


CitedTax

October 14, 2026

PAYE Self-Assessment
HM Revenue and Customs
BX9 1AS

Re: Claim for overpayment relief under TMA 1970, Sch 1AB para 1, [Client name], [UTR], tax year 2022/23, £3,560 claimed

Dear Sirs,

1. The claim

This is a claim for overpayment relief made under Taxes Management Act 1970, Sch 1AB para 1 by [Client name], [UTR], of [client address], for the tax year 2022/23 (6 April 2022 to 5 April 2023). We act for the claimant as his authorised representative; a signed authority is enclosed. The amount claimed is £3,560, being income tax which the claimant believes was not due for that year, made up of a finance cost tax reduction of £2,960 and higher rate Gift Aid relief of £600.

Taxes Management Act 1970, Sch 1AB para 1 provides that a person who has paid an amount by way of income tax which the person believes was not due may make a claim to HMRC for repayment or discharge of that amount. The claimant paid income tax for 2022/23 on a computation which gave no effect to the finance costs of a loan on his let residential property and no effect to his Gift Aid donations, and he believes the resulting tax was not due.

This claim is made in writing as a stand-alone claim and is not included in any return, as Taxes Management Act 1970, Sch 1AB para 3 requires.

The claimant's 2022/23 Self Assessment return was filed on 20 January 2024. The claim is made within four years after the end of the relevant tax year: Taxes Management Act 1970, Sch 1AB para 3 provides that a claim under that Schedule may not be made more than four years after the end of the relevant tax year, which for an amount made excessive by a mistake in a return under section 8 is the year to which the return relates, so that for 2022/23 the period ends on 5 April 2027. This claim is made on 14 October 2026 and is therefore in time.

We should record at the outset, so that the position is not overstated, that the finance cost element of £2,960 is subject to the statutory cap described in section 3 below, which on the rental figure given restricts the reduction for 2022/23 to no more than £2,160, and that the quantum of the Gift Aid element depends on whether £2,400 is the gross or the net figure. On the basis set out below the amount claimed may fall to £2,760 (£2,160 plus £600).

The claimant claims £3,560 and will accept a reduced figure on the computation once the matters listed in section 8 are confirmed with HMRC.

2. Ground one: the finance cost tax reduction for the let property was not given

The claimant let a flat in Birmingham throughout 2022/23, receiving rent of £10,800 for the year. Mortgage interest of £14,800 was paid on the let property in the year. No entry was made in the finance costs box of the 2022/23 return, so neither the restriction of the deduction nor the corresponding tax reduction was reflected in the self assessment.

Income Tax (Trading and Other Income) Act 2005, s 274A provides that an individual who for a tax year has a relievable amount in respect of a property business is entitled to relief under that section for that year in respect of that relievable amount, the relievable amount arising where an amount would be deductible in calculating the profits of the property business but for the disallowance of the costs of a dwelling-related loan.

For 2022/23 no deduction at all is allowed for the costs of a dwelling-related loan, so the whole £14,800 of interest falls out of the profit computation and forms the current-year amount on which relief under Income Tax (Trading and Other Income) Act 2005, s 274A is given at the basic rate. Twenty per cent of £14,800 is £2,960, which is the relievable amount at the basic rate before any restriction.

The relief actually available for the year is capped by reference to the lower of the relievable amount and the adjusted profits of the property business, with a further restriction where that total exceeds adjusted total income, and any unrelieved difference is carried forward to the following year.

On the figures given the adjusted profits of the property business cannot exceed the rent of £10,800, so the reduction for 2022/23 cannot exceed 20% of £10,800, that is £2,160, and will be lower to the extent of allowable expenses or brought-forward property losses. On that basis at least £800 (£2,960 less £2,160) is carried forward to 2023/24 rather than relieved in 2022/23.

Adjusted total income is unlikely to restrict the figure further on a salary of £58,000, but the computation will be run on the final expense figures.

The conclusion on this ground is that income tax of up to £2,960, and on the rental figure alone no less than £2,160, was paid for 2022/23 which was not due, because the tax reduction to which Income Tax (Trading and Other Income) Act 2005, s 274A entitles the claimant was not given. The claimant will provide the property business expense figures and the loan documentation so that the exact reduction for the year, and any amount carried forward to 2023/24, can be agreed.

3. Ground two: higher rate relief on Gift Aid donations was not given

The claimant made Gift Aid donations of £2,400 gross in 2022/23. No entry for those donations was made in the 2022/23 return, so no extension of the basic rate limit was given and the claimant bore tax at the higher rate on income which should have fallen within the extended limit. His employment income for the year was £58,000, so part of his income for 2022/23 was charged above the basic rate limit.

Income Tax Act 2007, s 414 provides that where an individual makes a gift to a charity that is a qualifying donation, the Income Tax Acts have effect for the tax year in which the gift is made as if the basic rate limit and the higher rate limit were increased by the grossed up amount of the gift. Relief depends on the gift being a qualifying donation, which requires a gift aid declaration relating to the gift and the satisfaction of the statutory conditions attaching to such donations. The claimant's records of the donations and of the declarations given are enclosed.

The claimant has computed the relief at £600. We record candidly that £600 corresponds to a grossed up gift of £3,000 at a differential of twenty percentage points between the basic rate and the higher rate, whereas the figure given to us is £2,400 gross.

Whether £2,400 is the net or the grossed up figure, and the resulting relief on the 2022/23 rates, is one of the matters listed in section 8, and the claim on this ground is for the relief properly due on the correct grossed up amount, stated at £600 pending that confirmation.

4. The amount claimed

Item	Computation	Amount
Finance cost tax reduction, relievable amount at the basic rate	£14,800 × 20%	£2,960
Finance cost tax reduction as capped by the adjusted property profits on the rent figure given	£10,800 × 20%	£2,160
Amount carried forward to 2023/24 on that basis	£2,960 less £2,160	£800
Higher rate Gift Aid relief as computed by the claimant	£2,400 gross donations, relief as stated	£600
Amount claimed as computed by the claimant	£2,960 plus £600	£3,560
Amount if the finance cost reduction is capped at £2,160	£2,160 plus £600	£2,760

5. Why the amendment route is closed and why no excluded case applies

The amendment route is closed. Taxes Management Act 1970, s 9ZA provides that an amendment by the taxpayer to a personal return may not be made more than twelve months after the filing date for that return. The 2022/23 return was filed on 20 January 2024 and, no notice to file having been given after 31 October 2023 so far as the claimant's records show, the filing date was 31 January 2024 and the amendment window closed on 31 January 2025.

No enquiry was opened into the return and HMRC has not raised either point, so there is no closure notice or amendment by HMRC through which the position could be corrected.

Special relief is not in point and is not relied on. Taxes Management Act 1970, Sch 1AB para 3A applies only where HMRC has made a determination under section 28C of an amount the person is liable to pay, and here the claimant filed a return for 2022/23 and no determination was made, so that paragraph is not engaged. The claim is accordingly made under Taxes Management Act 1970, Sch 1AB para 1 alone.

Turning to the excluded cases in Taxes Management Act 1970, Sch 1AB para 2, Cases D and E require a relevant appeal and no appeal has been made or is pending in connection with the payment. Case F requires enforcement proceedings or a settlement of such proceedings and there are none.

Case G concerns an amount calculated in accordance with the practice generally prevailing at the time, and the omissions here reflected no practice at all: the finance costs box was simply left blank and the donations were

simply not entered.

Case A excludes an amount made excessive by a mistake in, or in making or failing to make, a claim, election or notice. The claimant's position is that both errors are mistakes in the return itself, being an omitted entry in the finance costs box of the property pages and an omitted entry for Gift Aid donations in the computation of the basic rate limit, rather than mistakes in a separate claim, election or notice.

If HMRC takes a different view of the character of either entry we ask to be told which entry and on what basis, so that the point can be addressed before the claim is determined.

Case C excludes relief where it could have been sought by other steps within a period that has now expired and the person knew, or ought reasonably to have known, before the end of that period that such relief was available. Relief could have been sought by amending the return under Taxes Management Act 1970, s 9ZA before 31 January 2025.

On the second limb, the claimant engaged this firm in 2026 and both points were identified on our review of the return; whether he knew or ought reasonably to have known before 31 January 2025 that the finance cost tax reduction and higher rate Gift Aid relief were available is a question of his own knowledge, and we are confirming the chronology with him and will provide a statement from him dealing with it [date on which the claimant first became aware of each point to be confirmed].

6. Appeals

The claimant has not appealed at any time in connection with the payment of the income tax to which this claim relates. No enquiry was opened into the 2022/23 return, no assessment or amendment has been made by HMRC in respect of either point, and there is accordingly nothing against which an appeal could have been or could now be brought. The claimant does not intend to appeal against the self assessment and relies solely on this claim for overpayment relief.

7. Repayment and interest claimed

The claimant claims repayment of the amount found due on this claim, being £3,560 or such lesser amount as is agreed on the computation described above, together with repayment supplement. Income and Corporation Taxes Act 1988, s 824 provides that a repayment of income tax paid by or on behalf of an individual for a year of assessment is increased by a repayment supplement equal to interest on the amount repaid for the period between the relevant time and the date on which the order for the repayment is issued.

The start date depends on how the 2022/23 liability was discharged.

Income and Corporation Taxes Act 1988, s 824 attributes the repayment first to any balancing payment, then in two equal parts to any payments on account, and only then to tax deducted at source; where the repayment is attributed to a balancing payment or a payment on account the relevant time is the date of the payment being repaid, and where it is attributed to tax deducted at source the relevant time is 31 January next following the year, that is 31 January 2024.

The claimant's salary of £58,000 was subject to PAYE, and so far as the repayment is attributed to tax deducted at source supplement is claimed from 31 January 2024 to the date the repayment order is issued. We ask HMRC to compute supplement on the correct attribution and to confirm how it has been attributed.

The claimant accepts that any consequential liability on other sources or other years arising from this claim is to be taken into account before supplement is computed, and in particular that part of the finance cost relievable amount may fall to be carried forward to 2023/24 rather than relieved in 2022/23. Repayment is requested to the bank account detailed in the enclosed repayment nomination [bank details to be supplied by the claimant].

8. What remains to be confirmed

- The property business expenses and any brought-forward property losses for 2022/23, which fix the adjusted profits figure and therefore the capped finance cost tax reduction (no more than £2,160 on the rent of £10,800 alone).
- That the loan on which the £14,800 interest was paid is a dwelling-related loan referable to the let residential property, and that the letting is not a furnished holiday letting.
- Whether the property income allowance was used for 2022/23, which would prevent the reduction applying for that year.
- Whether £2,400 is the net or the grossed up amount of the Gift Aid donations, the dates and amounts of the individual donations, the charities concerned and the gift aid declarations given.
- The date of the notice to file for 2022/23, confirming the filing date of 31 January 2024 and the close of the amendment window on 31 January 2025.
- The dates and amounts of the payments by which the 2022/23 liability was discharged, for the purpose of the repayment supplement start date.
- The date on which the claimant first became aware of each point, for the purpose of the second limb of Case C.

9. Documents enclosed

Enclosures

1. Form 64-8 authorising this firm to act for [Client name], [UTR]
2. Copy of the 2022/23 Self Assessment return as filed on 20 January 2024
3. Revised 2022/23 computation showing the finance cost tax reduction and the extended basic rate limit
4. Mortgage interest statements for the Birmingham property for 2022/23 showing interest of £14,800
5. Rental statements for the Birmingham property for 2022/23 showing rent of £10,800
6. Schedule of Gift Aid donations for 2022/23 and copies of the gift aid declarations
7. Repayment nomination and bank details

10. Declaration

The declaration below is to be signed by the claimant personally and not by this firm. Taxes Management Act 1970, Sch 1AB para 3 and HMRC's guidance at SACM12150 require the claim to state that it is a claim for overpayment relief, the year, the amount, the grounds, whether the claimant has previously appealed, and to carry the claimant's declaration, and this letter is framed to meet those requirements.

"I claim overpayment relief under Taxes Management Act 1970, Sch 1AB para 1 for the tax year 2022/23. The particulars given in this claim are correct and complete to the best of my knowledge and belief."

Signature of claimant	Name	Date
[Signature]	[Client name], [UTR]	[Date]

We should be glad to supply anything further required to determine this claim. If HMRC considers that any case in Taxes Management Act 1970, Sch 1AB para 2 applies, we ask to be told which case and on what facts before the claim is determined, so that the point can be addressed. Please direct all correspondence on this claim to this firm.

For the firm before sending (remove this section)

Positions that did not pass the citation gate, positions to confirm, and facts the filing still needs:

- Needed: Client's full name, address and UTR, and the bank details for the repayment nomination.
- Needed: Property business expenses and any brought-forward property losses for 2022/23, needed to fix the adjusted profits and therefore the capped finance cost tax reduction (£2,160 maximum on the rent figure alone).
- Needed: Whether the loan is a dwelling-related loan wholly referable to the Birmingham let property, and whether the letting is residential rather than a furnished holiday letting.
- Needed: Whether the property income allowance was claimed for 2022/23 and whether any brought-forward finance cost amount from 2021/22 exists.
- Needed: Whether £2,400 is the net or the grossed up amount of the Gift Aid donations; the dates, amounts and recipient charities; and whether gift aid declarations were given and no associated benefits received.
- Needed: The 2022/23 rates to be applied to the extended basic rate limit, which the retrieved authority does not state, and therefore whether £600 is the correct relief figure.
- Needed: The date of the notice to file for 2022/23 (assumed on or before 31 October 2023, giving a filing date of 31 January 2024).
- Needed: How the 2022/23 liability was discharged: whether payments on account were made and on what dates, whether a balancing payment was made and when, and whether any rental liability was collected through the PAYE code, all needed for the repayment supplement start date under ICTA 1988, s 824.
- Needed: The date on which the client first became aware of the finance cost tax reduction and of higher rate Gift Aid relief, for the second limb of Case C in TMA 1970, Sch 1AB para 2.
- Needed: Whether any earlier overpayment relief claim has been made for 2022/23.
- Needed: Whether ICTA 1988, s 824 or FA 2009, s 102 and Sch 54 governs the repayment interest on an income tax repayment for 2022/23; Sch 54 was not among the retrieved authorities.
- Needed: The text of TMA 1970, Sch 1AB para 2 and of ITA 2007, s 424 should be reviewed by the adviser before signature, the latter not having been retrieved.

Yours faithfully,

[Name], [Credential]

Authorities cited in this letter

Taxes Management Act 1970, Sch 1AB para 3 Statute

• VERIFIED

"A claim under this Schedule may not be made more than 4 years after the end of the relevant tax year."

Taxes Management Act 1970, Sch 1AB para 1 Statute

• VERIFIED

"a person has paid an amount by way of income tax or capital gains tax but the person believes that the tax was not due... The person may make a claim to the Commissioners for repayment or discharge of the amount."

HMRC Self Assessment Claims Manual SACM12150 HMRC manual

• ADVISER TO CONFIRM

Corroborating authority; not independently text-checked for this letter.

Taxes Management Act 1970, s 9ZA Statute

• VERIFIED

"An amendment may not be made more than twelve months after the filing date."

Taxes Management Act 1970, Sch 1AB para 3A Statute

• ADVISER TO CONFIRM

Corroborating authority; not independently text-checked for this letter.

Income and Corporation Taxes Act 1988, s 824 Statute

• VERIFIED

"shall be increased under this section by an amount (a "repayment supplement") equal to interest on the amount repaid at the rate applicable under section 178 of the Finance Act 1989 for the period (if any) between the relevant time and the date on which the order for the repayment is issued."

HMRC Self Assessment Claims Manual SACM12170 HMRC manual

• ADVISER TO CONFIRM

Corroborating authority; not independently text-checked for this letter.

HMRC Self Assessment Claims Manual SACM12005 HMRC manual

• ADVISER TO CONFIRM

Corroborating authority; not independently text-checked for this letter.

HMRC Self Assessment Claims Manual SACM12070 HMRC manual

• ADVISER TO CONFIRM

Corroborating authority; not independently text-checked for this letter.

Income Tax (Trading and Other Income) Act 2005, s 274A Statute

• VERIFIED

"If for a tax year an individual has, (a) a relievable amount in respect of a property business,... the individual is entitled to relief under this section for that year in respect of that relievable amount"

Income Tax (Trading and Other Income) Act 2005, s 272A Statute

• ADVISER TO CONFIRM

Corroborating authority; not independently text-checked for this letter.

HMRC Property Income Manual PIM4460 HMRC manual

• ADVISER TO CONFIRM

Corroborating authority; not independently text-checked for this letter.

Income Tax Act 2007, s 414 Statute

• VERIFIED

"the basic rate limit and the higher rate limit (see section 10)... were increased by an amount equal to the grossed up amount of the gift."

Income Tax Act 2007, s 416 Statute

• ADVISER TO CONFIRM

Corroborating authority; not independently text-checked for this letter.

Income Tax Act 2007, s 415 Statute

• ADVISER TO CONFIRM

Corroborating authority; not independently text-checked for this letter.

Draft prepared for the signing professional's review. Verify every fact and figure, complete the placeholders, attach the enclosures listed, and remove the section headed "For the firm" before filing.