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# Responding to a Code of Practice 9 investigation

Preparing a response to HMRC on behalf of our client

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n individual came to us after receiving a letter from HMRC saying they were the subject of an investigation.

The investigation was being carried out under Code of Practice 9, the Contractual Disclosure Facility (CDF).

### The challenge

The letter from HMRC suggested that our client had committed tax fraud, an allegation they denied and they wanted our assistance in settling the investigation.

### How did Blick Rothenberg help?

We prepared a response to HMRC on behalf of our client explaining the circumstances. Despite there being a repeated error in the individual's tax returns for many years, this was an innocent mistake made by the individual's previous tax advisors and although the technical treatment adopted was incorrect, full details of the source of income had been disclosed on every tax return.

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HMRC agreed that the error in the tax return was not made knowingly or carelessly, so there was no penalty due.

Where initially HMRC was seeking the tax for all the years the error was made, we persuaded them that, since the source of income had been disclosed on every tax return, HMRC could not make a “discovery” and assess the income for years prior to the one which was still in date for them to open an enquiry.

### The outcome

HMRC agreed that the tax was only due for the most recent year and our client duly paid this along with the late payment interest. HMRC also agreed that the error in the tax return was not made knowingly or carelessly, so there was no penalty due.



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