

## Reasonable excuses

It is possible to appeal to HMRC against a penalty received for filing a return late, not paying all the tax you owe, paying tax after the due date, filing an incorrect return or not being able to prove you have kept adequate records to back up your tax returns. Having a reasonable excuse can be a way to side-step a tax penalty.

However, although an excuse might cover being a month or two late with your return or payment, a more significant delay means you are likely to have to face the consequences regardless of the initial reason.

A director recently lost an Upper Tribunal appeal on this very point. He submitted his self-assessment tax return for 2014/15 more than two years late, but argued he had a reasonable excuse against HMRC's penalty having suffered a series of distressing events. These included a violent carjacking, a car crash resulting in neck injuries, the death of a parent, and having to care for a grandchild.

### ***The decision***

The level of incapacity affecting the director during the period of delay was not so exceptional or unusual that he did not have the capability to understand and discharge his obligation to file a tax return. Although some delay would have been understandable, a delay of over two years was unreasonable.

### ***What is reasonable?***

What might amount to a reasonable excuse for one person may not for another. HMRC's guidance states that pressure of work, lack of information and lack of a reminder from HMRC do not usually amount to a reasonable excuse.



- Having insufficient funds, or reliance on a third party do not normally count.
- Illness and domestic problems are unlikely to be considered, unless really serious. HMRC expects suitable arrangements to be put in place if a person knows in advance they will be in hospital or convalescing.
- The illness of a partner or a close relative will only be accepted as an excuse if the situation takes up a great deal of time and resources.

Furthermore, the excuse must have existed on or before the date on which the obligation should have been met.

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