



## You may need to declare distribution or dividend income

Our records show that the accounts for [\[Registered Name from data file\]](#) declared profits of [\[Net profit from data file\]](#). However, they showed a large drop in the profit and loss reserves for the accounting period ending [\[Current AP end date from data file\]](#). This normally means shareholders have received a distribution or dividend.

Please check your Self Assessment returns to make sure you've declared any income from share distributions and dividends. If you have not done this, you may owe tax.

We understand tax can be complicated, and we want to help you get it right.

### What you need to do by [\[SEES to insert 30 days from the date of the letter\]](#)

#### If you need to declare any income

To do this you need to follow the steps below.

- 1 Go to GOV.UK search 'Tell HMRC about underpaid tax from previous years' and then follow the instructions. You should do this by [\[SEES to insert 30 days from the date of the letter\]](#). We'll then write to you with a payment reference number (PRN).
- 2 Use the same online service to declare your income and pay anything you owe, including any interest and penalties. You must do this within 90 days of receiving your PRN. Please include the letter reference [\[Caseflow reference from data file\]](#).

#### If you have no income to declare

You need to let us know by [\[SEES to insert 30 days from the date of the letter\]](#). To do this, please call us on 0300 123 0998 or email us at [ISBC.OnshoreDisclosures@hmrc.gov.uk](mailto:ISBC.OnshoreDisclosures@hmrc.gov.uk)

You may not have to declare anything if your dividend or distribution was covered by your tax-free personal allowance or your dividend allowance.

For more information, go to GOV.UK and search 'Tax on dividends'.

#### If you don't respond to this letter

If you do not declare any income or contact us, we may open a compliance check and can charge higher penalties. For more information, go to GOV.UK and search 'Compliance checks'.

## Penalties and interest

If you don't tell us about your income, or if you tell us the wrong amount, we can charge you a penalty. This can be equal to 100% of the tax you owe. We also charge interest daily on late tax payments. The sooner you pay any tax you owe, the less interest you'll have to pay.

There's more information about penalties in our factsheet:

- CC/FS7a, 'Penalties for inaccuracies in returns or docs'
- CC/FS11, 'Penalties for failure to notify'

Our factsheet CC/FS9, 'The Human Rights Act and penalties' tells you more about your rights when we are considering charging penalties. Please confirm that you've read and understood factsheet CC/FS9. It contains important information about your rights, and we need to be certain that you understand them.

For copies of our factsheets, go to GOV.UK and search 'compliance factsheets'. Or you can call us and we'll send them to you.

## If you need extra support

If you have any health or personal circumstances that may make it difficult for you to deal with us, please tell us. We'll help you in whatever way we can. For more information, go to GOV.UK and search 'Get help from HMRC if you need extra support'.

If you have a tax adviser, you may want to talk to them about this letter. Or if you've told us that you have a tax adviser, we've sent them a copy of this letter.

If you don't have a tax adviser, you may want to get professional advice.

## Communicating by email

If you'd like to contact us by email, please be aware that email is not secure. You should only use email if you accept the risks, and you must tell us that you accept the risks before sending us any information.

For more information, please read factsheet DSC1, 'Corresponding with HMRC by email' enclosed with this letter.

If you have an agent acting for you, you may want to show them this letter.

## Go paperless

We can send you some letters online rather than by post. Go to your online account to see what letters we can send and go paperless. To do this, go to [www.gov.uk/log-in-register-hmrc-online-services](http://www.gov.uk/log-in-register-hmrc-online-services) and login to your account then select the option to go paperless. You can also use this web address to register for an online account.

If you contact us, we can deal with you more quickly if you quote our reference number and provide a daytime phone number.

Yours sincerely

## ISBC Campaigns and Projects



## The Human Rights Act and penalties

Article 6 of the European Convention on Human Rights, which was incorporated into British law through the Human Rights Act 1998 gives you certain rights when we're considering whether to charge certain types of penalties.

We'll ask you to read this factsheet if we believe these rights may apply to you and we need your help to work out whether to charge you a penalty.

This factsheet is one of a series. For the full list of factsheets in the series, go to [www.gov.uk](http://www.gov.uk) and search for 'Compliance checks factsheets'.

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### If you need help

If you have any health or personal circumstances that may make it difficult for you to deal with us, please tell the officer that's contacted you. We'll help you in whatever way we can. For more details, go to [www.gov.uk/get-help-hmrc-extra-support](http://www.gov.uk/get-help-hmrc-extra-support)

You can also ask someone else to deal with us on your behalf, for example, a professional adviser, friend or relative. We may however still need to talk or write to you directly about some things. If we need to write to you, we'll send a copy to the person you've asked us to deal with. If we need to talk to you, they can be with you when we do, if you prefer.

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### What your rights under Article 6 mean for you when we're considering penalties

We always welcome your co-operation with our compliance check and in establishing the right liabilities. This includes whether any penalties may be due. The extent to which you co-operate with us and provide us with information is entirely your choice.

When we're considering penalties you've the right under Article 6 not to answer our questions. This is sometimes called the right not to self-incriminate or the right to silence. This right does not cover information or documents that already exist. This means that you must give us the information or documents that already exist, if we've a legal right to ask for them.

When making a decision about how much you're going to co-operate with us, you've the right to get help from a professional adviser. If you do not already have an adviser, you may want to consider consulting one.

You've the right to have the matter of penalties dealt with without unreasonable delay. We'll normally tell you whether any penalties are due once we've agreed the tax position with you. If we cannot agree the tax position, we'll send you an amendment or assessment of any additional tax we believe is due. If we consider that a penalty is also due, we'll send you an assessment of the penalty. The assessment will be based on the additional tax.

If we charge you a penalty, you've the right to ask for a review or to appeal. You also have the right to ask for your review or appeal against both the tax and the penalty decisions to be considered together. Our factsheet HMRC1, 'HM Revenue and Customs decisions – what to do if you disagree', explains what to do if you want to ask for a review, or to appeal. You can find more information about tribunals on the tribunal's website. Go to [www.gov.uk/government/organisations/hm-courts-and-tribunals-service/about](http://www.gov.uk/government/organisations/hm-courts-and-tribunals-service/about)

You've the right to apply for publicly funded legal assistance or legal aid. In some circumstances, funding may be available to help you bring certain appeals before the tribunal. If you're going to appeal against a penalty assessment, you may want to check whether your case qualifies and what help may be available. We've no involvement in decisions about if your case will qualify. You can find details of where to get information below.

If there's anything you do not understand about these rights or what they mean for you, please tell the officer who is dealing with the compliance check straightaway.

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## Funded legal assistance

You can find out more details about funded legal assistance or legal aid in:

- England and Wales by going to the Civil Legal Advice website at [www.gov.uk/civil-legal-advice](http://www.gov.uk/civil-legal-advice) or by phoning 0345 345 4345
- Scotland by going to the Scottish Legal Aid Board website at [www.slabb.org.uk](http://www.slabb.org.uk) or by phoning 0131 226 7061
- Northern Ireland by contacting a solicitor who's a member of the Law Society of Northern Ireland, go to [www.lawsoc-ni.org](http://www.lawsoc-ni.org)

You can also get more details from Citizens Advice or you can apply for funded legal assistance or legal aid through a solicitor anywhere in the UK.

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## Our privacy notice

Our privacy notice sets out the standards that you can expect from us when we ask for information or hold information about you. Go to [www.gov.uk](http://www.gov.uk) and search for 'HMRC Privacy Notice'.



# Corresponding with HMRC by email

Use the following information to decide whether you want to deal with us by email. We take the security of personal information very seriously. Email is not secure, so it's very important that you understand the risks before you email us. We will not deal with you by email unless you tell us you accept the risks of doing so.

## About the risks

The main risks associated with using email that concern HMRC are:

- confidentiality and privacy – there's a risk that emails sent over the internet may be intercepted
- confirming your identity – it's crucial that we only communicate with established contacts at their correct email addresses
- there's no guarantee that an email received over an insecure network, like the internet, has not been altered during transit
- attachments could contain a virus or malicious code

## How we can reduce the risks

We'll desensitise information, for example by only quoting part of any unique reference numbers. We can also use encryption. We're happy to discuss how you may do the same but still give the information we need.

## If you do not want to use email

You may prefer that we do not respond by email, for example because other people have access to your email account. If so, we're happy to respond by another method. We'll agree this with you either by telephone or in writing via post.

## If you do want to use email

If you would like to use email as one of the ways HMRC will contact you, we'll need you to confirm in writing by post or email:

- that you understand and accept the risks of using email
- that you're content for financial information to be sent by email
- that attachments can be used

If you are the authorised agent or representative we'll need you to confirm in writing by post or email that your client understands and accepts the risks.

Please also:

- send us the names and email addresses of all people you would like us to use email with - you, your staff, your representative, your agent, for example
- confirm you have ensured that your junk mail filters are not set to reject and/or automatically delete HMRC emails

## How we use your agreement

Your confirmation will be held on file and will apply to future email correspondence. We'll review the agreement at regular intervals to make sure there are no changes.

## Opting out

You may opt out of using email at any time by letting us know.

## More information

You can find more information on HMRC's privacy policy. Go to [www.gov.uk](http://www.gov.uk) and search for 'HMRC Privacy Notice'.