

INTRODUCTION TO EXAMPLE; the entry here relates to only part of the case.

1. A total lack of evidence
2. Several errors in relation to documentation. An interesting point of communication here. The taxpayer handed over building society passbook without making the distinction between adults and minors.
3. THE LATTER POINT DEMONSTRATES HOW ESSENTIAL IT IS TO CHECK EVERY ASPECT OF A CASE

XXXXXXXXXXXXXXXXXXXX

**Appellant
And**

HER MAJESTY'S REVENUE & CUSTOMS (HMRC)

Respondent

XXXXXXXXXXXXXXXXXXXX

STATEMENT OF CASE BY THE APPELLANT

CONTENT OF THIS BOX THIS WAS NOT DISCLOSED IN OUR WRITTEN CASE AS IT WOULD HAVE OFFERED HMRC THE OPPORTUNITY TO SEEK OUT EVIDENCE.

INSTEAD IT WAS RETAINED FOR USE IN MY VERBAL EXAMINATION OF THE TAX INSPECTOR.

Wages Disallowance

£2,275 Wages Disallowance AB

1. HMRC has calculated the quantum of the wages issue, and its extrapolation component separately.
2. HMRC has disallowed the wages of £2,275 paid in respect of AB on the basis that she had "earnings from other employment.....there would be tax liability on the payment made to her"
3. HMRC have neither provided any evidence that the individual received any such wages, nor that, even if they were such wages, they would have had the effect of rendering the deduction not allowable.

4. *Wages Disallowance, Proposal*

HMRC have offered absolutely no evidence to support their contention in this matter. We respectfully suggest to the Tribunal that the adjustment made in this respect of £2,275, along with the backward adjustments of £2,000 and £1750 be removed from the calculations.

Building Society Cash Deposits

£3,000 ISA Miss AB

5. HMRC have included in the calculation at HMRC Doc 114 an entry of £3,000, Miss AB. The schedule is noted "Details extracted from schedules". This amount has been included in HMRC's calculation of deposits of £12,570 shown on this calculation.
6. We have been unable to locate any such schedule referred to at HMRC 114 or any alternative form of evidence provided by HMRC to substantiate the existence of this item.
7. Miss AB's date of birth is 26 June 1981, she is neither a in minor in respect of whom the taxpayer is responsible, nor an employee of the taxpayer and there is no relationship between the taxpayers availably of capital and hers. The taxpayer had no responsibility for this individual and the building society details should not have been submitted to HMRC. The taxpayer apologises for this error on his part.

£1250 Miss BC

8. HMRC have included in the calculation of deposits of £12,570 at HMRC Doc 114 an entry of £1250
9. This individual was an employee resident at 80 XXXXXXXXXXXXX and studying at Leicester. The taxpayer had no responsibility for this individual and the building society details should not have been submitted to HMRC. The taxpayer apologises for this error on his part.

10. Cash Deposits, Proposal

The taxpayer regrets that he did not properly explained the situation with regards to the foregoing 3 matters previously. We respectfully suggest to the Tribunal that the omitted sales in respect of the year can properly be reduced by £4,250 as calculated below.

£3,000
£1,250
£4,250

11. Extrapolation, Proposal 1, if the Tribunal accepts the proposed foregoing amendments

12. HMRC's underlying calculation of under declared sales of £15898 is at HMRC Doc 135.
13. HMRC'S Extrapolation figures represent the percentages figures below, of the figure of £15898 at 12 above.

14. If the tribunal accepts our proposed amendments to HMRC' figures above the underlying under declared sales figure becomes £15898 – £4,250 = £11648. We respectfully suggest that extrapolation figures be amended in line with those percentages as below.

YEAR	PERCENTAGE	REVISED EXTRAPOLATION
05/06	91%	£13225
04/05	85%	£11464
03/04		
02/03	63%	£ 6290
01/02	57%	£ 5095
00/01	50%	£ 4026
99/00	44%	£ 3082
98/99	19%	£ 566
`97/98	13%	£ 252
96/97	6%	£ 63

15. Extrapolation, Proposal 2, if the Tribunal does not accept the proposed amendments

16. HMRC's underlying calculation of under declared sales of £15898 effectively equates, to the savings deposits attributed to cash expenditure from undisclosed sources, of £15570, HMRC Doc 135. Is HMRC have effectively calculated the addition to sales as the banked deposits.
17. Based on HMRC's Doc's 20 -34 in their Other Documents folder we have calculated the equivalent net deposits for the years in respect of which we have data.
18. If the tribunal accepts our proposed amendments to HMRC' figure of £15898, and using that figure the equivalent cash are represented by the percentages below. We have data for 6 years and for those years in respect of which we do not have data we have used the average of the 6 known years.
19. We respectfully suggest that, given the synergy between the claimed under declared sales and the net cash deposits the extrapolation figures be amended in line with those percentages as below.

YEAR	PERCENTAGE	REVISED EXTRAPOLATION
05/06	28%	£ 4551
04/05	28%	£ 4451
03/04		
02/03	18%	£ 2862
01/02	14%	£ 2226
00/01	107%	£17011
99/00	24%	£ 3816
98/99	03%	£ 477
97/98	02%	£ 318
96/97	28%	£ 4451