



PAYE underpayments and repayments

A guide to automatic reconciliations – what to do if you get a tax calculation (P800)

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1. What are automatic reconciliations?

HMRC have started to issue calculations to PAYE taxpayers for the tax years 2008/09 and 2009/10. These will be going out to people who have not had to fill in tax returns, but who have relied upon the PAYE system operated by their employers or pension payers to collect the right amount of tax.

For the first time this is a bulk issue of computer-generated calculations from HMRC's new PAYE computer. It is estimated that over 6 million will be issued between September and the end of 2010.

HMRC are starting with a limited number of calculations (some 45,000) in the first week of September, but we do not know whether this sample is typical of all types of taxpayers. In any event, we will be pressing HMRC to improve their guidance.

2. What are the problems?

We have a number of problems about the way HMRC have gone about this exercise:

- They have delayed when they should have dealt with this problem earlier
- The impact will be greatest for those on low incomes who cannot afford to employ tax agents

- If low-income people had understood that they had a tax liability arising in past years this might have increased their entitlement to means-tested benefits
- The way that HMRC present the tax calculation and explain the issues in guidance notes is inadequate for people to judge what action to take
- Much of the advice offered is only available to someone with internet access
- Some of the advice given by HMRC is misleading.

3. The P800 and P800 Notes

The tax calculation (P800) and the accompanying guidance notes (P800 Notes) are being sent out from September 2010.

The tax calculation is just that; it is not a demand for payment; it is not an assessment which can be appealed; it is HMRC's **estimate** of the taxpayer's tax position.

The P800 states at the end of the calculation that the result is "what you have to pay" (or "what we owe you"). That is very positive language for a computer-generated estimate and is likely to mislead people into thinking it is the same as a demand.

4. Your calculation shows you have underpaid tax: what should you do?

Step one

Don't panic! Understand which year the calculation is for. It could be that you get one for either 2008/09 or 2009/10 or two calculations covering both years. If calculations are received for both years then any under or overpayment from 2008/09 will be carried forward to 2009/10 and therefore the actual amount that you owe or that will be repaid to you is the figure at the end of the 2009/10 calculation.

See if you can immediately understand the cause of the underpayment. Is it something which you expected or knew would be adjusted? Or has it come as a surprise?

See below for further steps you should consider even if you understand how it has arisen.

Step two

The underpayment may have arisen because HMRC have failed to make timely use of information about you which they have had in their possession. For example, they had received information about your State pension or your company benefits but took no action until now. They delayed and are now playing catch-up and charging you the extra tax which they missed.

In such cases you have the right to challenge HMRC under Extra-Statutory Concession A19 and ask them to write off (i.e. not to charge you) the extra tax for previous years. HMRC should agree to this if they are satisfied that it was reasonable for you to think that your tax affairs were in order. For example, you may not have understood how the PAYE system worked to

collect the tax due; or HMRC may have sent you many coding notices in the year in question, or none at all.

But note that A19 usually only applies to underpayments for tax years ending more than 12 months ago - for example, you cannot normally use A19 to ask for tax owing for 2009/10 to be written off, but you can do so for tax owing for 2008/09 and earlier years. However, if HMRC have persistently got something wrong year after year, we would expect them to write the tax off for all years up to and including 2009/10.

See the Appendix below (part a) for a full description of the rules.

Step three

It is possible that the underpayment has arisen through your employer or pension-payer not operating PAYE correctly. They may not have dealt properly with forms such as the P45 or P46 you gave them (when you started in employment or receiving the pension) or dealt correctly with the codes they received from the tax office. If there is a possibility of this being the case then you should write to or telephone HMRC and tell them that they should pursue the employer/pension payer for the tax underpaid and not you.

See the Appendix below (part b) for more information.

Step four

Do not accept any figure on the calculation without checking that it tallies with your own information.

As we mentioned at the start of this guide, the P800 is only an estimated calculation and HMRC have left the computer to do the sums. Many of the problems that have arisen in the last year have been because the wrong data has got into their new PAYE computer system. It is quite conceivable that some of the figures included are totally mistaken or the allowances granted to you are similarly wrong.

The problem with tax is that you do not know what you don't know, so nearly all PAYE taxpayers are reliant on HMRC getting it right. This is not helped by HMRC giving the PAYE taxpayer virtually no tax help or information through the post. HMRC expect that people will read their website even if they do not have access to the internet.

The P800 Notes which HMRC expect to guide people to understand their calculations are deficient in a number of respects. For a start they do not adequately cover the issues explained in Steps Two and Three above.

In the Appendix (part c) we have annotated and elaborated upon the version of the P800 Notes that we were sent some 10 days ago. We hope that these will be withdrawn and a better version introduced in the very near future. By following our annotations you may find that there is ammunition for you to challenge the allowances and reliefs given to you.

Step five

So you have taken all the steps one to four and you are still no wiser as to what has happened, what do you do?

Quite simply write to HMRC and ask them to provide you with a detailed explanation as to how the underpayment arose. We think that you may have trouble getting through to their helpline 0845 3000 627, textphone 0845 302 1408 but do try if you prefer, whilst realising that they are using 0845 numbers which may be very expensive from a mobile phone. Always keep a record of the date, time and name of the person that you spoke to and a note of what was said.

Whenever you write to HMRC do the following:

- Include your National Insurance number and the HMRC reference taken from the P800
- Put in your full name and address
- Set out clearly which of the points we have suggested above you wish them to consider or act upon
- If there are two years involved state whether you have a problem with just one year or both
- If you want to be sure that HMRC receive your letter, then send it recorded delivery
- Keep a copy of the letter and any supporting information you send with it.

5. How will the underpayment be collected?

The underpayment will, if it is under £2,000 and you have sufficient continuing PAYE income in 2011/12, be included as a deduction from your allowances in 2011/12. HMRC will try and collect the underpayment in one year.

HMRC may try and ask you to pay the liability immediately.

6. What if you cannot afford to repay?

If any of the above actions in section 5 will be difficult for you financially, do not accept HMRC's proposals. Put in counter-proposals, for example, coding out the underpayment over three years or paying by cash instalments over a period that you can manage.

Be firm. After all you are in this position because of a failure by HMRC to do their job properly.

7. What if you are on means-tested benefits?

If you have been claiming means-tested benefits, such as housing benefit, council tax benefit or pension credit you have a number of factors to consider. Tax paid under PAYE can generally be deducted from your income for these benefits. This is because they are only interested in your **net** income (income after tax). It is possible

that the issue which gave rise to the past underpayment is being adjusted at the same time for the current year by HMRC. This may mean that your net income may change and if so, you may have to advise the local authority or the Pensions Service of your revised **net** income.

It is unlikely that the authorities will allow you a back-dated claim. We have asked for clarification from the DWP of the position, but have yet to receive their formal opinion. When we do we will post their advice on our website.

However if you do not receive relief for the tax in the past then you should receive some relief in the future whichever way you and HMRC agree how you will pay it. Due to the fact that benefits are generally based on net income, how you repay any underpayment can impact directly on your benefit entitlement. There may be a tactical question over how you negotiate the spread of payments with HMRC, so it is important to fully understand both your tax and benefits position before reaching agreement with HMRC.

8. What should you expect from HMRC?

HMRC set themselves high standards and if they fail in maintaining those standards they may write off tax, they may reimburse your costs and they may make consolatory payments.

So it is worth understanding how HMRC have behaved in this sorry saga. We have already explained the generally unsatisfactory general problems caused by HMRC not doing those things which a prudent administrator ought to have done. In addition, you may feel that HMRC have dealt poorly with you as an individual since April 2008.

If you feel that you have been treated poorly over this period (perhaps you have been regularly communicating with HMRC and at no time did HMRC indicate that your affairs were anything other than up to date), you may wish to make a complaint.

It may be worth bearing in mind that HMRC published [Your Charter](#) in 2009 in which they undertook, amongst other things, to:

- make you aware of your rights, including your right to appeal against their decisions
- tell you how to exercise your right to appeal against their decisions
- provide information that would help you understand what you had to do and when you had to do it
- provide information that clearly explained the taxes and exemptions, allowances, reliefs, etc, that they were responsible for
- process the information you gave them as quickly and accurately as they could
- put mistakes right as soon as they could
- act within the law and their published guidance
- provide you with information in a way that met your particular needs
- consider any financial difficulties you may be having
- try to make their services straightforward and easy to access
- make it as cheap as they could for you to contact them
- explain clearly what they needed from you
- do their best to get things right first time.

If you feel in your own case that HMRC have not met these commitments you have the basis for a complaint. You can refer to our [guide to complaints](#) for more information.

9. You have received a repayment calculation: what should you do?

If the P800 shows that you have paid too much tax, the first thing to do is check the calculation. Look at the guidance we have supplied.

If you do not understand the calculation, contact HMRC for help. If you think you have not overpaid tax, or you have overpaid but not by as much as the calculation says you have, then you **must** tell HMRC straight away. Otherwise you can be charged a penalty for not drawing HMRC's attention to an over-repayment of tax. It does not seem that HMRC are making that clear in this process.

If you are satisfied with the calculation, then you sit back and wait for HMRC's cheque which should reach you within a week. If it doesn't, contact them to find out why it has been delayed.

The other major issue you should consider is whether the factors that gave rise to the repayment in 2008/09 or 2009/10 existed in years before that date so as to be likely to generate a repayment for earlier years. HMRC have many millions of unreconciled records for earlier years but do not, we understand, expect to carry out checks for earlier years on their own initiative at this time. So the initiative is down to you.

Repayment claims have [time limits](#) so it is important to consider this issue at the earliest opportunity. There could, of course, be a potential downside if it turns out that previous years throw up an underpayment of tax, which HMRC will then be obliged to collect.

Appendix

a) Extra-Statutory Concession A19

The full text of the concession is as follows and we anticipate that many of the underpayments will fall to be considered under these provisions:

A19. Giving up tax where there are Revenue delays in using information

Arrears of income tax or capital gains tax may be given up if they result from the HMRC'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**

In exceptional circumstances arrears of tax notified 12 months or less after the 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.

b) Employer/pension payer error

If your employer or pension provider has not followed the PAYE rules correctly then they might have to pay the tax owed instead of you. HMRC should, in the strictness of law, have checked whether this could be the case before sending the tax calculation to you, but we understand that in most cases they have not done this.

You will therefore need to be on the look out to see if it applies.

For example, when you start a job but do not have a P45 to give to your new

employer, they should get you to complete a P46 and submit the information to HMRC. If they do not follow that procedure, they have failed in their duty and you might be able to argue they should pay the tax.

If you query this and HMRC investigate your case thoroughly and decide your employer or pension provider is not at fault (or that they took reasonable care to get things right and acted in good faith), they will need to issue you with a formal notice to that effect and you then have a formal right of appeal to either HMRC's internal review or directly to the independent tribunal.

HMRC can also ask you to pay the tax if they believe you accepted payments from your employer or pension provider in the knowledge that they were not deducting tax from them. But again, you can appeal and argue your case if you did not know they were deliberately not following the law.

→ Read our guidance about [appealing an HMRC decision](#).

c) Expanded guidance from LITRG

We have said that we believe that HMRC could have been much more helpful in their explanations.

To illustrate what we mean, on the next two pages we have annotated a version of the P800 Notes with additional guidance to help you assess what you should do next.

In addition, we were asked if we could provide some illustrations of the letters that taxpayers could write in response to receipt of a tax calculation, so these follow on from the expanded notes below.

Watch out – not all benefits are taxable!

Some common **non-taxable** benefits: Tax Credits, Disability Living Allowance, Attendance Allowance, Winter Fuel and Cold Weather Payments, income-related Employment and Support Allowance, Pension Credit, Housing/Council Tax Benefit, Child Benefit. **Note for 08/09:** Incapacity Benefit could be claimed up until autumn 2008, and the first 28 weeks of new claims were non-taxable. If you were formerly in receipt of Invalidity Benefit before April 1995 and moved to Incapacity Benefit, it is non-taxable.

Also contact HMRC if:

- you need an explanation;
- you think your employer or pension payer was at fault;
- you think HMRC delayed (see below).

Keep a note of the date and time of your call, the name of the person you spoke to and what was said.

HMRC might not have included all income, such as interest on savings accounts so check this carefully, for example against your bank and building society statements.

If you rent out a room in your house, check if you can get 'rent a room' relief.

If you have incurred work expenses your employer has not paid you for, check if you can claim them – eg, mileage in your car paid at less than 40p for the first 10,000 then at 25p.

For 08/09, these were £6,035, £9,030 and £9,180 respectively.

HM Revenue & Customs

P800 Notes

This guide is to help you understand and check your P800 Tax Calculation

The numbered notes below correspond to the *See Note* column on your Tax Calculation.

2. Income and tax paid

Includes income from earnings, pensions, State benefits, State Pension, savings interest and property income. The *Tax paid* column is the tax deducted from the various sources of income less any tax refunded by your employer, pension payer or Jobcentre Plus.
Find more information at www.hmrc.gov.uk/incometax

3. Taxable expenses payments

Shows the taxable part of any expenses payments made to you.
Find more information at www.hmrc.gov.uk/working/bens-shares-tips/benefits.htm

4. Benefits and expenses provided by your employer

If you are paid at a rate of more than £8,500 a year (including benefits and expenses payments) benefits and expenses provided by your employer are subject to tax, for example car, fuel, medical benefit, phone, employer's loan benefit and benefits in kind.
Find more information at www.hmrc.gov.uk/working/bens-shares-tips/benefits.htm

5. Expenses deduction

Shows any allowable expenses, for example professional subscriptions, allowable travel expenses, replacement or maintenance of tools or special working clothes (for example, overalls) used at work.
Find more information at www.hmrc.gov.uk/incometax/tax-allow-ees.htm

6. Retirement annuity payments

This allowance is for payments made for an annuity in later life. The annuity contract or trust scheme must be approved by HM Revenue & Customs.
Find more information at www.hmrc.gov.uk/incometax/relief-pension.htm

7. Death and superannuation benefits

Some payments made to friendly societies, trade unions and insurance companies may qualify for relief. Usually this has been given by your employer, the insurance company or friendly society but where this has not happened, your relief is shown here.

8. Personal Allowance

The amount of income you can receive before paying Income Tax. For the year to 5 April 2010 Personal Allowances are:

- basic allowance £6,475
- age 65 – 74 £9,490 reducing to £6,475 *
- age 75 and over £9,640 reducing to £6,475 *

*For these age-related allowances if your total income is more than £22,900 for the year to 5 April 2010 your allowance has been reduced by £1 for every £2 of income.
Find more information at www.hmrc.gov.uk/incometax/personal-allow.htm

Do you need to contact us?
You only need to contact us if you think your Tax Calculation is wrong, using the address or phone number shown on your Tax Calculation.
We have a range of services for people with disabilities, including guidance in Braille, audio and large print. If you need one of these services and you use a textphone contact us by:
• Text Relay service - dial 18001 and the phone number shown on your calculation
• Textphone 0845 302 1408 the Taxes Contact Centre. More detail can be found at www.hmrc.gov.uk/contactus/particular-needs
If Welsh is your preferred language call the Welsh language helpline on 0845 302 1489.

Getting help and advice or finding more information
If you need help or advice or more information you can go to a professional adviser or a voluntary organisation, for example the Citizens Advice Bureau. Their phone number and address can be found in *The Phone Book* or go to www.adviceguide.org.uk

HMRC delays in using information
If you think that we should have already collected the tax due in your Tax Calculation based on the information that had already been provided to us either by yourself or a third party, then in some limited circumstances we may agree not to collect it. In most cases we will only do this if we have failed to use the information provided within 12 months after the end of the tax year in which it is received. If you think this applies to you or need further information, please contact us.

Your rights and obligations
Your Charter explains what you can expect from us and what we expect from you. Find more information at www.hmrc.gov.uk/charter

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Watch out! This could include expense payments from a P11D your employer sent to HMRC, but you might be able to claim a deduction for them – see note 5.

Some benefits are taxable on **all** employees, not just those earning over £8,500. Check the details against form P9D or P11D from your employer.

HMRC can also agree not to collect tax where there have been multiple failures on their part and they allowed the tax to build up over two or more tax years in succession.

For 08/09, the figure was £21,800.

Useful points to note

- Age allowance cannot be reduced below the basic allowance.
- You need to tell HMRC if you have made charity or Community Amateur Sports Club donations under Gift Aid, or personal pension contributions as these work in your favour to lessen the age allowance restriction (but HMRC will not know about them if you do not tell them!).

Blind Person's Allowance is often not claimed. **Note: you do not have to be completely blind to get it.** In England and Wales, you have to be registered blind with the Local Authority, and you can get it for the year before the one in which you register as long as you obtained a certificate from your eye specialist before the end of the tax year. In Northern Ireland or Scotland, your sight has to be so bad so as to prevent you from doing any work for which sight is essential. If spouses and civil partners both qualify, they can each get the allowance. For 08/09 it was £1,800.

For 08/09, the figures were:
- 20% basic rate up to £34,800
- 40% above £34,800
(10% savings rate band up to £2,320)

The Married Couple's Allowance (MCA) is transferable between spouses and civil partners, so check whether you need to claim to transfer any unused amount. This transferability is often overlooked in the year of death, so you should investigate if there is unused MCA if you were widowed or your civil partner died in 08/09 or 09/10.

You will no doubt be pleased if your calculation shows HMRC owe you some money. But you **must still check** you agree with the calculation. Query it with HMRC if you don't understand or you think it is wrong as you can be penalised for accepting a refund if it is not due to you or if it is too much.

9. Blind Person's Allowance

The allowance for the year to 5 April 2010 is £1,890. You can transfer any unused surplus allowance to your spouse or civil partner.

Find more information at

www.hmrc.gov.uk/incometax/blind-person-allow.htm

10. Income Tax Rates

The Income Tax rates for the year to 5 April 2010 are:

- basic rate 20% on income up to £37,400
- higher rate 40% on income over £37,400

If the amount of your taxable income (not including savings income) is £2,440 or less, then your savings income up to £2,440 is taxed at 10%. Income from dividends is taxed at 10% up to £37,400 and at 32.5% if this income exceeds £37,400.

Find more information on rates for earlier years at www.hmrc.gov.uk/rates/it.htm

11. Tax underpaid or overpaid for earlier years

We bring forward amounts that you either underpaid or overpaid in any earlier year that we have not yet repaid to or collected from you to arrive at the final figure of tax underpaid or overpaid shown in note 15 below.

12. Married Couple's Allowance

This allowance is age and income dependent. It can be claimed if you, your spouse or civil partner was born before 6 April 1935. The maximum allowance for the year to 5 April 2010 is £6,965, the minimum amount is £2,670. Relief for this allowance is given at 10%. If your income is over £22,900 your allowance may be reduced in the same way as age-related Personal Allowances, explained at note 8 on page 1.

Find more information at www.hmrc.gov.uk/incometax/married-allow.htm

13. Maintenance payments

You can only claim relief if either you or your former spouse (or civil partner) were born before 6 April 1935. The maximum allowance is £2,670 at 10%.

Find more information at www.hmrc.gov.uk/incometax/maintenance-relief.htm

14. Loan interest paid

If you are claiming tax relief for interest on loans where the borrowed money is used for certain limited, specific purposes we show the amount of relief you are due here.

Find more information at www.hmrc.gov.uk/helpsheets/2009/hs340.pdf

15. Net tax unpaid

If you have underpaid tax of less than £2,000, we will normally collect this through your tax code starting from the next 6 April. If your underpayment is over £2,000 or you do not have enough income to collect the tax owed we will contact you to pay this direct to us. You can contact us if you do not want us to amend your tax code to collect tax underpaid and we will arrange for you to pay this direct to us.

16. Net tax overpaid

If you are due a repayment we will send it to you shortly (unless, exceptionally, the repayment has been carried forward to a later year's Tax Calculation which shows an underpayment of tax).

Find more information at www.hmrc.gov.uk/incometax/understand-refund.htm

17. Repayment supplement

This is interest we pay when there is a delay in making a repayment to you. This only applies from 31 January following the year in which the repayment arose.

Savings rate example:

Jim is 62 so he only gets the basic personal allowance. He has pension income of £7,000 a year.

In 2009/10, he pays no tax on the first £6,475 of his pension, then the rest of it (£525) is taxed at 20%. But the £525 of pension 'uses up' that amount of his 10% savings band.

So, if he has interest on his savings, only £1,915 of it (£2,440 – £525) would be able to be taxed at 10%, the rest would be at 20%.

Don't forget that although it says '**final figure**' this is in fact an informal calculation and you have the right to query it if:

- you don't think it is right,
- you think your employer or pension provider was at fault and they should be responsible for it;
- you think HMRC made errors and should not collect it.

If you cannot afford to have the tax deducted over one tax year, you can ask if HMRC will collect it through your code over up to **three years**. If you pay direct, you can ask to agree to pay by instalment, again over a reasonable period.

Standard paragraphs for letters in response to receipt of a P800

It is always dangerous to try and draft letters without knowing the context, but it was suggested to us that it could be helpful to some people. So although we cannot make any guarantees and if you use them, you do so at your own risk, it may be that the following short letters might help to give you an idea of what to write and how to present your points:

1. Claiming Extra-Statutory Concession A19 (step 2)
2. Employer/pension payer error (step 3)
3. Requesting adjustments (step 4)
4. Explanation request (step 5)
5. Complaint

Where you need to insert some text we have shown in square brackets the information you need to insert. *For example:* [your own name].

But do bear in mind that you may also need to tailor the letter further to your individual situation and ideally you should take advice from someone knowledgeable in tax matters. If you already have a tax agent, it is advisable to consult them. If not, but the amounts underpaid are significant, you may wish to appoint a tax adviser, who may charge you a fee.

We stress again that using letters which are not appropriate to your own circumstances can do you more harm than good. Also bear in mind that HMRC are stretched for resources at the present time and any wasted effort spent answering inappropriate letters makes less time for dealing with those who are also in need.

1. Claiming A19 letter (step 2)

Dear Sir

[Your own name]

[Your NI no]

[Any other HMRC reference shown on the P800]

I have received your tax calculation for the tax year[s] [quote that which applies to you - 2008/09, 2009/10 or '2008/09 and 2009/10'].

The calculation suggests that I have underpaid tax for [quote the year or years]. I was unaware that my tax affairs were not in order. I had thought that all the tax that I was due to pay was deducted under PAYE. I believe that the underpayment has arisen because you failed to take action upon relevant information already in your possession for the year[s] in question.

For the tax year 2009/10, I appreciate that you are not notifying me of the arrears more than 12 months after the end of the tax year in which you

received the information indicating that more tax was due. However I feel that the 'exceptional circumstances' condition applies because you:

- failed more than once to make proper use of the facts you had been given about my sources 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 that you had been given.

I am therefore requesting that under the provisions of ESC A19 that the whole of the underpayment as shown on the P800 should be remitted.

I look forward to hearing from you.

2. Employer/pension payer error (step 3)

Dear Sir

[Your own name]

[Your NI no]

[Any other HMRC reference shown on the P800]

I have received your tax calculation for the tax year[s] [quote that which applies to you - 2008/09, 2009/10 or '2008/09 and 2009/10'].

The calculation suggests that I have underpaid tax for [quote the year or years].

I believe that the underpayment in question arose through a failure by my employer[s] [substitute/add 'pension payer[s]' for 'employer[s]' if relevant] to operate PAYE correctly and accordingly I believe that the law requires you to seek any tax you believe to be underpaid from my employer[s] [or substitute/add 'pension payer[s]'].

Would you please confirm that you have done so and that I need to take no further action.

3. Requesting adjustments (step 4)

Dear Sir

[Your own name]

[Your NI no]

[Any other HMRC reference shown on the P800]

I have received your tax calculation for the tax year[s] [quote that which applies to you - 2008/09, 2009/10 or '2008/09 and 2009/10'].

The calculation suggests that I have underpaid tax for [quote the year or years]. I do not believe this to be correct as I consider that you have not taken into account that:

[Here you should list the reasons why the HMRC calculation may be wrong. We have included some illustrations of potential circumstances.]

1. [For example: I have made [Gift Aid payments, personal pension payments] which reduce the claw back of age allowances of which you have taken no account.]
2. [I understand I can claim mileage costs at 40p per mile for up to 10,000 miles and 25p per mile thereafter on necessary business of my employer. However, my employer only reimburses XXp per mile. I therefore claim extra relief of XXX miles at XXp per mile. *For example*, if you travelled 5,000 business miles and were reimbursed 30p per mile, you can claim tax relief on an extra 10p per mile].

Would you please make the appropriate adjustments and send me your revised calculation for my consideration.

4. Explanation request (step 5)

Dear Sir

[Your own name]

[Your NI no]

[Any other HMRC reference shown on the P800]

I have received your tax calculation for the tax year[s] [quote that which applies to you - 2008/09, 2009/10 or '2008/09 and 2009/10'].

The calculation suggests that I have underpaid tax for [quote the year or years]. I am unable to agree your proposal. I have tried to understand the reasons for the underpayment but have been unable to do so.

Would you please supply me with a detailed explanation as to how the underpayment occurred and a formal confirmation that, neither yourselves nor my employer[s], [or substitute/add 'pension payer[s]' if relevant] contributed in any way to the identified underpayment.

5. Complaint

Dear Sir

[Your own name]

[Your NI no]

[Any other HMRC reference shown on the P800]

I have received your tax calculation for [quote that which applies to you - 2008/09, 2009/10 or '2008/09 and 2009/10'].

The calculation suggests that I have underpaid tax for [quote the year or years].

I wish to register a formal complaint about the treatment I have received from HMRC which has led to the current situation: [here you need to list facts relevant to your own situation – we have included some illustrations of potential circumstances]

1. [I have been in contact with you numerous times since April 2008 and at no time have you suggested that my tax affairs were other than entirely up to date.]
2. [You have chosen for your own purposes to delay the reconciliation for 2008/09. This has meant a financial shock to me and [if this is relevant to you] a potential loss of means-tested benefits which I could have claimed if you had acted when you had all the relevant information.]
3. [I tried to contact you before to ask if my coding notice was correct but I could not get through on the phone number you provided.]

I have examined the treatment that I can expect to receive as identified in Your Charter and I think that you have failed in those commitments in the following ways:

1. [explain your list of points]
2. [*For example:* You have not provided me with information to help me understand what I had to do to check my tax position and when I had to do so in order to prevent this unexpected tax bill. (What I can expect from you, number 2.)]
3. [*Example 2:* You have not provided me with information in a way in which meets my particular needs as your leaflets direct me to guidance on your website and I have no access to the internet. (What I can expect from you, number 4.)]

In addition I have incurred the following expenses solely as a result of your inability to [respond to my phone calls; answer your telephones; respond to my letters; etc]:

1. [explain your expenses]
2. [etc...]

I consider that it is only reasonable that you do not try and collect all of the underpayment shown in your tax calculation. I look forward to hearing further what you propose.