



elsby & co  
chartered accountants



## The new penalty regime and how to avoid them...

The new tax penalty regime is now in force for returns and documents for periods starting on / after 1st April 2008, which are due to be filed with HMRC on / after 1st April 2009.

**Whats new?** Penalties have always been charged for incorrect returns, however the new system will link the amount of penalty charged to the **behaviour of the tax payer**, with higher penalties for deliberate and hidden errors. The maximum penalty is 100% of the extra tax arising as a result of the error.

**Tax inspectors:** In addition a new breed of tax inspectors is being launched on the unsuspecting public. Inspectors now have increased powers and will review compliance in respect of ALL vat and tax areas, often in the same visit.

Please click on the next topic in our news section for the % table.

### Top tips

**Take your tax seriously:** You can avoid a penalty if you can show the taxman that you took reasonable care in preparing your tax return, but this is a subjective test and is very much dependant on what the HMRC considers "reasonable care".

**Accurate records:** If you have done your utmost to keep accurate records, have appointed an accountant to complete your return and provided them with ALL the necessary information, then you should avoid a penalty.

### HOW CAN WE HELP?

- **MOT SERVICE** we help you put your books and records in order;
- **TAX COMPLIANCE SERVICE** you can have cost-effective protection against professional fees incurred whilst defending yourself in a tax investigation.

Please give us a call if you wish to discuss any of the above.

01604 678470.

