



October 14, 2026

[Officer name], the officer who gave the closure notice
HM Revenue and Customs
[Office address as shown on the closure notice dated 20 September 2026]
[HMRC reference as shown on the closure notice]

Re: [Client name], [UTR], closure notice under TMA 1970, s 28A dated 20 September 2026, enquiry into the 2023/24 Self Assessment return, notice of appeal, application to postpone £9,840 and request for a statutory review

Dear Sir or Madam,

Part 1, Notice of appeal to HM Revenue and Customs

We act for [Client name] and are authorised to give this notice of appeal on his behalf. He is a sole trader electrician in Leeds whose turnover for 2023/24 was £212,000. This letter is a draft prepared for signature by the adviser and is given to the officer who gave the closure notice, as required.

1. Identification of the taxpayer and the decision appealed against

Item	Detail
Taxpayer	[Client name]
Unique Taxpayer Reference	[UTR]
Decision appealed against	Closure notice under section 28A of the Taxes Management Act 1970 completing the enquiry into the 2023/24 Self Assessment return, and the amendments made by it
Date of the decision	20 September 2026
Tax year	2023/24 (6 April 2023 to 5 April 2024)
Tax in dispute	Income tax of £9,840, plus interest
Penalty in dispute	None. No penalty is the subject of this appeal
Amendment 1 appealed	Disallowance of £18,400 of subcontractor payments
Amendment 2 appealed	Addition of £6,200 of bank interest said to have been omitted

Both amendments are appealed in full. No part of the £9,840 is accepted as due at this stage, save as set out in section 4 below in relation to the client's own half share of the joint account interest. The client expects a separate determination in respect of deductions under the Construction Industry Scheme; any such determination will carry its own appeal rights and is not the subject of this appeal.

2. Notice of appeal is given, and it is in time

Notice of appeal is hereby given against each conclusion stated and each amendment made by the closure notice of 20 September 2026. An appeal lies against a conclusion stated or an amendment made by a closure notice under section 28A, and notice of appeal must be given in writing, to the officer who gave the closure notice, within 30 days after the date on which the closure notice was issued, specifying the grounds of appeal (Taxes Management Act 1970, s 31A). The closure notice bears the date 20 September 2026, so the 30 day period expires on 20 October 2026.

This letter is in writing, is addressed to the officer who gave the closure notice, specifies the grounds of appeal in section 3 below, and is given on 14 October 2026, which is within that period. No application to admit a late appeal is therefore required. The 30 day period runs from the date the closure notice was issued rather than from the date of receipt, and the adviser will confirm from the file that the date of issue is the same as the date the notice bears.

3. Grounds of appeal

Ground 1: the £18,400 of subcontractor payments is deductible in computing the profits of the trade for 2023/24, and the ground given for disallowance is not a ground on which a deduction may be denied. The closure notice disallows the payments on the single ground that no verification was carried out under the Construction Industry Scheme.

In calculating the profits of a trade, no deduction is allowed for expenses not incurred wholly and exclusively for the purposes of the trade (Income Tax (Trading and Other Income) Act 2005, s 34), and that is the only test the amendment engages. Verification of a subcontractor, and the operation of deductions from contract payments, are not conditions of a deduction under that section.

The facts supporting Ground 1 are these. The client holds invoices from four named subcontractors, bank transfers evidencing every payment and signed timesheets evidencing the work done, so the expenditure was incurred and was incurred for the purposes of his electrical trade. HMRC has not contended that the work was not done, that the subcontractors were not paid, or that the payments served any purpose other than the trade.

The client accepts that deductions under the Construction Industry Scheme should have been operated; that is a separate matter with separate consequences and it does not bear on deductibility under Income Tax (Trading and Other Income) Act 2005, s 34.

The conclusion requested on Ground 1 is that the amendment disallowing £18,400 be withdrawn in full and the deduction allowed as returned. If HMRC contends that any part of the £18,400 was incurred for more than one purpose, we ask that the contention and the part concerned be identified, so that the apportionment rule in Income Tax (Trading and Other Income) Act 2005, s 34(2) can be addressed on the evidence. The invoices, bank statements and timesheets are available and can be supplied in the form and order HMRC prefers.

Ground 2: at most half of the £6,200 of bank interest is the client's income for 2023/24. The interest arose on an account held jointly by the client and his wife. Where income arises from property held in the names of individuals who are married to each other and who live together, each is treated for income tax purposes as beneficially entitled to the income in equal shares, unless the income falls within one of the statutory exceptions (Income Tax Act 2007, s 836).

On that basis the client's share is $£6,200 \div 2 = £3,100$, and the amendment adding the whole £6,200 to his return exceeds the share treated as his by £3,100.

The equal shares treatment is displaced only where neither spouse is beneficially entitled to the income, or where a declaration of unequal beneficial interests under Income Tax Act 2007, s 837 has effect. The adviser will confirm that no such declaration has effect for 2023/24 and that the couple lived together throughout the year, those being conditions of the section.

The whole £6,200 was reported on the wife's 2023/24 return, but that does not alter the statutory treatment, which operates by reference to the holding of the property and not by reference to what was returned. The corresponding overstatement on her return will be addressed separately and is not a reason to charge the full amount on the client.

The conclusion requested on Ground 2 is that the amendment be reduced from £6,200 to £3,100, so that only the client's half share of the joint account interest is brought into charge on his return. We ask that HMRC also confirm how it proposes to deal with the corresponding amount returned by the client's wife, so that the same £3,100 is not taxed twice.

4. Application to postpone payment of the tax in dispute

Tax charged as a result of a conclusion stated or an amendment made by a closure notice is otherwise due and payable as if there had been no appeal, but the appellant may apply by notice in writing to HMRC, within 30 days of the same specified date, for a determination of the amount to be postponed, stating the amount believed to be overcharged and the grounds for that belief, with a referral to the tribunal within 30 days of HMRC's decision if the amount is not agreed (Taxes Management Act 1970, s 31A and the postponement provisions discussed with it).

This section is that application and is made within the same 30 day period expiring on 20 October 2026. The grounds for believing the client is overcharged are the grounds of appeal set out in section 3 above.

The amount believed to be overcharged is quantified as follows. The closure notice states additional tax of £9,840 but does not, on the papers we hold, allocate that figure between the two amendments; the adviser will confirm the allocation from HMRC's computation. On the assumption to be confirmed that both amendments were charged at a single rate of 40 per cent, $£18,400 \times 40\% = £7,360$ and $£6,200 \times 40\% = £2,480$, and $£7,360 + £2,480 = £9,840$, which reconciles to the figure stated in the notice.

On that basis the amount believed to be overcharged is £7,360 on Ground 1 and $£3,100 \times 40\% = £1,240$ on Ground 2, a total of £8,600. The balance of $£9,840 - £8,600 = £1,240$, representing tax on the client's own half share of the joint account interest, is not the subject of this postponement application. We therefore apply for £8,600 to be postponed pending determination of the appeal, and we ask HMRC to confirm the determination in writing.

If the amount postponed is not agreed we reserve the right to refer the application to the tribunal within 30 days of the document notifying HMRC's decision.

We recognise that postponement suspends collection only. Interest continues to accrue on tax that remains unpaid between the original due date and the date of payment, and the client is content for the £1,240 referred to above to be collected in the ordinary way. If HMRC's allocation of the £9,840 differs from the reconciliation set out above, we ask to be told the allocation so that the postponed amount can be adjusted by agreement.

5. Request for a statutory review

The client requires HMRC to carry out a review of the matters in question. On the retrieved authorities, once notice of appeal has been given three routes are open: the appellant may require a review, HMRC may offer one, or the appellant may notify the appeal to the tribunal, that last route being unavailable once HMRC have notified their view of the matter or offered a review (Taxes Management Act 1970, s 49D).

Where the appellant requires a review, HMRC must notify their view of the matter within 30 days beginning with the day the notification is received, or such longer period as is reasonable, and must then review the matter.

The review conclusion and the reasoning for it must be notified within 45 days beginning with the relevant day, or such other period as is agreed, and if no conclusion is given in time the review is treated as having upheld HMRC's view, which HMRC must then notify. The conclusion of the review is treated as an agreement in writing settling the matter unless the appeal is notified to the tribunal within 30 days beginning with the date of the conclusion document.

The client reserves the right to notify the appeal to the tribunal within that period, and notes that a review may be required only once on the same matter.

6. Documents enclosed

Enclosures

1. Copy of the closure notice dated 20 September 2026 under section 28A of the Taxes Management Act 1970
2. Schedule of the four subcontractors and the payments comprising £18,400, cross referenced to invoices and bank transfers [to be finalised by the adviser]
3. Copies of the invoices from the four named subcontractors
4. Bank statements evidencing each transfer to the subcontractors
5. Signed timesheets for the work carried out
6. Bank statements and interest certificate for the joint account showing interest of £6,200 for 2023/24
7. Copy of the client's wife's 2023/24 return entry showing the £6,200 reported in full [to be confirmed by the adviser]
8. Form 64-8 or other evidence of authority to act [if not already held by HMRC]

We should be grateful if HMRC would acknowledge this notice of appeal, confirm the amount postponed and confirm that the review has been put in hand. If any document listed above would assist in a different format, please tell us and we will provide it. Please address correspondence on this appeal to this firm as the client's authorised representative.

Part 2, Grounds of appeal for the First-tier Tribunal (Tax Chamber), for use if the matter is not resolved

Appellant: [Client name], [UTR], a sole trader electrician trading in Leeds. Decision appealed against: the conclusions stated and the amendments made by the closure notice issued under section 28A of the Taxes Management Act 1970 completing the enquiry into the appellant's 2023/24 Self Assessment return, dated 20 September 2026. Tax in dispute: income tax of £9,840 plus interest. No penalty is in issue in this appeal.

1. The appellant carried on a trade as an electrician in 2023/24 with turnover of £212,000. In computing the profits of that trade he deducted £18,400 paid to four named subcontractors. He holds invoices from each subcontractor, bank transfers for every payment and signed timesheets for the work done.
2. The closure notice disallows that £18,400 on the single ground that no verification was carried out under the Construction Industry Scheme. In calculating the profits of a trade, a deduction is denied only for expenses not incurred wholly and exclusively for the purposes of the trade (Income Tax (Trading and Other Income) Act 2005, s 34). The payments were incurred, and were incurred wholly and exclusively for the purposes of the appellant's trade, as the invoices, bank transfers and timesheets show.
3. Neither verification of a subcontractor nor the operation of deductions from contract payments is a condition of a deduction under Income Tax (Trading and Other Income) Act 2005, s 34. The appellant accepts that deductions under the Construction Industry Scheme should have been operated and expects a separate determination in that respect, which will carry its own appeal rights. The consequences of not operating the scheme are a separate matter and do not render otherwise deductible trade expenditure non-deductible.
4. The closure notice also adds £6,200 of bank interest to the appellant's return. That interest arose on an account held jointly by the appellant and his wife. Where income arises from property held in the names of individuals who are married to each other and who live together, each is treated for income tax purposes as beneficially entitled to the income in equal shares, subject to the statutory exceptions (Income Tax Act 2007, s 836).
5. No declaration of unequal beneficial interests under Income Tax Act 2007, s 837 has effect for 2023/24, and the appellant and his wife lived together throughout that year, both matters to be evidenced at the hearing. Accordingly the appellant's share of the interest is $£6,200 \div 2 = £3,100$, and the amendment overstates his income by £3,100.

That the whole £6,200 was reported on his wife's 2023/24 return does not alter the statutory treatment, which depends on the holding of the property rather than on what was returned.

6. The appeal is brought under the right of appeal against a conclusion stated or an amendment made by a closure notice under section 28A, notice of appeal having been given in writing to the officer who gave the closure notice within 30 days after the date of its issue (Taxes Management Act 1970, s 31A). Notice of appeal was given on 14 October 2026, the 30 day period having expired on 20 October 2026, so the appeal to HMRC was in time and no application to admit a late appeal arises.

The tribunal route is available following the conclusion of the statutory review required by the appellant, within 30 days beginning with the date of the conclusion document (Taxes Management Act 1970, s 49D).

The appellant asks the tribunal to reduce the amendments made by the closure notice of 20 September 2026 so that the deduction of £18,400 for subcontractor payments is allowed in full and the bank interest brought into charge is reduced from £6,200 to £3,100, and to direct consequential adjustment of the tax charged, which on the reconciliation set out in Part 1 would reduce the additional tax of £9,840 by £8,600 to £1,240. The appellant makes no admission as to the separate Construction Industry Scheme position. Costs are not sought at this stage, the category of the appeal being a matter for the tribunal.

The firm's notes

This draft rests on the authorities retrieved and cited above. The statutory review mechanism and its time limits are taken from the retrieved material on Taxes Management Act 1970, s 49D and the sections discussed with it; the adviser should confirm the review provisions and the acceptance period against the legislation before signature.

The reconciliation of the £9,840 in section 4 is an arithmetical check on the figures given and not a figure taken from the notice, and must be replaced with HMRC's own allocation once obtained.

No outcome is promised. The matters listed below are not established by the facts supplied and must be confirmed or inserted before this letter is issued.

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 and [UTR], and the HMRC reference shown on the closure notice.
- Needed: Name and office address of the officer who gave the closure notice, so that notice of appeal is given to the correct officer.
- Needed: Whether the date the closure notice was issued is the same as the date it bears (20 September 2026), and the date of receipt.
- Needed: HMRC's allocation of the £9,840 of additional tax between the £18,400 disallowance and the £6,200 interest addition, and the rate or rates applied; the 40 per cent reconciliation in section 4 is an assumption to be confirmed from the computation.
- Needed: Dates and amounts of each of the individual payments making up the £18,400, and agreement of the invoice amounts to the bank transfers.
- Needed: Whether any part of the £18,400 was paid for work other than trade work, which would engage the apportionment rule in Income Tax (Trading and Other Income) Act 2005, s 34(2).
- Needed: Whether the client and his wife lived together throughout 2023/24, a condition of Income Tax Act 2007, s 836.
- Needed: The beneficial entitlement to the joint account and the funds in it, to exclude the exception for income to which neither spouse is beneficially entitled.
- Needed: Whether any declaration of unequal beneficial interests under Income Tax Act 2007, s 837 has effect, and whether form 17 has ever been submitted.
- Needed: How the £6,200 reported in full on the wife's 2023/24 return will be corrected, and the time limit for doing so, which is not addressed by the retrieved authorities.
- Needed: Whether a Construction Industry Scheme determination has been issued and, if so, its date and amount, since it carries separate appeal rights.
- Needed: Whether any part of the £9,840 is accepted as due beyond the £1,240 identified in section 4.

Yours faithfully,

[Name], [Credential]

Authorities cited in this letter

Taxes Management Act 1970, s 31A Statute

• VERIFIED

"Notice of an appeal under section 31 of this Act must be given, (a) in writing, (b) within 30 days after the specified date, (c) to the relevant officer of the Board."

Taxes Management Act 1970, s 31 Statute

• ADVISER TO CONFIRM

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

Taxes Management Act 1970, s 55 Statute

• ADVISER TO CONFIRM

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

Taxes Management Act 1970, s 49D Statute

• VERIFIED

"(2) The appellant may notify the appeal to the tribunal.... (4) Subsections (2) and (3) do not apply in a case where, (a) HMRC have given a notification of their view of the matter in question under section 49B, or (b) HMRC have given a notification under section 49C in relation to the matter in question."

Taxes Management Act 1970, s 49A Statute

• ADVISER TO CONFIRM

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

Taxes Management Act 1970, s 49G Statute

• ADVISER TO CONFIRM

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

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

• VERIFIED

"In calculating the profits of a trade, no deduction is allowed for, (a) expenses not incurred wholly and exclusively for the purposes of the trade"

HMRC Business Income Manual BIM37005 HMRC manual

• ADVISER TO CONFIRM

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

HMRC Business Income Manual BIM37035 HMRC manual

• ADVISER TO CONFIRM

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

Income Tax Act 2007, s 836 Statute

• VERIFIED

"The individuals are treated for income tax purposes as beneficially entitled to the income in equal shares."

Income Tax Act 2007, s 837 Statute

• ADVISER TO CONFIRM

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

HMRC Trusts, Settlements and Estates Manual TSEM9842

HMRC manual

• 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.