

HMRC Case

The Commission received a complaint relating to decisions made by HMRC during a review of the penalty position in certain settled cases. The complainant was concerned about the decision not to review the calculation of the tax liability in all the cases included in this penalty review.

Where customers have not notified HMRC of their liability to taxes/charges they can be liable to a penalty. Following an HMRC Commissioner's decision, HMRC conducted a review of all settled cases where customers had been found to be liable to High Income Child Benefit Charge (HICBC) and where a Failure to Notify penalty had been charged. HMRC reviewed all the cases and where the customer had a reasonable excuse for not notifying HMRC, even if they hadn't put forward that excuse, HMRC refunded the penalty.

The complainant considered that all cases should have been reopened and checked for errors in the calculation of the charge in addition to reviewing the penalty position.

The Commission contacted HMRC and requested information on the decisions made surrounding the penalty review. The scope of the review was contained to a review of the penalty position only, contemporaneous evidence showed that errors in calculating the tax liability were addressed if they were identified during the review and a sample check of 100 cases showed that the quality of the work was in line with normal expectations. All customers had previously had the opportunity to review HMRC's calculation of the charge, discuss the calculation with HMRC if they were unsure and appeal against the calculation if they felt it was incorrect. Given this position, and in line with normal operating practice, HMRC had not considered reopening all the cases which would have been a disproportionate use of resource. In this case the Commission concluded that HMRC's business decisions and actions were not inconsistent with the Civil Service Code, and therefore did not investigate this case further.