

Self Assessment Extra Statutory Concessions

An Extra-Statutory Concession is a relaxation, which gives a taxpayer a reduction in tax liability to which they would not be entitled under the strict letter of the law.

Most concessions are made with what are, on the whole, minor or transitory anomalies under the legislation. Also used to meet cases of hardship at the margins of the code, where a statutory remedy would be difficult to devise, or would run to a length out of proportion to the intrinsic importance of the matter.

The above means that, an expense or allowance would probably be permitted as a deduction against a taxable assessment because it had been granted in the past. It is only necessary to justify the validity of the expenditure and keep a record of any evidence of it.

Concessions are not widely discussed and an agent may only find out about the existence of one when a client raises the issue.

More details can be obtained from the website link

<http://www.hmrc.gov.uk/specialist/esc.pdf>

The subject matter is enormous; the document linked above has 107 pages and 104 concessions for individuals alone!

The current list of concessions is dated 31st August 2004.

An example of a key area for Agents is giving up tax where there are Revenue delays in using information

An arrear of income tax or capital gains tax may be given up if it resulted from the Inland Revenue's failure to make proper and timely use of information supplied by: -

- A taxpayer about his or her own income, gains or personal circumstances.
- an employer, where the information affects a taxpayer's coding: or
- The Department for Work and Pensions, about a taxpayer's State retirement, disability or widow's pension.

Tax will normally be given up only where the taxpayer: -

- could reasonably have believed that his or her tax affairs were in order, **and**
- was notified of the arrears more than 12 months after the end of the tax year in which the Inland Revenue received the information indicating that more tax was due, **or**
- was notified of an over-repayment after the end of the tax year following the year in which the repayment was made.

In exceptional circumstances arrears notified 12 months or less after the year end of the relevant tax year may be given up if the Revenue: -

- failed more than once to make proper use of the facts they had been given about one source of income
- allowed the arrears to build up over two whole tax years in succession by failing to make proper and timely use of information they had been given.

These concessions are an important part of Practice Management and knowledge of them is essential in being able to supply a client with the best information.