

inbusiness

inbusinessessex.co.uk

Received an HMRC fine? Don't panic!

In this week's Money Matters – Ask the Experts column, from Goldwyns Accountants, based in Southend, Sam Blundell ACA, a chartered accountant and a manager at the company, provides his thoughts on HMRC penalties

I have received yet another penalty from HMRC. This seems excessive to me – what can I do?

Sam Blundell explains:

As electronic filing becomes mandatory for most taxpayers and HMRC staff numbers continue to reduce, it is clear they are taking significant steps towards a compliance and regulatory focus. Combined with ever-increasing penalty regimes, a consequential rise in fines issued is inevitable. This is not, however, necessarily a cause for concern in itself.

Firstly the old adage runs true – prevention is better than cure. Although it is little consolation to penalties already levied, the majority of fines and surcharges raised are typically due to obvious non-compliance. So for example, being fined for late filing and payment of a VAT Return is



■ **Sam Blundell, a chartered accountant and manager at Goldwyns Accountants in Southend**

quite simply avoided by setting a recurring diary reminder.

If you are not sure what your reporting and payment deadlines are then clarify these with a professional. If you are not very good at keeping on top of administrative affairs (who has the time when you're chasing the next big sale?) hire in the

expertise or outsource it.

Secondly, check the basis of the fines. Many 'automatic' filing penalties are seemingly fired out by a computer without any human intervention, but not always correctly so. There are many technicalities in the rules which are not fully coded into the software and therefore fines are not always properly processed. We had a client who came to us with their already late tax returns – when brought up to date HMRC attempted to fine them a daily rate amounting to over £8,000 despite HMRC systems being the problem. After appeal, the fine was reduced to just £100.

Similarly, it is not uncommon to see £100 late filing penalties for corporation tax returns 'delivered over 12 months after the period

end', despite either being outside the charge to corporation tax and/or being delivered before the actual legislative deadline. The HMRC automatic systems again do not appreciate the finer details of the rules.

Finally, even if the fines have been properly raised there is another angle of defence – 'reasonable excuse'. Sometimes, with the best will in the world, there simply is no way to physically do what needs to be done. Systems fail or unexpected disasters erupt. There is scope within the legislation for 'reasonable excuse' to account for these – make sure they are utilised by getting your professional accountant involved. Nothing ventured, nothing gained.

THE next column from Goldwyns Accountants will appear in the Echo on June 13. To find out more visit www.goldwyns.co.uk If you have any financial or taxation questions you would like Goldwyns to tackle in future columns, send them to info@goldwyns.co.uk or call 01702 351412.

Finally, even if the fines have been properly raised there is another angle of defence – 'reasonable excuse'.

Goldwyns

Your business **our priority**