

**[41.0.1] Self Assessment - Processing/Screening of:
Returns of Companies in Liquidation and Death Cases
Capital Gains Tax Returns of Non-Residents
Returns on which an Expression of Doubt has been made**

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1. Introduction

Under Self Assessment, tax returns are processed and assessments are made on a non-judgmental basis. Under the Audit Programmes, Revenue can review cases and make any required amendments to assessments at any time up to the end of the sixth year after the end of the chargeable period in question. The six-year time limit, does not of course apply in cases of fraud or neglect.

These procedures for processing, screening and auditing of returns work satisfactorily in relation to the general body of taxpayers.

There are certain categories of cases however where there could be difficulties (funds distributed etc.) in applying the audit procedures long after a return has been submitted. These include:

- * Companies in liquidation
- * Deceased Persons (Death Cases)
- * Solicitors acting for non-residents in relation to capital gains tax
- * Chargeable persons who have “expressed a doubt” on their returns about the treatment of a particular item.

This instruction sets out guidelines, which are to be followed in these types of cases.

2. Procedures for dealing with Companies in Liquidation and Death Cases

The following material is either exempt from or not required to be published under the Freedom of Information Act 1997.

[...]

Assessments, where required, are to be made in the normal way, in accordance with returns received - subject to any necessary "repair" of basic errors.

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Following the processing of the returns, they are to be referred without delay to the appropriate Audit area. The Audit Area must screen all such cases to establish whether or not an audit (full or verification) is necessary.

The normal criteria for selecting cases for audit should be applied to these cases. Apart from looking at the Schedule of Assets in death cases, they should not be subjected to any procedure, which would make them more (or less) likely to be selected for audit, compared with normal screening procedures.

Any matters, which are significant and require attention, are to be taken up immediately with the Liquidator, Personal Representative or Agent as appropriate. Districts should avoid getting involved in lengthy correspondence etc. If consensus is not readily obtainable, assessments should be amended as necessary. The Liquidator/Personal Representative will have a right of appeal against the amended assessment.

Where it is not intended to carry out an audit, a letter on the following lines should be issued to the Liquidator, Personal Representative or Agent, as appropriate:

“On the basis of the information contained in the return for the Accounting Period/Year of Assessment _____ it is not intended to carry out an audit.

This position is subject to the proviso that, if any information comes to light that would indicate that the return submitted was materially incorrect, any necessary assessment/amendment may be made in accordance with **Section 954(3) Taxes Consolidation Act 1997**”.

Where it is intended to carry out an audit, notice should be given in writing in accordance with existing procedures. **This should be done without delay.**

3. Procedures for dealing with Non-Resident Capital Gains Tax Returns

As in liquidation cases, assessments should be made in accordance with returns submitted.

The returns should, without delay, be screened in accordance with existing procedures.

As this screening will normally be the only occasion on which the return will be examined, any matters arising from the screening (e.g. doubtful valuation, etc.), which are likely to have a material effect on liability, should be taken up with the Solicitor or Agent. If necessary, the assistance of the Valuation Office etc. should be sought in accordance with existing procedures.

Lengthy correspondence should be avoided. If consensus is not readily obtainable, any necessary amendment to assessments should be made. The Solicitor/Agent will have a right of appeal against the assessment.

Where it is not intended to carry out an audit, a letter on the same lines as that contained in paragraph 2.4 (above) should be sent to the Solicitor/Agent.

4. Procedures for dealing with 'Expressions of Doubt' - All Taxpayers - See also Tax Instruction 41.0.9.

An "Expression of Doubt" should be considered, without delay, after the return is processed. **An expression of doubt should not, of itself, result in a case being considered for full audit.** Remember, we have publicly stated that use of the expression of doubt facility will not result in a case being more likely to be selected for audit.

[When normal audit screening takes place such cases will be identified for audit if the facts warrant it.]

Where the expression of doubt could have a material effect not only on the taxpayer's liability for the year in question but also for **future years**, it should be resolved promptly. Requests from taxpayers/agents for a response to an expression of doubt should also be dealt with promptly.

The method of resolving the expression of doubt will vary depending on the nature of the problem: -

- Cases within the scope of specialist areas should be referred there for attention, after processing.
- In general cases, purely technical questions can be dealt with in the processing area.
- Expressions of doubt on questions of fact (e.g. whether an item is a repair) should not become the subject of protracted correspondence. An early examination of the item or procedure should be arranged **where appropriate** with Audit staff.

The assistance of the relevant branch in either Corporate Business and International Division or Income and Capital Taxes Division, should also be obtained, where necessary. **Taxpayers/agents should not, however, be referred directly to these Divisions.** If Districts require Divisional assistance, with taxpayers'/agents' expressions of doubt, they should prepare a submission outlining the problem, giving their views and the views of the taxpayer/agent. **Such submissions should be made through the District Manager.**

Where you are not satisfied with the view taken by the taxpayer, he or she should be advised. If consensus on the correct treatment can be readily reached, the assessment should be amended as necessary.

If consensus cannot readily be reached, lengthy correspondence should be avoided. Instead, the inspector concerned should, if satisfied that the view taken by the taxpayer is incorrect and there is significant liability or a

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fundamental point of principle involved, amend the assessment as necessary.
The taxpayer will have the right to appeal against the amended assessment.

A more recent version of this manual is available.