



October 14, 2026

HM Revenue and Customs
Self Assessment enquiries
Address as shown on the notice

Re: Enquiry under section 9A TMA 1970 into the 2024/25 Self Assessment return (SA100 with SA103F pages) - [UTR]

Dear Sirs,

Identification

Item	Detail
Taxpayer	[Client name], [address]
Unique Taxpayer Reference	[UTR]
Return under enquiry	SA100 for 2024/25, with SA103F self-employment (full) pages, filed online on 20 January 2026
Notice	Notice of enquiry under section 9A of the Taxes Management Act 1970, letter dated 2 October 2026
Date for response stated in the notice	2 November 2026
Matters addressed in this letter	Motor expenses of £14,200; the van acquired in June 2024 for £22,000; the scope of the enquiry

We act for the above taxpayer in connection with this enquiry. Correspondence on the enquiry should be addressed to this firm at the address shown above. A copy of the agent authorisation for Self Assessment is enclosed or follows under separate cover as indicated in the list of enclosures.

Summary of this response

This letter responds to the enquiry letter dated 2 October 2026 and addresses three matters: the motor expenses of £14,200 shown on the self-employment pages, the £22,000 paid in June 2024 for the trade vehicle, and the scope of the check. Our client calculates the profits of his plumbing trade on the cash basis for 2024/25.

Our position is that the deductions claimed are supported in principle by the legislation set out below, subject to the business proportion of the running costs being quantified from the records. We ask that the enquiry be brought to an end on these matters once the enclosed records have been considered, and we set out below the directions available to the taxpayer if it is not.

Motor expenses of £14,200

The notice queries the motor expenses of £14,200 deducted on the self-employment pages and asks for an explanation and a breakdown. The vehicle in question is the van used in the plumbing trade, acquired in June 2024. A breakdown of the £14,200 between fuel, insurance, repairs, road tax and other items is enclosed, together with the records from which it is drawn.

Running costs of a vehicle used in a trade are deductible only to the extent that they are incurred wholly and exclusively for the purposes of the trade. Where a vehicle is used for both business and private purposes, no deduction is allowed for the expense as a whole, but a deduction is preserved for any identifiable part or identifiable proportion of the expense that is incurred wholly and exclusively for the trade.

The running costs in the £14,200 have accordingly been apportioned on a reasonable basis by reference to the extent of business use, and the basis of that apportionment is shown in the enclosed schedule.

We confirm that the figure is a claim for the business proportion of actual running and maintenance costs and is not a fixed rate mileage claim.

That distinction matters because, where a fixed rate mileage deduction is made for a vehicle for a period, Income Tax (Trading and Other Income) Act 2005, s 94D provides that no other deduction is allowed, for that or any other period, in respect of the qualifying expenditure incurred in relation to that vehicle, qualifying expenditure being expenditure in respect of the acquisition, ownership, hire, leasing or use of the vehicle other than incidental expenses of a particular journey.

Because the cost of acquiring the van has been deducted in calculating the cash basis profits, the mileage rate is not available for that vehicle and the actual cost basis is the route open on these facts, as HMRC's guidance on the fixed rate deduction confirms. Incidental expenses of particular business journeys, such as tolls and parking, stand outside the mileage rate in any event and are identified separately in the enclosed breakdown.

We ask the officer to accept the business proportion of the £14,200 as computed in the enclosed schedule, and to confirm that no further enquiry into this figure is required. We invite the officer to raise any point on the apportionment with us directly so that it can be addressed without a formal information notice.

The van acquired in June 2024 for £22,000

The notice does not yet state a position on the vehicle, but records that the £22,000 claimed for the van acquired in June 2024 is within the scope of the check. The amount was shown in the return as a capital allowance. We explain below why the amount of the deduction is unaffected by that description.

Where the profits of a trade are calculated on the cash basis, the bar on deducting an item of a capital nature applies only to the items listed in the substituted ITTOIA 2005, s 33A(4). HMRC Business Income Manual BIM72035 confirms that those listed items include a car but do not include a goods vehicle.

If the vehicle is a goods vehicle rather than a car, the £22,000 paid in June 2024 is therefore deductible in calculating the 2024/25 cash basis profits, the deduction being given by the cash basis computation itself rather than by way of capital allowances, since under the cash basis no allowance or charge arises under the Capital Allowances Act 2001 except in respect of a car.

The description of the amount in the return as a capital allowance is accordingly a matter of label and not of quantum, and we ask the officer to treat it as a cash basis deduction of the same amount. Evidence that the vehicle is a goods vehicle, together with the purchase invoice and the June 2024 payment from the business bank account, is enclosed.

Two further points should be recorded for completeness. First, where the expenditure on acquiring a goods vehicle has been deducted on the cash basis, the vehicle is an excluded vehicle for the fixed rate mileage deduction, and we confirm that no mileage rate claim is included in the £14,200.

Second, none of the authority we have considered addresses the apportionment of cash basis capital expenditure of this kind between business and private use, and we do not advance any position on that point in this letter; if the officer takes a view on it, we ask that the view and the authority relied on be stated so that it can be considered.

Scope of the enquiry and its completion

The letter states that HMRC intends to check the whole of the return, while the information requested relates only to the self-employment pages. We ask the officer to confirm in writing which matters are under enquiry. We note that the proposition that a notice expressed to cover the whole return puts every entry in the return in issue is not a matter on which we rely or concede here, and we reserve our client's position on it.

An enquiry of this kind ends only when an officer gives notice of its completion.

Taxes Management Act 1970, s 28A provides for a partial closure notice completing any single matter to which the enquiry relates and a final closure notice completing the enquiry or the remaining enquiries, and requires the notice to state the officer's conclusions and either to state that in the officer's opinion no amendment of the return is required or to make the amendments required to give effect to those conclusions, taking effect when issued.

There is no statutory period within which HMRC must issue a closure notice. The taxpayer may, however, apply to the tribunal at any time during the enquiry for a direction requiring an officer to issue a partial or final closure notice within a specified period, and the tribunal is to give the direction unless satisfied that there are reasonable grounds for not issuing the notice within a specified period, as Taxes Management Act 1970, s 28A provides. We mention this only so that the position is clear on the record; our client's wish is to deal with the matters raised by correspondence.

On the basis of the records and explanations enclosed, we ask the officer to issue a partial closure notice on the self-employment matters, in particular the motor expenses and the vehicle cost, stating that no amendment of the return is required, or alternatively a final closure notice in those terms. If further information is needed on any of these matters, we ask that it be requested of us informally in the first instance.

Matters the adviser must confirm before this letter is sent

This draft is prepared for the adviser's review and cannot be issued until the following points are settled, because the authority relied on requires facts that the papers do not yet establish.

- The date the letter dated 2 October 2026 was received, which bears on the period available to respond and on the date of 2 November 2026 stated in the notice.

- Whether a form 64-8 or a digital agent authorisation covering Self Assessment is already in place for this client, and whether a copy should be enclosed.
- Whether the £14,200 is running costs only or includes any part of the £22,000 paid for the van, and the breakdown of the £14,200 between fuel, insurance, repairs, road tax and other items.
- Whether a fixed rate mileage deduction has been made for this van in 2024/25 or any earlier period, since ITTOIA 2005, s 94D then applies in relation to the vehicle for every subsequent period for which it is used in the trade and HMRC guidance states that the basis can only be changed when the vehicle is replaced.
- The private use proportion of the van and of the running costs, and the record from which it is measured, together with whether any private use adjustment was made to the £22,000 and to the £14,200.
- Whether the vehicle is a goods vehicle rather than a car for the purposes of ITTOIA 2005, s 33A and Part 2 of the Capital Allowances Act 2001, and whether it is a depreciating asset for the purposes of that section.
- Whether the cash basis applied for 2024/25 by default or by election, and whether it was used in the prior year.
- The turnover, total expenses and net profit as returned on the SA103F, and the box numbers used for the vehicle cost and the motor expenses.
- Whether a separate business bank account existed for the whole year, and whether any business receipts or payments passed through a personal account.
- Whether the bookkeeping app records are complete for the year and can be exported with images of the supporting invoices.
- Whether the client is registered for VAT and, if so, whether the figures returned are net or gross of VAT.
- Whether any other vehicle was used in the business during the year, and whether any part of the van cost was financed and how any finance payments have been treated under the cash basis.
- The client's full name, address and [UTR] for the final version of this letter.
- The rate applicable for 2024/25 if any mileage figure is quoted, since the rate table in the legislation as retrieved shows 55p for the first 10,000 miles and HMRC's published rate for periods up to and including 2025/26 is 45p for the first 10,000 miles.

Enclosures

1. Sales records and sales invoices for the year ended 5 April 2025
2. Business bank statements for the year ended 5 April 2025
3. Purchase invoices exceeding £1,000
4. Schedule and breakdown of the £14,200 motor expenses, with the basis of the business and private apportionment
5. Purchase invoice for the van acquired in June 2024 and evidence of the £22,000 payment
6. Vehicle registration document or other evidence that the vehicle is a goods vehicle
7. Mileage or usage record for the van for 2024/25
8. Copy of the agent authorisation for Self Assessment (form 64-8 or digital authorisation)

Action requested

We ask the officer to confirm the matters under enquiry and, on consideration of the enclosed records, to issue a partial or final closure notice under Taxes Management Act 1970, s 28A stating that no amendment of the 2024/25 return is required. If the officer does not accept any part of the position set out above, we ask for the point and the authority relied on in writing so that it can be addressed by correspondence. We are ready to provide any further explanation the officer requires and we are content to discuss the matter by telephone on request.

For the firm before sending (remove this section)

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

- Needed: The date the letter dated 2 October 2026 was received, which bears on the response period the firm has calculated as 30 days
- Needed: Whether a form 64-8 or digital agent authorisation for Self Assessment is already in place for this client
- Needed: Whether the £14,200 motor expenses figure includes any part of the £22,000 van cost, and the breakdown of the £14,200 between fuel, insurance, repairs, road tax and other items
- Needed: Whether fixed rate mileage deductions have been used for this van in this or any earlier year
- Needed: The private use proportion of the van and of the motor running costs, and the basis on which it was measured (mileage log or other record)
- Needed: Whether any private use adjustment was made to the £22,000 van deduction and to the £14,200 motor expenses
- Needed: Whether the van is a goods vehicle rather than a car as defined for the relevant provision
- Needed: Whether the cash basis applied by default for 2024/25 or by election, and whether it was used in the prior year
- Needed: Turnover, total expenses and net profit as returned on the SA103F, and the box numbers used for the van cost and the motor expenses
- Needed: Whether a separate business bank account exists for the whole year, and whether any business receipts or payments passed through a personal account
- Needed: Whether the bookkeeping app records are complete for the full year and can be exported with supporting images of invoices
- Needed: Whether the client is VAT registered, and if so whether the figures returned are net or gross of VAT
- Needed: Whether there were any other vehicles used in the business during the year
- Needed: Whether the client has had any earlier enquiry, assessment or penalty, which bears on penalty behaviour if any amendment arises
- Needed: Whether any amount of the van cost was financed, and the treatment of any finance payments under the cash basis

- Needed: The client's full name, address and [UTR] for the draft reply

Sincerely,

[Name], [Credential]

Authorities cited in this letter

Income Tax (Trading and Other Income) Act 2005, s 94D Statute

• VERIFIED

"If a deduction for a period is made under this section, (a) no other deduction is allowed (for that or any other period) in respect of the qualifying expenditure, and (b) this section applies in relation to the relevant vehicle for every subsequent period for which the vehicle is used for the purposes of the trade."

Income Tax (Trading and Other Income) Act 2005, s 34 Statute

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

• ADVISER TO CONFIRM

HMRC Business Income Manual BIM75005 HMRC manual

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

• ADVISER TO CONFIRM

HMRC Business Income Manual BIM72035 HMRC manual

• PROCEDURAL

"capital expenditure is treated as an allowable business expense with the exception of expenditure on or in connection with"

Capital Allowances Act 2001, s 1A Statute

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

• ADVISER TO CONFIRM

Taxes Management Act 1970, s 28A Statute

• VERIFIED

"The taxpayer may apply to the tribunal for a direction requiring an officer of the Board to issue a partial or final closure notice within a specified period."

HMRC Enquiry Manual EM1976 HMRC manual

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

• ADVISER TO CONFIRM

[2020] UKUT 370 (TCC) HMRC v Empaminondas Embiricos Upper

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

• ADVISER TO CONFIRM

Draft prepared for the signing professional's review. Verify every fact against the notice and the return, attach the enclosures listed, and remove the section headed "For the firm" before sending.