

CHAPTER 7

CORPORATION TAX SELF ASSESSMENT (CTSA)

The legislation is very useful for this chapter. It is worth taking the time to highlight the detail included in this chapter in the legislation using the various references provided.

7.1 Introduction

Corporation tax self assessment applies to all chargeable accounting periods ending on or after 1 July 1999. The regime deals with all of the administration areas of corporation tax which includes the payment of tax.

Corporation tax for smaller companies is **due 9 months and 1 day after the end of the chargeable accounting period**. Larger companies are required to pay tax under the instalment system.

The regime also deals with the filing of **tax returns (CT600)** which give details of the income a company has earned, together with the calculation of the corporation tax liability.

The submission of the tax calculation is compulsory for companies, unlike individuals who can shift the responsibility for calculating the tax to HMRC provided they file the return by an earlier date. This facility is not available to companies.

When a company submits its **form CT600**, it will also send in a **set of accounts** together with any other detailed analysis and computations necessary to show that the return is complete and correct and answers all of the Revenue Officer's most obvious questions.

7.2 Duty to notify chargeability

[FA 2004, s.55](#)

Companies have an obligation to notify HMRC when their first chargeable accounting period begins or when they come back within the charge to tax. They will also have to provide certain prescribed information.

The company must give **written notice within three months of the start of the accounting period**. The notice must state when the chargeable accounting period began.

[FA 2004, s.55 \(2\)](#)

The detailed information to be given in the notice is as follows:

[SI 2004/2502](#)
[Reg 2](#)

- (a) The company's name and registration number;
- (b) The address of the company's registered office;
- (c) The address of the company's principal place of business;
- (d) The nature of the business being carried on by the company;
- (e) The date to which the company intends to prepare accounts; and
- (f) The full names and addresses of the directors of the company.
- (g) In the case of a business formerly carried on by others:
 - the name and address of that former business; and
 - the name and address of the person from whom the business was acquired.
- (h) In the case of a company which is in a group relief group:
 - the name of the parent company and the address of its registered office.
- (i) In the case of a company which has been obliged to comply with the requirements of the Income Tax (Pay as You Earn) Regulations 2003:
 - the date on which that obligation first arose.

The rules **do not apply to unincorporated associations or partnerships.**

[FA 2004, s.55](#)
[\(5\)](#)

No failure to give notice will arise where the company has a **reasonable excuse**, so long as it gives notice within a reasonable time once the excuse has passed.

[FA 2004, s.55](#)
[\(4\)](#)

Once HMRC are aware that a company is chargeable to UK corporation tax they will normally send out a notice (CT603) requiring the company to submit a corporation tax return within a few weeks of the end of the period of accounts.

Where a company has not received a notice (CT603) from HMRC to file a tax return it must notify HMRC within 12 months of the end of the chargeable accounting period that it is chargeable to tax.

[FA 1998, Sch](#)
[18](#)
[Para 2\(1\) & \(2\)](#)

7.3 Notice to file a return (CT603)

HMRC will normally issue a notice to the company requiring it to file a corporation tax return (CT600). Until this notice is issued, the company does not have any obligation to file a return.

The notice will state the period for which the company must make a corporation tax return. Para 5 of Sch 18 Finance Act 1998 refers to this period as the "specified period". In most cases the specified period is the accounting period of the company.

[FA 1998,](#)
[Sch 18 Para 5](#)

The specified period may not coincide with an accounting period when a company changes its accounting date without notifying HMRC and the notice is issued based on out of date information.

For example, if a company prepared accounts to 31 December 2010 and then changed the accounting date to 31 March 2011 without notifying HMRC, the company would receive a notice from HMRC requiring a corporation tax return to be filed for the year ended 31 December 2011.

In this case the company would be required to file a return for the accounting period ending during the specified period, i.e. for the 3 months from 1 January 2011 to 31 March 2011.

7.4 Filing of return

Normally a CT600 is due for submission to HMRC 12 months from the end of the chargeable accounting period. For example, if the chargeable accounting period ends 31 December 2010, the CT600 must be filed by 31 December 2011.

However, a later filing date may be appropriate as a company will always have a minimum of 3 months from the receipt of the filing notice. If this date is later than the 12 month date, then this date becomes the new filing date.

[FA 1998,
Sch 18 Para 14](#)

Illustration 1

A company makes its accounts for the 12 months to 30 June 2011. It receives its CT603 (notice from HMRC to file a return) for this period on 30 April 2012.

The normal filing date would be 12 months after 30 June 2011 which is 30 June 2012. Notice to file a return is not received until 30 April 2012 and 3 months after that is 31 July 2012.

The filing date is therefore 31 July 2012 as this is later than the normal filing date.

7.5 Long periods of account

Where the company makes up its accounts for more than 12 months, it is required to split it into two chargeable accounting periods for the purposes of calculating the tax payable. However, for filing purposes, there is a single filing date which is 12 months from the end of the period of account.

[FA 1998, Sch 18
Para 14 \(1\)\(b\)](#)

Two returns will be submitted - one for each chargeable accounting period (CAP) - but the due date for filing both of these returns is the same.

Illustration 2

A small company draws accounts for a 15 month period ending on 31 March 2011.

The period of account must be divided into two chargeable accounting periods for the purposes of calculating the corporation tax:

CAP No. 1:	12 m/e 31 December 2010
CAP No. 2:	3 m/e 31 March 2011

The due dates for the payment of the corporation tax and for the filing of the form CT600 are:

	<i>CAP No. 1</i> <i>y/e 31.12.10</i>	<i>CAP No. 2</i> <i>3 m/e 31.3.11</i>
Tax due	1.10.11	1.1.12
CT600 due	31.3.12	31.3.12

Two forms CT600 will be submitted on 31 March 2012, together with financial statements and corporation tax computations covering both chargeable accounting periods.

7.6 The self assessment

The return must include a self assessment of the amount of tax payable in respect of that period based on the information contained in the return.

[FA 1998,
Sch 18 Para 7](#)

The tax due is calculated as follows:

[FA 1998,
Sch 18 Para 8](#)

- (i) Take the TTP of the company and apply the rate of tax applicable to the company.
- (ii) Then give effect to any reliefs against corporation tax:
 - Marginal relief
 - Corporate Venturing Scheme (CVS) relief
 - Community investment tax relief
 - Double Tax Relief (DTR)
- (iii) Add any amounts chargeable or assessable as if they were corporation tax:
 - s.455 CTA 2010 penalty tax (tax on loans made by a close company to a participator)
 - s.747(4)(a) ICTA 1988 apportionment in relation to a Controlled Foreign Company (CFC)
- (iv) Deduct amounts to be set against the overall tax bill:
 - Income Tax

Under CTSA it is the company's responsibility to ensure that s.455 CTA 2010 and s.747(4)(a) ICTA 1988 tax is included in the total amount of tax payable. Previously, separate assessments were raised by HMRC in respect of these taxes.

Similarly, it is the company's responsibility to ensure that all necessary transfer pricing adjustments are made in arriving at TTP.

7.7 Amendments

A form CT600 is submitted to HMRC, and is processed by the corporation tax processing department. As part of the processing procedure **HMRC will have 9 months from the actual date of filing the return to correct any obvious errors** in it.

[FA 1998,
Sch 18 Para 16](#)

From 1 April 2010 HMRC may also amend anything else in the return that the officer has reason to believe is incorrect in light of information available to the officer. This would include, for instance, where a list of figures had been added incorrectly or the wrong rate of tax has been taken.

These errors will be identified when HMRC type the figures from the return into their computer system and find that there are differences between the two. In this case, the processor will write to the company and ask for the appropriate amendments to be made.

The company has 12 months from the due filing date, (not the actual filing date) to make any amendments to the return. This could be, for instance, revising a loss relief claim, amending a capital allowances claim, or any other amendments.

[FA 1998,
Sch 18 Para 15](#)

Once the return has been processed, it may then go to a Revenue Officer, who might give it a more detailed review.

7.8 Enquiries

CTSA enquiries take place to ensure that companies submit corporation tax returns which are both complete and correct.

From 1 April 2009 HMRC standardised the system for checking tax (including corporation tax, income tax and capital gains tax) and reference is now made to a compliance check procedure which encompasses enquiries, visits and inspections.

An enquiry can start for a number of reasons. The enquiry could be "**random**" - generated by HMRC's computer. Alternatively the return could be subject to a "**selected**" enquiry where the Officer has identified something on the return which he is not happy about, or wishes to ask further questions about.

There could also be “**routine**” enquiries. This will apply particularly to very large companies, where simply because of the amount of profits and tax involved, the return will be subject to an enquiry virtually every year.

Selected and routine enquiries can be avoided by the company making complete and thorough disclosure on the return of everything HMRC may want to ask about. In particular, full analysis should be given of all contentious expenditure headings, such as legal and professional fees, repairs expenditure and entertaining (split between allowable staff entertaining and other disallowed entertaining). If this information is not supplied on the return, HMRC may start an enquiry to find the break down of the figures.

HMRC may give notice of an enquiry up to **12 months from the actual filing date** for corporation tax returns filed on time. This deadline only applies to **single companies and companies which are members of a small group**. The deadline for large groups of companies is 12 months from the **due** filing date.

[FA 1998,
Sch 18 Para 24](#)

However, if the **return is filed late**, HMRC will have a **minimum of 12 months to start their enquiries** and the enquiry deadline will move to the end of the next quarter day. This also applies to any amendments relating to that return which are filed after the normal filing date. HMRC will have extra time to start an enquiry in respect of those amendments only.

The quarter days do not coincide with the usual quarter days of the year. They are 31 January, 30 April, 31 July and 31 October. These are the same quarter days which apply to income tax self assessment.

Illustration 3

Lazy Ltd drew accounts for the 12 months ending 31 May 2010. A notice to deliver a return was received by the company on 15 July 2010, but the company's CT600 is not submitted to the Tax Office until 14 August 2011.

The return should have been filed by 31 May 2011 - therefore it is late.

This extends the deadline by which the Officer can commence an enquiry into the return. The deadline for commencing an enquiry is the end of the quarter following the anniversary of the filing of the return, i.e.

14 August 2011 + 12 months = 14 August 2012
14 August 2012 is in the q/e 31 October 2012

The Officer has until 31 October 2012 to start an enquiry into the return.

7.9 Determinations

[FA 1998,
Sch 18 Para 36](#)

Determinations are issued by HMRC where a company fails to file a CT600. This allows HMRC to take proceedings against the company to obtain the corporation tax demanded on the determination.

The determination is treated like a self assessment, but the company cannot appeal against it. It can only be superseded by an actual self assessment. Therefore, if the determination is on the high side, the company should submit its proper corporation tax computations and CT600 as soon as it possibly can, in order to halt HMRC from taking proceedings for the entire amount of tax demanded.

7.10 Discovery assessments

HMRC may in certain circumstances make an assessment on a company which is not a self-assessment (a *discovery assessment*) if they discover that:

[FA 1998,
Sch 18 Para
41](#)

- (a) an amount which ought to have been assessed has not been assessed;
- (b) an assessment is or has become insufficient; or
- (c) relief has been given which is or has become excessive.

The assessment is to be in an amount which is considered necessary to make good the loss of tax.

The legislation sets out the circumstances in which a discovery assessment can be made. However, there are restrictions on HMRC's ability to make a discovery assessment.

Where a company has delivered a return for an accounting period, no discovery assessment may be made for that period unless:

- (a) the loss of tax was brought about carelessly or deliberately by or on behalf of the company; or
- (b) the HMRC officer could not reasonably have been expected, on the basis of information available to him at the material time, to be aware of the facts giving rise to the loss of tax.

[FA 1998, Sch 18
Para 43](#)

[FA 1998, Sch 18
Para 44](#)

As regards (b), the "material time" is the latest date on which the officer could give notice of an intention to enquire into the return or the date on which he advised the company that the enquiry was completed.

For this purpose, information is regarded as available to an officer if it is:

- (a) contained in:
 - (i) the company's tax return (or in accompanying documents) for the period concerned or either of the two preceding accounting periods;
 - (ii) any claim by the company (or in accompanying accounts, statements or documents);
 - (iii) any documents, accounts or information provided in the course of an enquiry into such a return or claim; or
- (b) information whose existence and relevance:
 - (i) the officer could reasonably have been expected to infer from information under (a); or
 - (ii) has been notified in writing by or on behalf of the company.

[FA 1998, Sch 18
Para 44](#)

HMRC regard the onus as being on the company to draw attention to any important information relevant to a tax liability, particularly if there is some doubt as to the interpretation which could be placed on that information.

Information is only 'made available' if it is provided by the company or someone acting on behalf of the company, e.g. the company's agent. Where information is made available by, or on behalf of, someone other than the company, e.g. in the return of another group company, a discovery assessment or determination on the company is not precluded.

The legislation contains another restriction in that an error in a return cannot give rise to a discovery if it is attributable to an error in the basis of computation and that basis was in accordance with the practice generally prevailing at the time the return was made. This provision is similar to that governing an error or mistake claim by a company.

[FA 1998, Sch
18 Para 45](#)

The time limit for HMRC making a discovery assessment depends on the reason for the incomplete disclosure by the company.

The general rule is 4 years from 1 April 2009.

From 1 April 2010, the time limit for cases involving carelessness is 6 years and for those involving deliberate action is 20 years.

7.11 Excessive assessments

[FA 1998, Sch 18 Para 51](#)

With effect from 1 April 2010, where a company has paid an amount by way of tax but believes that the tax was not due, or has been assessed to pay tax and it is believed such tax is not due, then a claim can be made for repayment or discharge of the amount.

[FA 1998, Sch 18 para 51](#)

HMRC is not liable to give effect to such a claim if, or to the extent, it falls into the following categories:

[FA 1998, Sch 18 para 51A](#)

- (a) the tax paid or payable is excessive due to:
 - a mistake in, or failure to give, a claim, election or a notice;
 - a mistake in allocating expenditure to a capital allowance pool; or
 - a mistake in bringing a disposal value into account for capital allowance purposes.
- (b) the claimant can seek relief by taking steps under the Corporation Tax Acts.
- (c) the claimant could have sought relief by taking such steps under (b) but the time limits have now expired and the claimant knew, or ought reasonably to have known, the relief was available.
- (d) the claim is made on the grounds that have been put to a court or tribunal in the course of an appeal relating to the excessive tax amount; or the claim has been put to HMRC already in the course of an appeal against a tax charge determined by tribunal.
- (e) the claimant knew, or ought reasonably to have known, of the grounds for such a claim before the latest of the following:
 - the date on which an appeal as to the amount was determined by tribunal;
 - the date on which the claimant withdrew such an appeal; and
 - the end of the period in which the claimant was entitled to make such an appeal to the tribunal.
- (f) the amount in issue was paid, or liable to be paid, either as a result of proceedings brought against the claimant by HMRC enforcing such payment, or in accordance with an agreement between the claimant and HMRC in settlement of such proceedings.

- (g) the amount paid, or liable to be paid, is excessive by reason of a mistake in calculating the claimant's liability to corporation tax, and such liability was calculated in accordance with the practice generally prevailing at the time. For instance a recent change in an accounting standard might change the tax treatment of a particular item. If under a previous standard the item was treated differently in the previous tax computation, then no claim can be made, as the previous return was made in accordance with practice prevailing at that time.

Any claims made under the provisions of paragraph 51 with regard to excessive liabilities to tax must be within 4 years of the accounting period to which the return (which contains the mistake) relates, or the accounting period in respect of which the amount was paid, or to which the assessment or determination relates.

[FA 1998, Sch 18 para 51B](#)

Any such claim is not to be made within a company tax return. It must be quantified at the time the claim is made. The provisions of Sch 1A TMA 1970 (see 7.16) apply to such claims. Where a claim is made under paragraph 51 then a further assessment, including a discovery assessment or determination may be made further to such a claim.

[FA 1998, Sch 18 para 51E](#)

Any repayments of tax which later prove to be excessive can be assessed by HMRC and will be treated as unpaid tax and will carry interest per s.87A TMA 1970 (interest on overdue corporation tax, etc).

7.12 Group relief

Clear instructions on group relief claims are set down in Paragraphs 66 to 77 of Sch 18 FA 1998.

[FA 1998, Sch 18 Para 67](#)

The claim has to be made on the **claimant company's tax return**.

It must **specify the amount** claimed, the **name of the surrendering company**, whether any of the companies are not resident in the UK during the accounting period of the surrendering company to which the surrender relates, and the **accounting period** of the claimant to which the claim relates.

[FA 1998, Sch 18 Para 68](#)

A claim can be made for less than the amount available. The claim will be **ineffective if made for more than the amount available**. Where there is more than one claim and the total exceeds the amount available, HMRC can determine which claims are ineffective.

[FA 1998, Sch 18 Para 69](#)

A claim requires the **written consent of the surrendering company** (a "notice of consent") for a group relief claim and the written consent of each member of a consortium in the case of a consortium relief claim.

[FA 1998, Sch 18 Para 70](#)

Claims will be **ineffective unless they are accompanied by the written consent**.

To be effective the written notice of consent must specify:

- The name of the surrendering company;
- The name of the claimant;
- The amount;
- The accounting period of the surrendering company to which the claim relates;
- The tax district references of the surrendering and claimant company.

[FA 1998,
Sch 18
Para 71](#)

Notices of consent can be withdrawn and replaced by another notice, **they cannot be amended**. The notice of withdrawal has to have the written consent of the claimant to the withdrawal unless it arises due to a reduction in the amount available for relief. The claimant must amend its tax return for the period of the claim to reflect the withdrawal.

[FA 1998, Sch 18
Para 73](#)

The surrendering company must amend its tax return if the notice of consent is given after it has filed the return. If, as a result a reduction arises in a future accounting period in respect of losses carried forward, that return must also be amended.

A claimant company can only withdraw a claim for group relief by amending its tax return. It cannot amend the claim. It can only be withdrawn and replaced.

The time limit for making and withdrawing group relief claims is whichever is the **latest** of the following dates:

[FA 1998, Sch 18
Para 74](#)

- First anniversary of the filing date of the claimant;
- 30 days after completion of an enquiry into the return;
- 30 days after the issue of an amended self assessment return following the completion of an enquiry;
- 30 days after the settlement of an appeal against such an amendment;
- such later time as HMRC allow.

Where the amount available for surrender is reduced, the surrendering company has 30 days to withdraw and re-issue the consent to surrender, sending copies to HMRC and each claimant company.

[FA 1998, Sch
18 Para 75](#)

If the surrendering company fails to do so, HMRC can give notice to the surrendering company as to how the reduced group relief will be surrendered sending a copy of the notice to each claimant company. The surrendering company has 30 days in which to appeal in writing against any such notice issued by HMRC. The claimant company on receipt of the new surrender, or HMRC notice, must amend their tax return.

Where the withdrawal of consent (or a new consent) results in a company becoming chargeable to tax and that tax remains unpaid after six months after the time limit for claims by that company, HMRC can issue an assessment in the name of that company or any company that has obtained group relief as a result of the surrender. HMRC have two years to issue the assessment. The assessment cannot be more than the lower of the tax unpaid or the tax saved by the other company receiving group relief. The company so assessed is entitled to recover the amount plus interest on unpaid tax under s.87A TMA 1970 from the company that failed to pay the tax.

HMRC can issue an assessment to recover any excessive group relief claimed. This does not affect their ability to issue a discovery assessment.

[FA 1998, Sch 18 Para 76](#)

7.13 Claims in respect of overseas losses of non resident companies

[FA 1998, Sch 18 Para 77A](#)

The company must state the European Economic Area (EEA) amount and the relief being claimed - see later in your corporation tax studies for how this is calculated.

References to the surrendering companies accounting period will be to the accounting period the company is assumed to have under s125 of CTA 2010.

In the case of overseas losses of a non resident company the consent to surrender is to be given to the officer to whom the claimant company makes its return by the claimant company not the surrendering company.

If the surrendering company is not within the charge to Income or Corporation Tax the consent does not have to contain details of its tax reference number.

Any withdrawal of consent to surrender and any new surrender are to be given to the officer of the board of the claimant company by the claimant company.

Any notice containing directions by an officer of HMRC is to be given to the claimant company.

Any appeal under Paragraph 75 Sch 18 FA 1988 can be brought by the claimant company.

A notice to produce documents for the purposes of an enquiry under Paragraph 1 Sch 36 FA 2008 will be given to the claimant company.

7.14 Simplified arrangements for group relief

[SI 1999/2975](#)

Under the simplified arrangements, the group makes an application to the tax office that deals with the **authorised company**. They must identify all the companies to be covered by the arrangements by giving for each company the tax references, the names of tax offices and sufficient detail to verify that they are a group company.

The application is made by the authorised company and **signed by all the other companies (the authorising companies)**, stating that they will be bound by the arrangements. The application must include an example of the group relief schedule that the authorised company will use in the future.

Once the application is submitted, the authorised company cannot implement the arrangements for **three months** unless HMRC give their consent at an earlier date. HMRC can, within the three months, accept the application but exclude certain companies if they think they have not complied with all their obligations to file returns and pay tax.

HMRC can refuse the application within three months if they think one or more companies is not a group company or they have not complied with their obligations to file returns and pay tax. The application can also be refused if it is not the case that all, or substantially all, the companies' tax returns are dealt with in the same tax office, or the specimen group relief schedule is not adequate.

At any time HMRC can exclude companies which it believes are not group companies or have not complied with their obligations.

Under the arrangements, the **claim for group relief is made by the authorised company and does not have to include a consent to surrender** if the authorised company gives authority to the claim being made. This authority has to be included in the tax return of the authorising company for which the claim is made and be signed by the authorised person.

The authorised company must from time to time provide **a group relief schedule** to HMRC containing sufficient information for the making of returns for itself and the authorising companies as regards making and withdrawing group relief claims.

The statement must contain the same details as listed above concerning the details of the claim and the amount surrendered. It must also include details showing the effect on each company's self assessment and details of any of the company's tax returns that are under enquiry. If sufficient detail is not shown in the statement it is ineffective.

An authorising company remains liable for any errors in claims or tax returns.

Both the authorised company and HMRC can give notice in writing at any time to the other terminating the arrangements from the date of the notice.

The authorised company can at any time give notice in writing excluding an authorising company from the arrangements from the date of the notice.

7.15 Capital allowances claims

Claims must be made in the tax return. They must specify the amount claimed which must be quantified.

[FA 1998, Sch 18 Para 79](#)

Claims can be amended or withdrawn only by amending the tax return.

The time limit for making, amending or withdrawing claims is the later of:

[FA 1998, Sch 18 Para 82](#)

- First anniversary of the filing date for the tax return
- 30 days after an enquiry into the return is completed
- If the return is amended by HMRC following an enquiry, 30 days after the notice of amendment is issued.
- If an appeal is brought against such an amendment, 30 days after the appeal is finally determined.
- Such later time as HMRC allow.

The time limit otherwise applying to amendment of a company's tax return does not apply to an amendment to the extent it relates to capital allowances.

References to an enquiry into the return above do not include an enquiry restricted to a previous amendment making or withdrawing or amending a capital allowances claim.

Where a claim results in a restriction to capital allowances available for another accounting period for which the return has been delivered, the company **has 30 days within which to make amendments to the other tax return**. If it fails to do so HMRC may, by notice in writing, amend the return to make it consistent with the amount available by way of capital allowances. The company can bring an appeal against such a notice by HMRC within 30 days of the notice being issued. The time limits otherwise applicable to amending a return do not prevent these amendments.

[FA 1998, Sch 18 Para 83](#)

7.16 Claims not made in the return

[TMA 1970, Sch 1A](#)

Claims have to be made to the Board **in such form as HMRC may determine**. The form will provide for a **declaration that all information is correctly stated** to the best belief of the person making the claim.

Claims may require:

- A statement of the amount of tax required to be discharged or repaid.
- Such information reasonably required to determine if the claim is correct.
- Delivery of accounts and documents reasonably required.

If a claim is made outside a return, within the time limits for amending the return, it is treated as an amendment to the return.

7.17 Duty to keep and preserve records

[FA 1998, Sch 18
Para 21 & 22](#)

The company must keep such records required to allow it to file a **correct and complete return** and to preserve those records for **six years** from the end of the period for which the company may be required to deliver a tax return.

Where the company is required to deliver a tax return before the end of that six year period the records have to be kept until the later of:

- (i) the date an enquiry into the return is completed
- (ii) if there is no enquiry, the date HMRC can no longer enquire into the return.

If the company is required by notice to deliver a return outside that six year period and it still has those records then to the later of the same above dates.

The records that must be kept are:

- (i) all receipts and expenses arising in the course of the trade and details of the matters to which they relate;
- (ii) all sales and purchases of goods for a company dealing in goods;
- (iii) all supporting documents must also be kept.

7.18 Conclusiveness of amounts in the return

[FA 1998, Sch 18
Para 88](#)

The tax payable by a company making a return and the tax liability of another company for any accounting period will be treated as **no longer alterable** on the **later of** the completion of:

- (i) 12 months from the filing date
- (ii) 30 days after the completion of an enquiry into the return
- (iii) 30 days after amendment to the return following an enquiry
- (iv) 30 days after the determination of an appeal against an assessment following an amendment of the self assessment by HMRC.

Where amendments have been made to the return outside 12 months from the filing date, amounts affected by the amendment will no longer be alterable on the later of:

- the end of the period into which notice of enquiry into the return may be given as a result of the amendment,
- the end of the period into which an appeal can be made following an amendment to the return or
- the determination of an appeal against such an amendment.

7.19 Forthcoming changes to corporation tax

There are a number of changes being introduced:

- Corporation tax returns which are due after 31 March 2011 will be required to be filed online.
- From April 2011, all companies will be required to pay their corporation tax electronically, for example by BACS.
- By 2011 companies should be able to file joint annual accounts and corporation tax returns, making one submission to cover both. This will be an optional service designed to avoid duplication of information and save time.

7.20 Duties of senior accounting officers of qualifying companies

FA 2009 contains provisions which make the senior accounting officer with a company personally responsible for ensuring the company has adequate tax accounting arrangements. The changes have been brought in by both Sch 46 FA 2009 and statutory instrument. The main provisions are:

For financial years (Companies Act 2006 definition) beginning on or after 21 July 2009 (the day that FA 2009 was passed) senior accounting officers ("SAO") of qualifying companies are required to take reasonable steps to ensure that the company and its subsidiaries (if any) establish and maintain appropriate tax accounting arrangements.

A qualifying company is a UK incorporated company that in the preceding financial year either alone, or when its results are aggregated with other UK companies in the same group, has turnover of more than £200 million or has a relevant balance sheet total of more than £2 billion.

[FA 2009,
Sch 46 Para
15](#)

In addition the SAO must take reasonable steps to monitor those arrangements and identify any respects in which they are not appropriate. This is known as "The main duty".

[FA 2009,
Sch 46 Para 1](#)

The SAO must provide HMRC with a certificate stating whether the company has appropriate tax accounting arrangements and provide an explanation of the respects in which those arrangements are not appropriate.

Qualifying companies must notify HMRC of the name of the SAO. The notification must be not later than the end of the period for filing the accounts for the financial year (or such later time as an HMRC officer may have allowed).

HMRC will have a power to impose penalties on both SAOs and companies who fail to comply with these requirements.

There is a penalty of £5,000 on the SAO for a failure to comply with the 'main duty'. This penalty is, however, limited to one per year per company. Where more than one person would be liable to a penalty in respect of a financial year of the company, only the one who became the SAO latest in the year is liable to such a penalty.

[FA 2009,
Sch 46 Para
5](#)

There is also a penalty of £5,000 on the SAO for failing to provide a certificate to HMRC or providing an inaccurate one. The company can be fined £5,000 for failing to notify the name of the SAO. However, the penalties can be set aside if there is a reasonable excuse.

The definition of company is per the Companies Act 2006, but does not include an open-ended investment company or an investment trust.

"Senior accounting officer", in relation to a company, means the director or officer of the company who has overall responsibility for the company's financial accounting arrangements.

[FA 2009,
Sch 46 Para
16](#)

Example 1

Complete the filing date in the following:

	CAP ends	Notice issued	Filing date
a)	31.3.11	12.11.11	
b)	31.5.11	24.3.12	

Example 2

Consider the following information for two single companies:

	(a)	(b)
CAP ends	31.3.11	31.5.10
CT600 filed	31.1.12	30.6.11

What are the dates by which HMRC may correct obvious errors and the dates by which HMRC may open an enquiry?

Answer 1

a) **31.3.12**

For the CAP ending 31 March 2011, the return must be filed by 31 March 2012. The notice was issued before the start of the 3 months leading up to the filing date and therefore the normal due filing date is relevant.

b) **24.6.12**

For the CAP ending 31 May 2011, the notice was issued within the 3 months leading up to the normal filing date of 31 May 2012. Therefore, as the company will always have a minimum of 3 months from the receipt of the notice, the due filing date is 24 June 2012.

Answer 2

	(a)	(b)
Correction of obvious errors	31.10.12	31.3.12
Enquiry deadline	31.1.13	31.7.12

In (a) the return is filed on time. Therefore, HMRC has 9 months from the actual filing date to correct any obvious errors. That is 31 October 2012.

The enquiry deadline runs exactly one year from the actual filing date, because this is a single company. The enquiry deadline is therefore 31 January 2013.

In (b) the return is filed a month late, HMRC will have 9 months from the actual filing date to correct any obvious errors, which takes us to the 31 March 2012. HMRC will have one year from the next quarter date to start an enquiry. The next quarter date is 31 July 2011, add 12 months, that takes us to 31 July 2012.