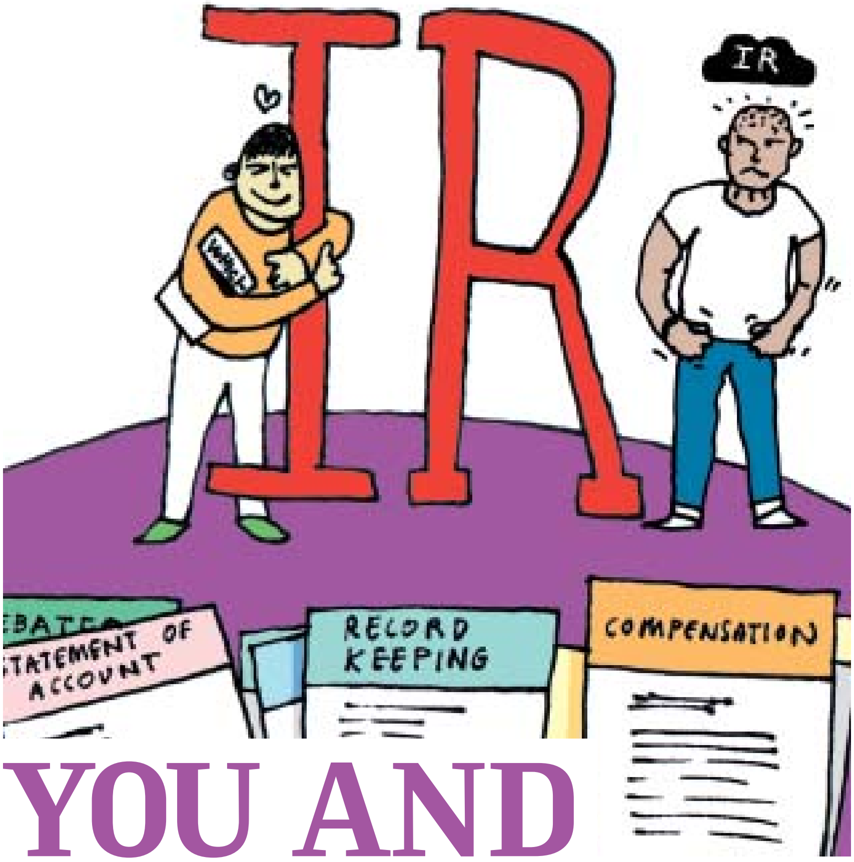


YOU AND THE INLAND REVENUE

Knowing your rights and responsibilities when dealing with the Inland Revenue is vital. We put you on the right track

Like it or not, many of us will have contact with the Inland Revenue at some time or other. Knowing what it expects from you, and what your rights are, will help you pay the correct amount of tax due and sort out any problems.

YOUR RIGHTS

The Inland Revenue service standards are set out in the Charter for Inland Revenue Taxpayers and the Charter for National Insurance Contributors. The charters mention your right of appeal and remind you of your legal duty to disclose all necessary information to the Inland Revenue. They're backed up by codes of practice which explain the Revenue's rules. There's also an independent Adjudicator who can rule on complaints (see 'Resolving complaints', p9).

KEEP RECORDS

People who are self-employed and people who let property must keep records for five years and ten months after the end of the tax year to which they relate. Everyone must by law keep records of income and capital gains for at least 22 months. You may be asked to provide records to back up information you have given on your tax return.

STATEMENT OF ACCOUNT

Statements of account are usually sent to all taxpayers who complete a tax return (sometimes even when the amount owed is nil).The statement of account shows the state of your 'tax account' with the Revenue. It confirms how much tax you owe (for both the current tax year and in advance for next year, if applicable), any arrears, penalties, surcharges and interest, and what tax you've paid. If it shows you've paid too much tax, you can either leave the money to be set against future tax bills or claim a refund. If you've registered for internet filing, you can view current and past statements of account online.

Taxpayers making payments on account (see p36) will usually receive two statements of account each year. It's unlikely you will receive a statement of account if you don't get a tax return or you pay all your tax via PAYE.

The Revenue is planning to simplify the design of statements of account to make them more user-friendly.

APPEALS AGAINST TAX

If you think your tax bill is wrong, you should contact your tax office. If you can't agree the final amount, you have the right to lodge an appeal. The Department for Constitutional Affairs' leaflet *Tax Appeals: A guide to appealing against decisions of the Inland Revenue on tax and other matters* has more details. It's available on the Revenue's website (www.inlandrevenue.gov.uk) and also at tax offices and enquiry centres.

You can also appeal against any amendment the Revenue makes to your return or against any other amendment it makes to the tax you pay, if you think it is incorrect. You have 30 days from the date you are advised of the amendment. Send your appeal to the Revenue in writing – include your National Insurance number and any assessment, reference or file number. This gives the Revenue the chance to sort things out before appeal commissioners become involved.

THE COMMISSIONERS' ROLE

General Commissioners deal with most appeals. Special Commissioners generally deal with cases that require more expertise but you can request that your case is heard by them. You can be represented by, for example, a lawyer, accountant or tax specialist (such as a member of the Chartered Institute of Taxation). If you can't afford a tax adviser, you might be able to get help from TaxAid (020 7803 4959) or Tax Help for Older People (0845 601 3321).

You can't appeal against the Commissioners' decision on a point of fact. If you don't agree on a point of law, you can take your case to the High Court in England and Wales (the Court of Session

YOUR TAX OFFICE

For general enquiries
Phone or visit one of the tax enquiry centres (in the phone book under 'Inland Revenue').

For specific enquiries
Contact your own tax office. If you are an employee, or your main income is a pension from a former employer, your tax office will depend on the location of your employer's main office, or whoever pays the pension. If you're self-employed, your tax office depends on your business address. If you're unemployed, you remain with your last tax office.

CLAIMING FOR ANY MISSED ALLOWANCES

If you were eligible for a particular allowance but didn't claim it at the time, you may be entitled to claim now. You have up until 31 January 2006 to claim allowances you were eligible for in the 1999-2000 tax year.

There are two types of allowance – unrestricted (the allowance is treated as the amount of income you can earn tax free), and restricted (relief is limited to a maximum 10 per cent of the allowance). Both are given through your PAYE code. The table shows the amount of each allowance and what it could be worth, though, depending on your income, you may not get the full amount.

UNRESTRICTED

Personal This is the main allowance that everyone gets and it's unlikely you won't have received it in a particular year. If you are 65 or over, you can claim a higher age-related amount. If you earn less than the personal allowance you can't claim any unused part back or transfer it to your spouse.

Blind person's In England and Wales, you must be registered as blind on a local authority register to claim this. In N Ireland or Scotland you qualify if you can't perform any work for which eyesight is essential. If you are eligible, but don't earn enough to use it up, you can transfer any surplus to your spouse.

RESTRICTED

Married couple's This was abolished in April 2000 unless you or your spouse were born before 6 April 1935. Extra age-related amounts were (and still are) available to people born before then.

Additional personal Before 6 April 2000 unmarried parents who had a child living with them for all or part of the year could claim this if the child was in full-time education or under 16 (at the start of the tax year). This applied whether you were single, cohabiting, widowed, divorced, or separated. You could also claim it, in addition to married couple's allowance, if you were married and your spouse was incapacitated. Abolished from 6 April 2000.

Widow's bereavement This was given to widows in the year of their husband's death and for the year after that if they didn't remarry. It was abolished for deaths after 5 April 2000.

Maintenance relief Available to some people who make enforceable maintenance payments (see p41). Either the payer or recipient must be born before 6 April 1935.

Children's tax credit This was introduced on 6 April 2001 and abolished in April 2003. You can still claim the missed allowance if you had a child under 16 living with you at any time between 6 April 2001 and 5 April 2003. In 2002-2003 the allowance was doubled if you had a baby between 6 April 2002 and 5 April 2003. Children's tax credit was replaced by the child tax credit (p58).

in Scotland; the Court of Appeal in Northern Ireland). The procedures vary slightly depending on whether you're appealing against the General or Special Commissioners. Remember there are only limited grounds for appeal to the Courts so it's vital to take professional advice.

Be warned: going down this route can take a long time and work out very costly if you lose. In addition, interest will build up on any tax due.

ENQUIRIES INTO TAX RETURNS

Your tax office will check your tax return for simple errors or omissions and may contact you if it has a minor query. You will receive formal notice if the Revenue wants to start an enquiry.

There are two types of enquiry. A full enquiry involves the Revenue looking into the return as a whole. An aspect enquiry concentrates on specific aspects of the return (the calculation of a capital gain, say). An aspect enquiry can turn into a full enquiry.

The Revenue has the right to open an enquiry into anybody's tax return. Most of the returns it selects for enquiry will be those it thinks might be incorrect or incomplete. However, it will also select, completely at random, and at the same time as they are sent out, some 7,500 returns for full enquiry. It doesn't have to tell you whether your return is among those chosen at random, or

The Revenue can open an enquiry into anybody's return

TAX ALLOWANCES	1999-2000 (£)		2000-2001 (£)		2001-2002 (£)		2002-2003 (£)		2003-2004 (£)		2004-2005 (£)	
	Amount	Worth	Amount	Worth	Amount	Worth	Amount	Worth	Amount	Worth	Amount	Worth
Unrestricted												
Personal	4,335		4,385		4,535		4,615		4,615		4,745	
Age-related personal (65 to 74)	5,720		5,790		5,990		6,100		6,610		6,830	
Higher age-related personal (75 or over)	5,980		6,050		6,260		6,370		6,720		6,950	
Blind person's	1,380		1,400		1,450		1,480		1,510		1,560	
Restricted												
Basic married couple's	1,970	197	2,000[a]	200	2,070[a]	207	2,110[a]	211	2,150[a]	215	2,210[a]	221
Higher married couple's (65 to 74)	5,125	513	5,185[a]	519	5,365[a]	537	5,465[a]	547	5,565[a]	557	5,725[a]	573
Higher married couple's (75 or over)	5,195	520	5,255	526	5,435	544	5,535	554	5,635	564	5,795	580
Additional personal	1,970	197										
Widow's bereavement	1,970	197	2,000[b]	200								
Maintenance relief	1,970	197	2,000[c]	200	2,070[c]	207	2,110[c]	211	2,150[c]	215	2,210[c]	221
Children's tax credit					5,200	520	5,290	529				
Baby rate							10,490	1,049				

a Available only if you or your spouse were born before 6 April 1935

b Available only if you claimed widow's bereavement allowance in 1999-2000

c Available only if you or your ex-spouse were born before 6 April 1935

LOST RETURN RESULTS IN A FINE MESS

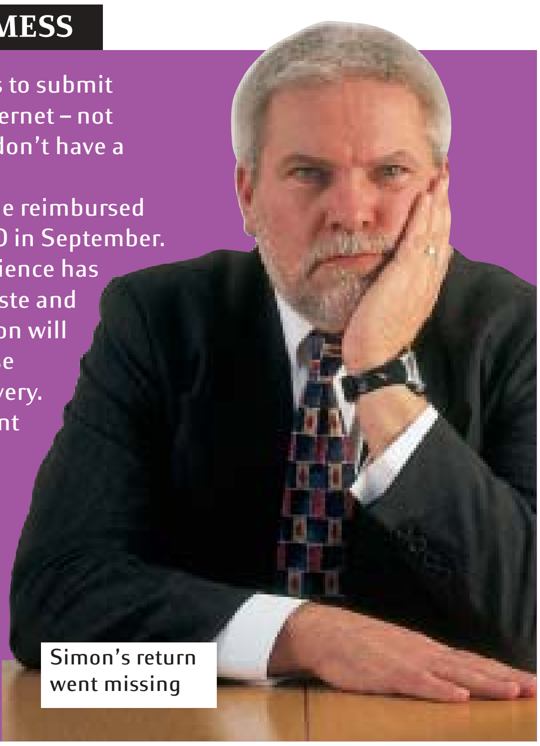
Simon Dann was stung with a £100 fine, twice, when his tax return went missing.

Simon has filed tax returns for years. As usual, he sent off his return for the 2002-2003 tax year first class in July 2003. So he was amazed to be clobbered with a £100 fixed penalty notice the following February. Simon sent the Revenue a cheque, asking it to refund the money when the return turned up.

Hearing nothing, he chased the Revenue towards the end of July 2004. He was told to file a duplicate. This arrived after the 31 July deadline, which led to another £100 fine. The Revenue's suggested 'solution' was to submit returns by internet – not useful if you don't have a computer.

The Revenue reimbursed Simon's £200 in September. But the experience has left a bitter taste and in future Simon will most likely use recorded delivery.

If you've sent in your return on time but received a penalty notice, complain to your tax office immediately.



Simon's return went missing

whether it is opening an enquiry for another reason. However, it does have to tell you whether it is a full or aspect enquiry.

If you submit your return on time, the Revenue normally has 12 months from the fixed filing date to start an enquiry. It has between 12 and 15 months if you file your return late.

The fixed filing date for most returns for the 2004-2005 tax year is 31 January 2006 so, for these returns, your tax office must notify you by 31 January 2007 if it intends to open an enquiry. Anyone who misses the 31 January filing deadline is more likely to be selected for an Inland Revenue enquiry.

The Revenue has a code of practice (COP11) for enquiries, which it must follow.

MISTAKES

If you pay extra costs as a direct result of the Revenue's mistake or unreasonable delay, the Revenue will pay reasonable expenses incurred, such as postage or professional fees, as well as earnings lost by having to sort things out. The Revenue may pay compensation for complaints that are handled particularly badly or slowly. The amount paid will usually range between £25 and £500. The Revenue may also pay you compensation if its mistakes have caused you particular worry or distress. Again, amounts paid are usually between £25 and £500. See Inland Revenue Code of Practice 1.

If you have paid too much tax because of a mistake you made in your tax return, or because you did not claim an allowance you were entitled to, you can claim repayment up to five years after the 31 January following the end of the relevant tax year.

If a mistake by the Revenue or any other government department means you pay too much tax, you can claim a rebate for the affected period, whenever it may be. This applies where there is no dispute or doubt about the facts – this is covered under extra-statutory concession B41. You may also be entitled to compensation.

Remember that you are personally responsible for the accuracy of all information you give, even if you have an accountant or tax adviser.

RESOLVING COMPLAINTS

You should try to resolve any general complaints with your tax office in the first instance by contacting the person who's been dealing with your case. If this fails, you should contact the customer relations or complaints manager for the tax office. If you complain in writing, head your letter 'Complaint'. If this doesn't lead to a satisfactory outcome, contact the director with overall responsibility for the area – your tax office will have details.

If you're still not happy, you can refer your complaint to the independent Adjudicator. The Adjudicator will consider complaints about excessive delays, mistakes, discourtesy, poor advice and the way in which the Inland Revenue has exercised its discretion. The Adjudicator can recommend that the Revenue pay compensation. To find out more, phone 020 7930 2292 or visit www.adjudicatorsoffice.gov.uk.

As a last resort, you can complain to the Parliamentary Commissioner for Administration (the Ombudsman) – you must be referred via an MP. The Adjudicator cannot deal with complaints that the Ombudsman has considered, so try the Adjudicator's Office first. ■

MORE HELP

Department for Constitutional Affairs leaflet
- Tax appeals: a guide to appealing against decisions of the Inland Revenue on tax and other matters

Inland Revenue leaflets
- IR121 Income tax and pensioners
- IR170 Blind person's allowance
- SA/BK8 Self-assessment

Codes of practice
- 1 Putting things right. How to complain
- 10 Information and advice
- 11 Enquiries into tax returns by local tax offices

Adjudicator's Office leaflets
- AO1 How to complain about the Inland Revenue and the Valuation Office Agency