

HMRC Tax Enquiries: Understanding Your Rights and Obligations

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By **David Ambrose**, 20th August 2026

Introduction

Receiving an HMRC tax enquiry can be unsettling, but it does not automatically mean something is wrong. Understanding your rights can make a significant difference to the outcome.

Many taxpayers assume that once they submit a tax return, their tax affairs for that year are settled. In reality, HMRC can open an enquiry into a return and request information or documentation to verify that it is complete and correct.

While HMRC enquiries are an important part of the UK tax system, taxpayers should understand the limits of HMRC's powers, as well as their own rights and obligations throughout the process.

The first step is to establish whether an enquiry has been validly opened.

Is the Enquiry Notice Valid?

The normal enquiry window is 12 months from the date the return is filed, provided it is submitted on or before the relevant filing deadline. A longer period can apply where a return is filed late.

The date on which HMRC's notice of enquiry is received is therefore important.

Under the Interpretation Act 1978, where a notice is sent by second class post, delivery is generally deemed to have taken place on the fourth working day after posting, unless there is evidence to establish otherwise.

Taxpayers should therefore carefully consider both

- The date on the HMRC notice and
- The date on which it was actually received.

Knowing when HMRC is entitled to request information; when an enquiry has been opened validly, and when a taxpayer has the right to challenge a request can help prevent unnecessary costs, delays, and disputes.

Before responding in detail to an enquiry, it is worth confirming that it has been opened correctly and within the relevant statutory timeframe.

What Can HMRC request?

Once an enquiry has been validly opened, HMRC can request information and documentation that is reasonably required to check whether a tax return is complete and correct.

The phrase “reasonably required” is important.

That means considering what is reasonably required for the purpose of checking the return.

HMRC is not automatically entitled to access every document connected to a taxpayer’s affairs. There must be a clear connection between the information requested and the tax position being examined.

For example, HMRC may request bank statements. If there is no interest income and the statements have no bearing on the tax liability, they may not be reasonably required, and HMRC may not be entitled to them.

However, there may be a difference between informing an inspector of this and convincing them of it.

The Difference Between Requesting and Requiring Information

Not all HMRC requests have the same status or legal weight HMRC may make an request for information in an enquiry and if they do not receive the information that is reasonably required then they can then issue a formal Information Notice, this legally requires the production of specified information or documents. Failure to comply with a valid Information Notice can lead to penalties.

1. It is however possible to appeal against this on the grounds that the information is not reasonably required be either Asking for an “independent” review by HMRC’s Solicitor’s Office.
2. Appeal the Information Notice to the tribunal.

The second option can be very costly and should not be undertaken without careful consideration .

Discovery Assessments: When the Enquiry Window Has Closed Can HMRC Reopen Old Tax Years?

A common misconception is that once the enquiry window has expired, HMRC can no longer enquire into a tax return.

The expiry of the normal enquiry window does not necessarily mean that HMRC can no longer take action.

In certain circumstances, HMRC can make a discovery assessment where it discovers a loss of tax.

Broadly, an officer of HMRC may make an assessment where they discover that:

- income or gains which ought to have been assessed have not been assessed;
- an assessment is insufficient; or
- relief has been given which is excessive.

The question of what constitutes a genuine discovery can be particularly important.

The legislation does not define precisely what amounts to a discovery. However, the courts have considered whether a hypothetical HMRC officer, exercising reasonable skill and judgement, ought to have recognised an insufficiency of tax. Two tax cases involving tax avoidance schemes illustrate this point. In both cases, the tax avoidance schemes ultimately failed, but HMRC could not collect the tax because it had not opened an enquiry when it had the opportunity to do so and the relevant information was contained on the tax return.

Lessons from HMRC v Tooth

In this case, the taxpayer had an agent acting for him. The agent's software did not allow the entry to be made in the way advised by the promoter of the scheme, so the agent completed the boxes as best he could and made a full note in the "white space" of the tax return. HMRC did not notice that different pages had been filed and failed to open an enquiry. HMRC later claimed it had "discovered" that the taxpayer had entered the details on the wrong pages, but the courts decided that the tax return had to be read as a whole.

Lessons from HMRC v Charlton, Corfield & Corfield

The taxpayers entered into a marketed capital gains tax avoidance scheme that generated losses. The scheme had been disclosed under the Disclosure of Tax Avoidance Schemes, and the taxpayers included the relevant Scheme Reference Number on their tax returns.

HMRC received the returns but failed to open enquiries within the normal enquiry window. Later, after it became apparent that the scheme did not work, HMRC attempted to recover the tax through a discovery assessment. However, the inclusion of a DOTAS Scheme Reference Number on a tax return was sufficient to make a hypothetical HMRC officer aware of the possibility that the return contained a tax avoidance arrangement giving rise to an insufficiency of tax.

As HMRC had failed to open an enquiry within the statutory enquiry window, it could not subsequently rely on the discovery provisions.

The Importance of Getting Advice Early

The most successful outcomes in HMRC enquiries often depend on decisions made at the very beginning.

Before providing information, taxpayers should understand:

- Whether the enquiry has been validly opened.
- Whether the information requested is reasonably required.
- What rights of review or appeal may be available.
- Whether historic years could be affected through discovery assessment provisions.

A well-managed response can reduce disruption, minimise professional costs, and help ensure that rights are protected throughout the process.

How Dixcart UK Can Help

HMRC enquiries can be complex, time-consuming and, for many taxpayers, highly stressful. The legal framework governing enquiries, Information Notices and discovery assessments is nuanced, making experienced guidance invaluable. At Dixcart UK, we advise and work with individuals, entrepreneurs, business owners and internationally mobile families on HMRC tax enquiries, Information Notices, discovery assessments and wider tax compliance matters.

Our team works closely with clients to assess risks, manage communications with HMRC and develop practical strategies that protect their interests while seeking an efficient and pragmatic resolution.

Have you received an HMRC enquiry notice or been asked to provide information to HMRC? Early specialist advice can make a significant difference to the outcome.

Contact our team at advice.uk@dixcart.com.