



Check your incorporation relief claim is correct

In your 2017 to 2018 Self Assessment return, you declared a disposal of your property interests but stated no Capital Gains Tax (CGT) was due because incorporation relief was applied.

Information we hold suggests that too much incorporation relief may have been applied. This may mean you haven't paid enough CGT. This can happen if you've incorrectly calculated the amount of relief available to you.

What you need to do now

Please check that you've correctly calculated the incorporation relief available to you. You may need to seek advice from your tax advisor if you are unsure.

Some areas you may want to check

Please check:

- the capital gain arising on incorporation was not greater than the value of the property business that was transferred
- when calculating the incorporation relief available to you, that the amount of any gain held over didn't exceed the value of any shares received – please go to GOV.UK and search 'CG65640' and 'CG65765' for the HMRC manuals which show how to calculate this and an example where relief is restricted.
- that your calculation of the incorporation relief available to you didn't include any other type of consideration apart from shares received in exchange for the property business - for example, a sum credited to director's loan account.

To find out more, go to GOV.UK and search 'Incorporation Relief'. Further information is available in HMRC manuals which you can find by going to GOV.UK and searching 'CG65740' and 'CG65765'.

If you need to disclose an error

If you find that you have made an error and your calculation and tax liability is incorrect, you will need to submit a disclosure to HMRC. To do this, please email us at responseteam5@hmrc.gov.uk with details of the gain arising on incorporation.

If you do not need to make any disclosures

If you think the information on your Self Assessment return is correct, you need to let us know. Please email us at responseteam@hmrc.gov.uk to confirm this. You should include a calculation of the incorporation relief available to you. You should also include an explanation of any other type of consideration you received apart from shares.

If we do not hear from you by [\[SEES to enter date 30 days ahead from date of letter\]](#), we'll consider the information we hold and may make a discovery assessment under Section 29 of the Taxes Management Act 1970.

What happens next

If you owe us tax, we'll charge interest on any tax that's paid late. For more information go to GOV.UK and search 'Pay Self Assessment tax bill'.

It's your responsibility to make sure your tax return is completed correctly.

If we find that your tax return isn't correct, or that you haven't told us you need to pay additional tax, we may charge penalties. For more information about inaccuracy penalties, go to GOV.UK and search 'CC/FS7a' and read our factsheet 'Compliance checks for penalties of inaccuracies in returns or documents'.

Help and advice

If you still have questions after reading the guidance you can:

- phone us on 03000 575 687 between 9am and 5pm, Monday to Friday - this line will close 1 month from the date of this letter
- email us at responseteam5@hmrc.gov.uk - before you contact us by email, please read the enclosed factsheet 'Corresponding with HMRC by email'.

Please note that:

- we cannot correct your tax return over the phone or help you work out if you owe CGT
- you'll receive a delayed response from us if you reply to this letter in writing

For more information about how to fill in your tax return correctly, go to GOV.UK and search 'get help with Self Assessment returns'.

Yours faithfully

Wealthy and Mid-Sized Business Compliance



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 and search 'HMRC Privacy Notice'.