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Your tax position for the year ended 5 April 2019

Important information – please read this

This letter and the enclosed schedule give you more information about the enclosed notice of assessment. They're not part of the assessment itself.

We're sending the assessment because we have found that there is additional tax due on your income for the year ended 5 April 2019. However, you might not need to pay all of it.

We have calculated the total additional tax due is *Amount A*. We'll try to collect *Amount B* of the tax from your employer first. The remaining *Amount C* tax is payable by you.

We explain more about this below. We also give you more information about appealing if you do not agree with this assessment.


Why we're writing to you now

Our records show that you were employed by the employer shown on the enclosed schedule. We believe that you received disguised remuneration loans in connection with this employment. Our records also show that you are (or were) self-employed. We believe you received payments for your services in the form of disguised remuneration loans too.

A tax charge known as the 'loan charge' arises on disguised remuneration loans that were outstanding on 5 April 2019 if certain conditions applied. It is our view that the outstanding amounts of disguised remuneration loans you received should be treated as your income and you should have shown it on a tax return for that year.

About the enclosed assessment

In certain circumstances, we can make a tax assessment where we discover a loss of tax. The enclosed assessment is for the additional tax we believe is due on your income for the year ended 5 April 2019.



When calculating that amount, we have used the information available to us and our best judgment. You can find details of the information we used to calculate the loan balances on the enclosed schedule. The schedule also includes details of the additional tax charge on your employment income.

If you disagree with the assessment, you can appeal. The assessment tells you how. It also tells you what to do if you appeal and want to postpone payment of any tax.

If you think the information we have used to calculate the additional tax due is wrong or incomplete, please let us have the right information when you appeal.

Why we're trying to collect tax from your employer

It is our view that the outstanding disguised remuneration loans received in connection with your employment should be treated as your employment income for that year. Tax on employment income is the employee's liability, although the employer is usually required to deduct the tax through Pay As You Earn (PAYE) and account for it to HMRC.

Where your employer was based in the UK and in existence on 5 April 2019, they should have paid the tax to HMRC. This is why we're going to try to collect tax from them first.

We have shown the tax we're trying to collect from your employer and the balance of tax on the assessment payable by you below.

Total tax due on the assessment:	<i>Amount A</i>
Amount we're trying to collect from your employer:	<i>Amount B</i>
Balance of tax due that is payable by you:	<i>Amount C</i>

It may take us some time to confirm whether or not we can collect the tax from your employer. Where it is not possible, you may have to pay that tax.

The figures above do not include any late payment interest already due.

Late payment interest

We charge interest daily on late payments. We do this from the date the tax was originally due until the day it's paid.

If you appeal and postpone payment of tax, you'll have to pay interest on any tax that remains due once the appeal is settled. We continue to charge interest on late payments while payment of tax is postponed.

The tax that we're trying to collect from your employer would have been due in April 2019. This means we'll charge interest from that date on that amount. If you have to pay it, you'll also have to pay the interest that has built up too. You can choose to make a payment towards that tax now. Doing this will stop any more interest from building up on that amount.

If you make a payment, this does not mean you have agreed to settle with us. If you want to settle your overall tax position, you can find out how to do this below.

If we find you do not need to pay the tax, we'll refund the payment. We'll also pay repayment interest on the amount we're refunding to you.

If you want to make a payment, please contact us. We'll tell you how you can pay, and give you a reference number to use when paying. Our contact details are at the top of this letter.

You may want to talk to a tax adviser before you make a payment.

You can find more information online about our rates for late payment interest and repayment interest. Go to www.gov.uk and search 'HMRC interest rates for late and early payments'.

Settling your overall tax position for disguised remuneration schemes

You can still settle your overall tax position under our 2020 settlement terms for disguised remuneration schemes. This will let you resolve your affairs relating to disguised remuneration schemes now.

Settling would mean agreeing with us what you owe and, if you need to, arranging a manageable payment plan.

For more information about settling, go to **www.gov.uk** and search for 'disguised remuneration settling your tax affairs'. You can find a link on that page to:

- the 2020 settlement terms
- the online form you can use to give us the information we need

If you just want to find out what settling would mean for you, please contact us. You can talk to us without having to agree to settle. Our contact details are at the top of this letter.

If you're already working with us to settle, please talk to the officer who is dealing with your case. They will discuss the reason for this assessment and what you need to do now.

If you're worried about paying anything you owe

If you think you'll have problems paying anything you owe, please tell us. We want to work with you to find a way of paying that you can afford. For example, through a payment plan where you can pay in instalments.

We'll take a realistic look at your income, assets and essential outgoings, alongside what you owe and any other debts. We'll then consider how much you're able to pay, and over what period. If there are any changes in your circumstances, we'll take these into account.

If you have a tax adviser

If you have a tax adviser, you may want to talk to them about this letter. If you do not have one, free advice is available from organisations such as TaxAid and Citizens Advice.

TaxAid can give tax advice to people on low incomes. For example, they can help check that a tax bill is right and deal directly with us, if needed. Citizens Advice can help people work out ways to pay the tax they owe. You can find their contact details by searching online.

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 let us know. We'll help you in whatever way we can. For more information about this, go to **www.gov.uk** and search for 'get help from HMRC if you need extra support'.

More information and contacting us

We have enclosed our helpsheet 'Disguised remuneration loan charge – contractors and employees'. It tells you more about disguised remuneration, including where to find our online guidance.

If you have any questions about this letter or the enclosed assessment, please contact us. Our contact details are at the top of this letter.

If you would like to contact us by email, please be aware that email is not secure. Please only use email to contact us or send us information if you accept the risks. For more information, please read factsheet DSC1, 'Corresponding with HMRC by email'. To find this factsheet go to **www.gov.uk** and search 'corresponding with HMRC by email'.

If you email us about this letter, please type the reference 'DR4039 [Caseflow ref](#)' in the subject field of your email. You also need to confirm in the email that you understand and accept the risks of using email.

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