

Statement of Practice

[SP6]

Income Tax Self Assessment Reviews 1988/89

A copy of Statement of Practice SP6 is attached.

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Income Tax Self Assessment Reviews 1988/89

Background

Certain sources of income, and certain deductions and allowances, are chargeable/allowable on an "actual" basis (i.e. the amounts are calculated by reference to payments made or received in the year of assessment).

Where the "actual" basis applies, the self assessment legislation provides that the income, allowances and reliefs of the preceding year are to be used in computing liabilities until the "actual" figures are notified to the Inspector. When the actual figures become known, the computation of tax liability is subject to revision.

This Statement of Practice applies to these cases. It sets out the procedures which will be adopted in Tax Offices when the Inspector becomes aware of amounts for 1988/89 where the "actual" basis applies and where the "preceding year" basis had been applied provisionally in computing liability.

1. 1989/90 Returns of Income

- (a) On processing the 1989/90 Income Tax Returns, cases to which this Statement applies will be reviewed for 1988/89 and, except in those cases referred to in paragraph 3 below, a Notice of Amended Assessment will issue.
- (b) If a taxpayer has a particular interest in ensuring that the 1988/89 assessment is amended by reference to an actual amount, a note to that effect should be

attached to the 1989/90 Return and the Return should be submitted as soon as possible.

- (c) Unless there are special circumstances, taxpayers and their advisers are asked not to request reviews in advance of the submission of the 1989/90 Return.

2. Voluntary Self Assessment

There is no obligation to submit a computation of revised liability for 1988/89 with the 1989/90 Return. However, where a correct review computation is submitted, a "short" Notice of Amended Assessment, showing the tax figure only, will issue.

Where a correct review computation is not submitted, a Notice giving a detailed computation of liability will issue.

3. Insignificant Amounts

It is not intended that Notices of Amended Assessment will issue where the adjustments arising are insignificant. However, as indicated above, any taxpayer who has submitted a 1989/90 Return and who requests a Notice of Amended Assessment will be provided with one.

4. Additional Tax Due

Additional tax due as a result of the 1988/89 review will not be subject to an interest charge provided it is paid within one month of the date of the Notice of Amended Assessment.

5. Overpayment of Tax

Taxpayers who receive a Notice of Amended Assessment showing an overpayment need not apply for the refund. Where the tax overpaid is tax paid direct to the collector General, the refund will be made without further correspondence.

Where the tax to be repaid is a credit, it may be necessary, in some cases, to call for vouchers etc. to verify the credit due. However, these vouchers need not be submitted unless requested by the Tax Office.

6. Appeals

Where a Notice of Amended Assessment is issued following a review to which this Statement applies and, in the opinion of the taxpayer, it contains an error which will not result in a dispute requiring arbitration between the taxpayer and the Inspector, a formal appeal need not be lodged. Instead, the matter should be taken up with the Inspector, either by telephone or in correspondence.