

HMRC - New Powers and periods of assessment

From 1 April 2009, HMRC will have one set of powers covering:

- Income Tax
- Capital Gains Tax
- VAT
- PAYE
- the Construction Industry Scheme
- Corporation Tax

The new legislation provides HMRC with:

- one set of powers to inspect business records, assets and premises
- the ability to see statutory business records
- the ability to look at records for PAYE, Income Tax, the Construction Industry Scheme, Capital Gains Tax and Corporation Tax during the tax year before a return has been submitted
- a new power to correct obvious errors in a tax return based on information held by HMRC
- a single approach across all taxes to asking taxpayers and third parties for supplementary information, based on formal information notices with a right of appeal

The legislation also makes some changes to the way HMRC must carry out compliance checks, including

- **a new four-year time limit for assessments and claims**
 - **a reduction** from six years for Income Tax, Capital Gains Tax and Corporation Tax;
 - **an increase** from three years for VAT
- reductions in extended assessment time limits
- a streamlined process for closing Corporation Tax assessments
- a new statutory ban on inspecting purely private dwellings without consent
- a statutory requirement for HMRC to give at least seven days prior notice of a visit, unless either an unannounced visit is necessary, or a shorter period is agreed
- a new requirement that unannounced visits must be approved beforehand by a specially trained HMRC officer
- a statutory requirement on HMRC to act reasonable

The increase to four years for VAT does not mean that you can now make a reclaim going back four years. It covers errors arising from 1 April 2009 onwards.

WE HOPE YOU FIND THIS NEWS ARTICLE HELPFUL. IF YOU WOULD LIKE TO REGISTER TO RECEIVE FUTURE UPDATES BY EMAIL THEN PLEASE SEND A REQUEST TO

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