



Please tell us now about sales you haven't declared

We have information that shows you owe tax on undeclared sales. This may be because of misuse of your till system – we call this Electronic Sales Suppression (ESS). As a business trading in the UK, you have a legal responsibility to declare all your sales.

You must tell us now about sales you haven't declared. This is your final opportunity to make a complete, accurate and honest disclosure before we calculate what we think you owe and charge penalties on top.

We can charge a penalty equal to 100% of the tax you owe. For example, if you owe £50,000 in tax, we can add a £50,000 penalty on top. This would mean you'd owe a debt of £100,000 to HMRC.

Company debts including penalties, can be transferred to directors personally in certain cases.

If you have a tax advisor or someone else who helps you with your tax, please show them this letter.

What you need to do by [SEES to insert 30 days from the date of this letter]

Tell us about any undeclared sales by making an online disclosure. To do this:

1. Go to GOV.UK and search 'make a disclosure about misusing your till system'.
2. Fill in the online form to tell us about all the years you haven't declared all your sales.

If you've checked your records and you're certain you've declared all your sales, please fill in the online form to confirm your nil disclosure. However, if you make a false disclosure we will charge penalties of up to 100% in addition to the tax you owe.

We'll compare your disclosure with the information we have. If we agree with you, we'll work out how much tax you owe and tell you how to pay. If we don't agree with you, we'll write to ask for more information. We may also open a civil or criminal investigation.

We'll also register you for VAT, Self Assessment, and Corporation Tax if you meet the criteria.

If you don't fill in the online form by [SEES to enter 30 days ahead of letter]

We'll take further action. This could mean:

- an investigation and inspection of your business including a full audit of your business accounts
- an assessment of the tax we believe you owe, including interest and penalties
- a criminal investigation

If you're unsure whether this is the right way for you to disclose undeclared sales, there are other options. For more information, go to GOV.UK and search 'electronic sales suppression'.

Please call the number at the top of this letter if you have any general questions about making a disclosure.

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 about this, go to GOV.UK and search 'HMRC extra support'.

If you think you might have difficulty paying any tax you owe following your disclosure

We want to work with you to find a way of paying that you can afford – for example, by agreeing a payment plan where you can pay in instalments.

Go to GOV.UK and search 'difficulties paying HMRC'. Or you can call one of our payment helplines. These are:

- VAT - 0300 200 3835
- Self Assessment - 0300 200 3820
- Corporation Tax - 0300 200 3822

Penalties we can charge you

Our factsheets tell you more about the penalties we can charge for:

- inaccuracies in tax returns or other documents – go to GOV.UK and search 'CC/FS7a'
- failure to notify – go to GOV.UK and search 'CC/FS11'
- being involved in electronic sales suppression – go to GOV.UK and search 'CC/FS68'

The penalty we charge is set out in law, but you can reduce the percentage we charge by making a full and complete disclosure. You can find more information in the factsheets for each penalty type.

The enclosed factsheet CC/FS9 sets out your rights when we're considering penalties. Please read it and confirm that you understand it.

We also charge daily interest on late tax payments. The sooner you pay any tax you owe, the less interest you'll have to pay.

If you deliberately avoid or evade paying your debts

In some circumstances, including cases of contrived insolvency ('phoenixism'), we can take further action. This can include the following:

- you could be made bankrupt. For more information, go to GOV.UK and search 'being made bankrupt'
- if you're a director or shadow director, you can be made jointly and severally liable for the company's tax liability. For more information, go to GOV.UK and search 'JAS/FS1' and 'JAS/FS2'
- you can be disqualified from being a company director for up to 15 years if you don't meet your legal responsibilities. In serious cases, you can also be fined or sent to prison for up to 2 years and be personally liable for the company debts. For more information, go to GOV.UK and search 'company director disqualification'

Yours sincerely

ESS Compliance Team
Campaigns & 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 and search for 'Compliance checks factsheets'.

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

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.

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

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.

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 or by phoning 0345 345 4345
- Scotland by going to the Scottish Legal Aid Board website at 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

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.

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 and search for 'HMRC Privacy Notice'.