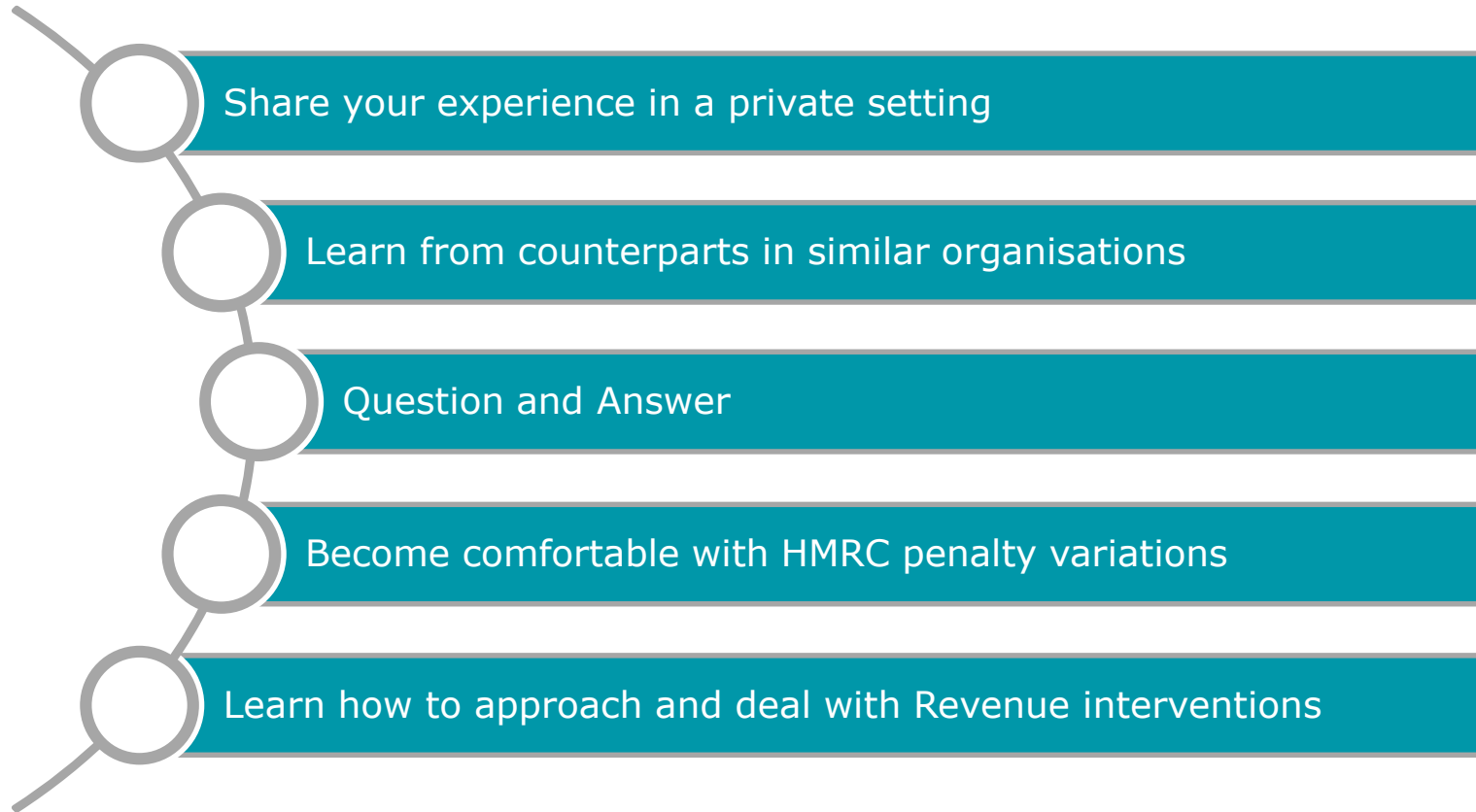
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# Agenda

- Introduction
- What to get from workshop
- Tax controversy overview
- HMRC behaviour
- Types of penalties:
  - Overview
  - Failure to notify penalties
  - Inaccuracy penalties
- Suspension of a penalty
- Q&A



# What to get from Workshop



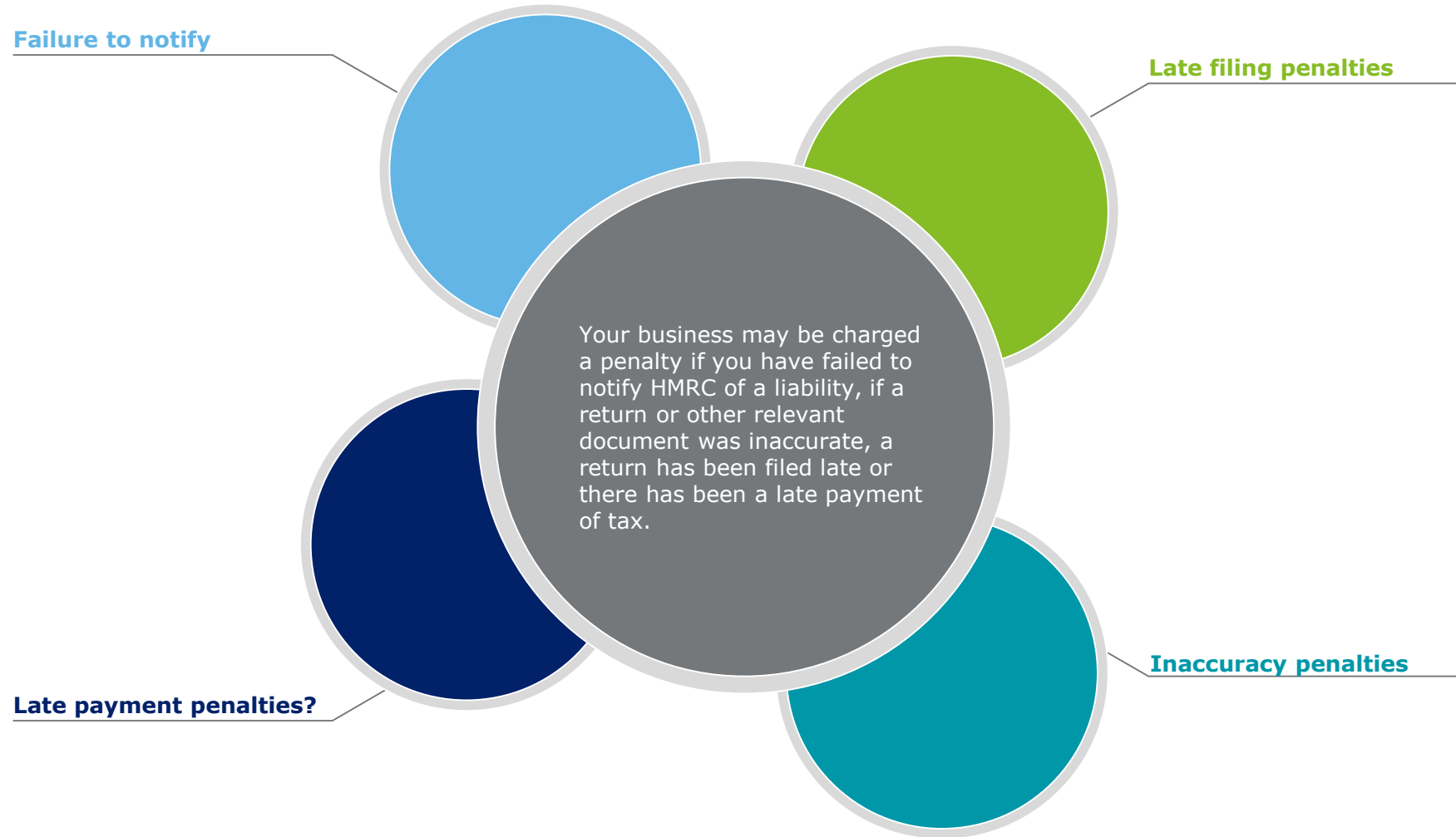
# Tax Controversy - Overview



# HMRC behaviour

- 1 Occurrence – HMRC need to opt out of penalty situations
- 2 HMRC attitudes – behaviours, onus of proof and suspension
- 3 Timing of penalty discussions - HMRC negotiation structure
- 4 Human Rights Act and fact sheet
- 5 Impact – financial, disclosure in the accounts and reputational
- 6 Points based system and late payment penalties
- 7 Non financial sanctions

# Types of penalties



# Failure to notify

Type of behaviour	Unprompted or prompted disclosure	Penalty Range (% of PLR)
<b>Non-deliberate</b>	Unprompted - within 12 months of tax being due	0% to 30%
	Unprompted - 12 months or more after tax was due	10% to 30%
	Prompted - within 12 months of tax being due	10% to 30%
	Prompted - 12 months or more after tax was due	20% to 30%
<b>Deliberate</b>	Unprompted	20% to 70%
	Prompted	35% to 70%
<b>Deliberate and concealed</b>	Unprompted	30% to 100%
	Prompted	50% to 100%

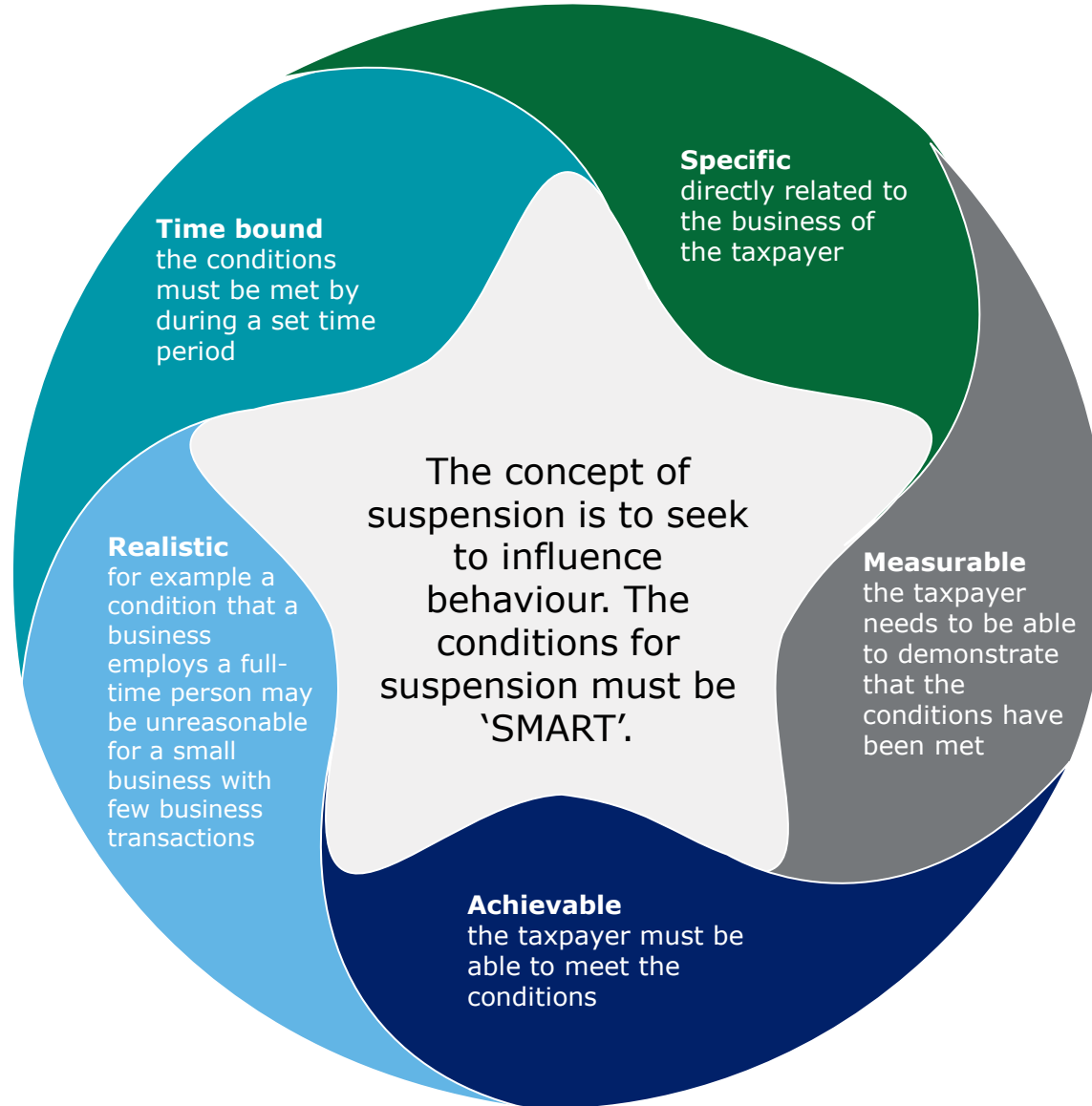
## Inaccuracy penalties

Category	Prompted/Unprompted	% Range
<b>Took reasonable care</b>	Unprompted	0
	Prompted	0
<b>Careless</b>	Unprompted	0 - 30
	Prompted	15 - 30
<b>Deliberate</b>	Unprompted	20 - 70
	Prompted	35 - 70
<b>Deliberate (Concealed)</b>	Unprompted	30 - 100
	Prompted	50 - 100



# Suspension of a Penalty

HMRC can suspend all or part of a penalty for a careless inaccuracy by the taxpayer.



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