UK Tax Bulletin

June 2026

Field Court Tax Chambers

Field Court Tax Chambers

Contents

June 2026

Latest Rates of Interest

I have discontinued the rates of inflation chart on the grounds that the Retail Price Index is not particularly helpful. The CPI tends to be used more often.

The following are the latest rates of interest on overdue (and overpaid) tax:

Interest on overdue tax

Interest on all unpaid tax is charged at the same rate.

The formula is Bank base rate plus 4% which gives a rate of 7.75% which applies from 9th January 2026.

There is one exception: Quarterly instalments of corporation tax bear interest at 6.25% from 29th December 2025 and interest on overpaid instalments is 3.50%.

Repayment supplement

Interest on overpaid tax is paid at Bank base rate minus 1% which gives a rate of 2.75% from 9th January 2026

Official rate of interest:

From 6th April 2025: 3.75%

HMRC Advance Tax Certainty Manual

This sounds wonderful. It was announced on 1st June following the enactment of new tax clearance rules in Part 8 of the Finance Act 2026. There is so much uncertainty in tax legislation, real and sometimes perhaps not so real, that anything that can deliver more certainty about the HMRC view on a particular matter (for good or ill) is greatly to be welcomed.

I wont dwell on it because unfortunately, the opportunity for a clearance under these new rules is limited to investment projects involving at least £1 billion of UK expenditure. This is a disappointment because I think that one or two of my clients will not qualify.

Information Notices: Schedule 36 FA 2008

We have some further assistance from the Tribunals concerning the requirements of information notices issued by HMRC under Schedule 36 FA 2008. These will be familiar to nearly everybody – and they are really important because they are statutory notices and must be complied with – and of course there are penalties for non compliance.

It is important that HMRC are able to obtain all the information they need to ensure that taxpayers are paying the right amount of tax, and Schedule 36 rightly gives them a statutory right to that information. But there is a limit - and this is provided by the legislation; the information must be "reasonably required by HMRC for the purpose of checking the taxpayer's tax position".

Last month I made reference to the case of *Lifeplus Europe Ltd v HMRC TC 9897* in which the Tribunal went to some lengths to examine what information is (and what information is not) reasonably required for this purpose. They confirmed that requests for information or documents which are merely 'informative' and/or 'useful context' to an enquiry are not permitted – nor are fishing expeditions. The information sought needs to be justified on rational (and not speculative) grounds.

Another case this month *Garai v HMRC TC 9924* provided further guidance to improve our understanding. The tax issue identified by HMRC was whether Dr Garai received amounts in relation to his employment which had not been properly taxed – and the Tribunal considered which of the items requested by HMRC in their notice was reasonably required. Rather a lot of it was not.

Some of the information required was about the possible tax position of other taxpayers; some was wanted by HMRC so that could send requests to other people; some was sought for periods and for employers, other than those covered by the enquiry. None of this was reasonably required nor were the requests for the addresses of the premise where he worked, the dates of his assignments or his daily charge out rates. And a whole lot more.

And this very day there is another one – *The Recruitment Crowd (Yorkshire) Ltd v HMRC TC 9930* where the Tribunal threw out a statutory information notice on the grounds that it was issued to obtain information about other taxpayers and not to check the tax position of RCY.

A great deal of information requested by HMRC in all these cases was not permitted (and HMRC should know that it was not permitted) and it cannot be right for the taxpayer to have to go to the Tribunal to obtain the protection provided by the legislation.

Few taxpayers (especially the most vulnerable) will have the financial and emotional resources to challenge HMRC before the Tribunal, especially in respect of statutory information notices which are pretty intimidating. The judges are providing a valuable service in setting out clearly where lines should properly be drawn

Burden of Proof

This may seem a bit technical and specialist, but which party has the burden of proof in a tax dispute is really important and can be the difference between success and failure.

I have often heard it said that the taxpayer must win because HMRC are clearly wrong and there is no evidence to support their allegations or assessments. Er, no. This is a catastrophic misunderstanding.

Whether the view taken by HMRC is right or wrong misses the point. If HMRC have issued an assessment, the burden of proof is on the taxpayer to show it is wrong – otherwise its stands good: Section 50(6) TMA 1979.

HMRC do not have to do anything. It is up to the taxpayer to provide the evidence to satisfy the Tribunal that the assessment is wrong – or they will lose the case.

The situation is not the same when HMRC raises a discovery assessment outside the normal 4 year window on the grounds of careless or deliberate behaviour. In that case the onus is on HMRC to prove careless or deliberate behaviour in order for the assessment to be valid.

Similarly, if HMRC want to charge a penalty, they must prove that the taxpayer has done something wrong (or failed to do something that they should). That will often be a matter of interpretation of the taxpayers conduct and whether they were careless, having failed to act with reasonable care.

But the point is that in these areas, HMRC cannot just sit back and do nothing. They have the job of proving their case, which may be a bit difficult. It certainly does not mean that HMRC can say: *we think you have been careless with your tax affairs and we will charge you a penalty unless you prove that you were not.* That is not right – but it happens, and when it does it should be challenged, because they cannot redirect the burden of proof onto the taxpayer.

(It may be that HMRC have such good evidence of carelessness – or worse – that the evidential burden shifts, but never mind about that for the moment).

A problem arises where the assessment and the penalty are all bound up together – for example where the penalty depends on the existence of a tax liability. Is the money you received taxable, because if not there is no penalty. Does that mean that HMRC have to prove the existence of the liability as well as the culpable conduct, thereby switching the burden of proof on the assessment to HMRC? Well, maybe it does.

The reason I mention all this is because there is a case on the way to the Supreme Court, *Sintra Global Inc v HMRC*, where this question will (or may) be resolved. Watch this space.

Directors' Liability: Tax Schemes

The recent decision in *Barriball & Whitehouse v Jackson & Hughes [2026] EWHC* 1135 explained that the consequences of tax scheme which does not work can be visited on the directors. This may cause alarm in some quarters.

What happened is that HSJ Consultancy Ltd entered into a tax scheme which in due course was successfully challenged by HMRC. It involved substantial payments to an EFRBS and an Employee Benefit Trust for the benefit of the directors. These payments, the related PAYE and NIC labilities and the failure of the company to obtain a tax deduction for the payments, rendered the company insolvent.

The liquidators sought to recover from the directors on the grounds that they were in breach of their duty to creditors when entering into the arrangements as the company's solvency depended on the tax scheme being successful.

The High Court agreed, holding that the directors were personally liable as they failed to consider how the company's tax liabilities should be met if the scheme failed – and they could not hide behind the limited liability of the compony.

There are some difficult judgments to be made in such circumstances, not least about the prospects of success of the scheme, but also about how and when the potential tax liabilities should be reflected in the accounts – in particular whether they should be regarded as contingent liabilities. The court held that the assessments made by HMRC were not contingent liabilities saying that "A disputed liability is not a contingent liability."

This is not an easy conclusion having regard to IAS 37 which defines contingent liabilities as:

> "possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity".

That seems to be exactly the case where there is a claim which is disputed. Perhaps the answer in a tax case is that an assessment to tax stands good unless and until it is shown by the taxpayer to be incorrect: section 50(6) TMA 1970.

However, maybe this does not really matter because the test for insolvency under section 123 Insolvency Act 1986 is that a company is unable to pay its debts:

> "if it is proved to the satisfaction of the court that the value of the company's assets is less than the amount of its liabilities, taking into accounts its contingent and **prospective** liabilities."

The reference to "prospective liabilities" would seem to be more important because an assessment from HMRC would seem clearly to be a prospective (in the sense of "potential") liability, even if it is disputed.

Goodwill

The nature of goodwill, its value and even its very existence have long been a source of serious interest by HMRC and taxpayers alike. A popular strategy was for a sole trader or partnership to sell the business including the goodwill to a company, knowing that the proceeds would be largely subject to CGT at only 10% because of Entrepreneurs Relief (later Business Asset Disposal Relief). The future profits would be chargeable in the company at maybe only 19% without any need to draw any income out because of the huge sale proceeds from the goodwill.

The reduction in the limits and the rates for BADR have reduced the advantages somewhat, but there has been a lot of pushing the envelope with regard to transactions in goodwill.

In the recent case of *WWM (Harrogate) LLP v HMRC TC 9907* Mr Walters incorporated his business selling the goodwill to the company for £450,000. Mr Walters and the company formed an LLP of which they were both partners and Mr Walters introduced goodwill to the LLP at a value of £860,000; Mr Walters considered that this goodwill belonged to him personally. I think we get the idea.

The FTT rejected the suggestion that Mr Walters owned any goodwill. They accepted that it was possible for a person to own goodwill separately from the business, but this did not apply in this case, so he could not have transferred it to the LLP. Mr Walters only had personal client relationships but that did not represent goodwill, nor was it an asset which was capable of being transferred to the LLP.

Peter Vaines
Field Court Tax Chambers
30th June 2026

FIELD COURT TAX CHAMBERS

Contact

Peter Vaines
Field Court Tax Chambers
3 Field Court
Gray's Inn
London WC1R 5EF
Tel: 020 3693 3700
pv@fieldtax.com
www.fieldtax.com

Important Note

This bulletin is prepared for private circulation and no unauthorised reproduction of any part thereof is permitted. The contents of this bulletin are intended to highlight points of current interest for the purposes of discussion only and do not represent a full review of any subject. Furthermore, the law and practice relating to taxation is subject to frequent change and the above commentary can quickly become out of date. Professional advice should always be sought in respect of any matter referred to herein and no liability is accepted by the author for any action which may be taken, or refrained from being taken, on the basis of the contents hereof. The views expressed in this bulletin are those of Peter Vaines alone and are not necessarily shared by any other member of Field Court Tax Chambers.