

HMRC announces latest 'nudge' letter campaign concerning 'Persons of Significant Control' and share disposals

September 2022



Share disposal omissions

HMRC's Wealthy External Forum has revealed that it is sending **nudge letters** to people who are recorded as being 'Persons of Significant Control' in unquoted companies.

According to HMRC, those who receive the letters have disposed of all, or some, of their company's shareholding in 2020/21, but have not recorded any such disposals on their tax return for that year.

Individuals receiving the letters are advised to check the position and amend their tax return by 31 January 2023. If these letters are ignored, it may result in HMRC launching a formal enquiry.

What are nudge letters

Nudge letters are targeted communications from HMRC to taxpayers whose tax affairs they suspect may not be fully in order. Previous recipients have ranged from multinational organisations (where the tax in question was the diverted profits tax) to individuals suspected of having undisclosed offshore income or capital gains. Nudge letters offer the recipients an opportunity to engage with HMRC to remedy the suspected defect outside the normal enquiry process.

In our experience, HMRC send nudge letters to taxpayers when they have grounds to suspect that an organisation or person's tax affairs may not be in order and these letters should not therefore be ignored. Further action is likely to be taken by HMRC if recipients of such letters take no action.

If HMRC have made an error, it should be possible to correct it by prompt engagement with them. Equally, if it emerges that corrective action is required, open and early communication with HMRC will minimise the risk of HMRC escalating matters and/or imposing penal sanctions for the alleged wrongdoing.

Further Action

If you have received a nudge letter relating to the above, or in relation to any other issue, and require expert advice and assistance, please contact:



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