



October 14, 2026

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

Re: Penalty notice dated 18 September 2026, Self Assessment return (SA100) for 2024/25, total penalties £1,712 - [UTR]

Dear Sir or Madam

1. Identification

Item	Detail
Taxpayer	[Client name]
Unique Taxpayer Reference	[UTR]
Return concerned	SA100 for 2024/25 (6 April 2024 to 5 April 2025)
Notice appealed	Penalty notice dated 18 September 2026 (notice number as printed on the notice)
Penalties charged	£100 fixed late-filing penalty; £900 daily penalties; £300 six-month penalty; £412 late-payment penalty; total £1,712
Return filed	9 August 2026
Balancing payment	£8,240, due 31 January 2026, paid 9 August 2026
Date of this appeal	13 October 2026, within 30 days of the date of the notice

We act for the above taxpayer and write with her authority. The agent authority already held for Self Assessment covers this correspondence, and a further signed authority is enclosed should it be required. All correspondence on this appeal should be sent to this firm at the address above, with a copy to the taxpayer.

2. Summary of this response

This letter is a notice of appeal against the decisions that the four penalties totalling £1,712 are payable and against their amounts, together with a request that each penalty be cancelled on reasonable excuse grounds or, failing that, reduced because of special circumstances. Our client suffered a stroke on 12 January 2026, before the filing and payment date for 2024/25, was a hospital in-patient until 4 March 2026 and was unable to manage her own affairs until July 2026.

Her husband, who had dealt with her tax paperwork throughout their marriage, died in November 2025. Once she recovered the capacity to deal with her affairs she filed the 2024/25 return and paid the balancing payment of £8,240 in full on the same day, 9 August 2026, and she had filed on time for the preceding nineteen years.

We also ask HMRC to confirm whether the statutory conditions for the daily penalties were met and whether the six-month penalty has been computed on the correct statutory basis. We accept that statutory late-payment interest on the balancing payment is not a penalty and is not capable of cancellation on reasonable excuse grounds, and we make no such request in respect of it. We ask that collection of the penalties be held over while this appeal and any statutory review are considered.

3. The relief requested

- Cancellation of the £100 fixed late-filing penalty on the ground of reasonable excuse.
- Cancellation of the £900 daily penalties, both because the statutory conditions for charging them are not shown to have been met and on the ground of reasonable excuse for the whole of the period charged.
- Cancellation of the £300 six-month late-filing penalty on the ground of reasonable excuse, and confirmation that it has been computed on the correct statutory basis.
- Cancellation of the £412 late-payment penalty on the ground of reasonable excuse for the failure to pay the £8,240 balancing payment on time.
- If any penalty is not cancelled in full, a reduction of it because of special circumstances.
- Confirmation that recovery of the penalties is held over pending this appeal and any statutory review.

4. The £100 fixed late-filing penalty: reasonable excuse

The notice charges a fixed penalty of £100 on the footing that the 2024/25 return was not filed by the filing date. The return was filed on 9 August 2026. The facts relied on are that our client was admitted to hospital on 12 January 2026 following a stroke, remained an in-patient until 4 March 2026, and was unable to manage her affairs until July 2026, during which period she could neither prepare a return nor give instructions to anyone to do so.

Her husband, who had always dealt with the paperwork, had died in November 2025, so there was no person already attending to her tax affairs when she was taken ill.

The statutory formulation of the reasonable excuse test in the late-payment code, which we set out here because it is the retrieved statutory wording, is that liability to a penalty does not arise where the person satisfies HMRC or the tribunal that there is a reasonable excuse for the failure, and that an excuse which has ceased is treated as continuing where the failure is remedied without unreasonable delay after it ceased (Finance Act 2009, Sch 56 para 16).

The same factual case is advanced in support of the late-filing penalties, and we ask HMRC to apply the corresponding reasonable excuse provision of the late-filing code to it. Our adviser is confirming the precise wording of that provision in Schedule 55 before any notification of this appeal to the tribunal, and we do not ask HMRC to accept any proposition about its terms on the strength of this letter.

On the facts the excuse existed before the filing date and continued throughout the default. It ceased in July 2026 when capacity returned, and the return was filed on 9 August 2026, which we submit was without unreasonable delay in the case of a person recovering from a stroke who had to reconstruct a year of records without the help of the person who had previously kept them. We therefore ask that the £100 penalty be cancelled.

5. The £900 daily penalties: statutory conditions and reasonable excuse

The notice charges £900, described as 90 days at £10 per day, on the footing that the return was more than three months late. A daily penalty arises if, and only if, the failure continues after the end of the period of three months beginning with the penalty date, HMRC decide that such a penalty should be payable, and HMRC give notice to the taxpayer specifying the date from which the penalty is payable (Finance Act 2009, Sch 55 para 4).

Our client has no record of receiving a notice specifying the date from which daily penalties run, and the penalty notice of 18 September 2026 does not identify the 90 days charged.

We therefore ask HMRC to produce evidence of the decision that daily penalties should be payable and a copy of the notice specifying the start date, with the date it was issued. We note that in *Donaldson v HMRC* [2016] EWCA Civ 761 the Court of Appeal held that a notice stating only £900 at £10 per day for a maximum of 90 days did not state the period charged, although on the facts of that case the omission was held curable.

If no notice specifying the start date was given, the condition in Finance Act 2009, Sch 55 para 4 is not satisfied and the £900 is not payable.

In the alternative, reasonable excuse is advanced for the whole of the period charged. The earliest date from which the daily charge may run, if the filing date was 31 January 2026, is 1 May 2026, so a 90 day period would end on or about 29 July 2026, which falls entirely within the period during which our client was unable to manage her affairs. On that footing the excuse covers every day for which the penalty is charged, and we ask that the £900 be cancelled.

6. The £300 six-month penalty: basis of computation and reasonable excuse

The notice charges £300 as a six-month late-filing penalty. Where a failure to make an annual return continues after the end of the period of six months beginning with the penalty date, the penalty is the greater of 5% of the liability to tax which would have been shown in the return and £300 (Finance Act 2009, Sch 55 para 5).

The measure is the liability shown in the return, not the balancing payment, and we ask HMRC to confirm the liability figure by reference to which the charge has been computed so that the £300 floor can be checked.

On the substance, the same reasonable excuse is relied on as for the fixed penalty. Our client was unable to manage her affairs until July 2026, which covers the whole of the period to the six-month point, and the return was filed in the month following the recovery of capacity. We ask that the £300 penalty be cancelled.

7. The £412 late-payment penalty: reasonable excuse

The notice charges £412, being 5% of the £8,240 balancing payment for 2024/25 due on 31 January 2026. Liability to a late-payment penalty does not arise where the person satisfies HMRC or, on appeal, the First-tier Tribunal or Upper Tribunal that there is a reasonable excuse for the failure to pay (Finance Act 2009, Sch 56 para 16).

The excuse relied on is that from 12 January 2026, nineteen days before the due date, our client was a hospital in-patient and thereafter remained unable to manage her affairs until July 2026, so that she could neither make the payment nor direct anyone else to make it.

The insufficiency of funds exclusion is not engaged on these facts, because the reason for non-payment was not an absence of money but an inability to access or direct it; to the extent that HMRC treats the position otherwise, we rely on the statutory qualification that an insufficiency attributable to events outside the person's control is capable of being a reasonable excuse (Finance Act 2009, Sch 56 para 16).

Nor was there reliance on another person during the default period, her husband having died in November 2025. The excuse ceased in July 2026 and the £8,240 was paid in full on 9 August 2026, which we submit was without unreasonable delay for the purposes of the same provision.

We also ask HMRC to confirm whether any further late-payment penalties have been or may be charged by reference to the five-month and eleven-month points, given that payment was made in full on 9 August 2026, so that any such charge can be dealt with in this appeal rather than separately.

8. Mitigation: special circumstances if reasonable excuse is not accepted in full

If any penalty is not cancelled on reasonable excuse grounds, we ask HMRC to consider a reduction because of special circumstances. HMRC may reduce a late-payment penalty if they think it right because of special circumstances, and the only matters excluded from being special circumstances are the ability to pay and the balancing of a potential loss of revenue from one taxpayer against a potential over-payment by another (Finance Act 2009, Sch 56 para 9). None of the matters relied on here falls within those exclusions, and no part of this request rests on our client's means.

The circumstances put forward are the death in November 2025 of the husband who had always dealt with the paperwork, a stroke on 12 January 2026, hospital in-patient treatment until 4 March 2026, an inability to manage her own affairs until July 2026, nineteen consecutive years of returns filed on time, and the filing of the return and payment of the full £8,240 on the same day once capacity returned.

We ask that HMRC's consideration of special circumstances, and the reasons for its conclusion, be set out in any decision or review conclusion letter. We have asked our adviser to confirm the corresponding special reduction provision in the late-filing code before this point is pursued further in relation to the £100, £900 and £300 penalties, and that provision is not cited here.

9. Late-payment interest

We do not ask for the cancellation of statutory late-payment interest. An amount payable to HMRC carries interest at the late payment interest rate from the late payment interest start date until the date of payment, that start date being the date on or before which the amount had to be paid (Finance Act 2009, s 101). Interest is recompense for the loss of use of the money rather than a penalty, so the matters set out above do not displace it.

On the facts, interest on £8,240 runs from 31 January 2026 to 9 August 2026. We ask HMRC to state the interest figure charged, the rate or rates applied and the period over which it has been computed, so that the arithmetic and the start date can be checked, and we note that late payment interest does not itself carry interest (Finance Act 2009, s 101). Any interest charged on the penalties themselves runs from the due date of each penalty, and we ask that those dates be confirmed separately.

10. Appeal, statutory review and collection

A person may appeal against a decision of HMRC that a late-filing penalty is payable and against a decision as to its amount (Finance Act 2009, Sch 55 para 20). This letter is given as the notice of appeal in writing, setting out the grounds, within 30 days of the date of the penalty notice of 18 September 2026. If HMRC considers that any part of this appeal requires submission on form SA370 rather than by letter, please tell us and the form will be provided by return.

If HMRC does not agree to cancel the penalties, we ask to be offered a statutory review, or alternatively we require a review under the appeal and review provisions of the Taxes Management Act 1970, and we reserve the right to notify the appeal to the First-tier Tribunal within the time allowed following any review conclusion. We ask that the penalties be stood over and not pursued while this appeal and any review are outstanding.

We note that no retrieved statutory provision has been identified to us conferring an automatic postponement of a penalty pending appeal, and this request is accordingly made on the basis of HMRC's collection practice rather than as an assertion of a statutory right.

11. Matters the adviser is confirming and information requested from HMRC

The following points are not established by the information presently held and are being confirmed. We will supply the documents as soon as they are available and ask that the appeal not be determined before then.

- Whether a notice to file the 2024/25 return was given and on what date, which fixes the filing date and the penalty date; the £100, £900 and £300 charges are addressed above on the assumption of a 31 January 2026 filing date.
- Whether HMRC decided that daily penalties should be payable, and the date and content of any notice specifying the period charged.
- The total liability to tax shown in the 2024/25 return, against which the greater of 5% and £300 falls to be measured.
- The precise date in July 2026 on which our client recovered the capacity to deal with her affairs.
- Medical evidence of the admission on 12 January 2026, the discharge on 4 March 2026 and the continuing incapacity to July 2026.
- The date of the husband's death in November 2025 and the death certificate.
- Whether any person held a power of attorney or was otherwise authorised to act during the period of incapacity.
- Whether funds were accessible during the default period and whether any account was frozen on the husband's death.
- Whether payments on account for 2024/25 were made, and whether any further late-payment penalties have been charged.
- The interest figure charged and the period and rates used, and the appeal date as printed on the notice.

12. Enclosures

1. Copy of the penalty notice dated 18 September 2026
2. Signed agent authority for [Client name], [UTR]
3. Hospital admission and discharge records for 12 January 2026 to 4 March 2026 (to follow if not enclosed)
4. Letter from the treating consultant or general practitioner as to continuing incapacity to July 2026 (to follow if not enclosed)
5. Death certificate of the taxpayer's husband (to follow if not enclosed)
6. Confirmation of filing of the 2024/25 return on 9 August 2026
7. Confirmation of payment of £8,240 on 9 August 2026
8. Schedule of the taxpayer's filing and payment record for the preceding nineteen years

We should be glad to supply any further information required. Please direct any request for documents to this firm in the first instance rather than to our client, given her health.

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: A copy of the penalty notice and of any earlier daily penalty notice, including the notice numbers, the periods charged and the appeal deadline as printed
- Needed: Whether a notice to file the 2024/25 return was given and on what date, which fixes the filing date (the facts assume but do not state a 31 January 2026 filing date)
- Needed: The interest figure charged and the period over which HMRC has computed it
- Needed: Whether HMRC gave notice of its decision that daily penalties should be payable and the specific dates that notice covers
- Needed: Medical evidence: hospital admission and discharge records for 12 January to 4 March 2026 and evidence of continuing incapacity to July 2026 (a letter from the treating consultant or GP)
- Needed: The date of the husband's death in November 2025 and a copy of the death certificate
- Needed: Whether anyone held a power of attorney, was appointed as attorney or guardian under the Adults with Incapacity (Scotland) Act 2000, or was otherwise authorised to act for the client during the incapacity
- Needed: Whether the client had accessible funds to pay the £8,240 during the default period, and whether accounts were frozen on the husband's death
- Needed: Whether payments on account for 2024/25 were made and whether any further late-payment penalties (six-month or twelve-month) have been or may be charged
- Needed: The client's filing and payment record as held by HMRC, to evidence the nineteen years of on-time filing
- Needed: Whether any part of the 2024/25 liability is Scottish income tax, which affects the rates applied but not the penalty position
- Needed: Whether the client has already appealed, or corresponded with HMRC, on any of these penalties

Yours faithfully,

[Name], [Credential]

Authorities cited in this letter

Finance Act 2009, Sch 56 para 16 Statute

• VERIFIED

"If P satisfies HMRC or (on appeal) the First-tier Tribunal or Upper Tribunal that there is a reasonable excuse for a failure to make a payment, liability to a penalty under any paragraph of this Schedule does not arise in relation to that failure."

[2018] UKUT 156 (TCC) Christine Perrin v HMRC: Upper Tribunal decision
Corroborating authority; not independently text-checked for this letter.

• ADVISER TO CONFIRM

[2020] UKUT 175 (TCC) Sheiling Properties Ltd v HMRC: Upper Tribunal decision
Corroborating authority; not independently text-checked for this letter.

• ADVISER TO CONFIRM

Finance Act 2009, Sch 56 para 9 Statute

• VERIFIED

"If HMRC think it right because of special circumstances, they may reduce a penalty under any paragraph of this Schedule. In sub-paragraph (1) "special circumstances" does not include (a) ability to pay, or (b) the fact that a potential loss of revenue from one taxpayer is balanced by a potential over-payment by another."

HMRC Compliance Handbook CH157750 HMRC manual

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

• ADVISER TO CONFIRM

[2022] UKUT 216 (TCC) Harrison v HMRC Upper Tribunal decision

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

• ADVISER TO CONFIRM

Finance Act 2009, Sch 55 para 20 Statute

• VERIFIED

"(1) P may appeal against a decision of HMRC that a penalty is payable by P. (2) P may appeal against a decision of HMRC as to the amount of a penalty payable by P."

Taxes Management Act 1970, s 31A Statute

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

• ADVISER TO CONFIRM

HMRC Enquiry Manual EM5301 HMRC manual

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

• ADVISER TO CONFIRM

Finance Act 2009, s 101 Statute

• VERIFIED

"An amount to which this section applies carries interest at the late payment interest rate from the late payment interest start date until the date of payment."

HMRC Compliance Handbook CH141100 HMRC manual

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

• ADVISER TO CONFIRM

Finance Act 2009, s 104 Statute

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

• ADVISER TO CONFIRM

Finance Act 2009, Sch 55 para 4 Statute

• VERIFIED

"P is liable to a penalty under this paragraph if (and only if), (a) P's failure continues after the end of the period of 3 months beginning with the penalty date, (b) HMRC decide that such a penalty should be payable, and (c) HMRC give notice to P specifying the date from which the penalty is payable."

[2019] UKUT 101 (TCC) David Beadle v HMRC: Upper Tribunal decision

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

• ADVISER TO CONFIRM

[2014] UKUT 536 (TCC) HMRC v Keith Donaldson: Upper Tribunal decision
Corroborating authority; not independently text-checked for this letter.

• ADVISER TO CONFIRM

Finance Act 2009, Sch 55 para 5 Statute

• VERIFIED

"(2) The penalty under this paragraph is the greater of, (a) 5% of any liability to tax which would have been shown in the return in question, and (b) £300."

Finance Act 2009, Sch 56 para 3 Statute

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

• ADVISER TO CONFIRM

Taxes Management Act 1970, s 86 Statute

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

• ADVISER TO CONFIRM

HMRC Self Assessment: the legal framework SALF305 HMRC manual
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.