



Civil tax fraud investigations – Code of Practice 9

June 2025

Guidance note

1. HMRC's published policy in respect of tax fraud states that it will seek to use a civil rather than criminal procedure wherever appropriate. A criminal investigation and prosecution is expensive and they are therefore reserved for cases where they will be an effective deterrent, or where other aggravating features are present, such as where there is an organised plan to defraud the Exchequer.
2. As an alternative to criminal investigation, in circumstances where deliberate conduct has brought about a loss of tax, HMRC may use a civil investigation of fraud procedure, as set out within its Code of Practice 9 (COP9). The mechanism implemented by COP9 is that of a Contractual Disclosure Facility (CDF), which offers the recipient the chance to make full disclosure of all tax irregularities caused by deliberate conduct, with HMRC agreeing not to instigate a criminal investigation or prosecution in relation to the conduct disclosed.
3. A CDF is only suitable where the person:
 - 3.1 has brought about a loss of tax through deliberate conduct
 - 3.2 wishes to fully disclose the loss of tax brought about by that deliberate conduct
 - 3.3 will work with HMRC to put their tax affairs in order, including paying any tax, interest and penalty that is owed
 - 3.4 will stop any continuing deliberate conduct immediately
4. The procedure set out in COP9 is available where HMRC has reasonable grounds to suspect tax fraud, or where a person voluntarily admits tax fraud. HMRC will issue the taxpayer with a letter inviting them to make disclosure under COP9.

Accepting a COP9 offer

5. Should the recipient wish to accept the offer to enter into a CDF, a standard acceptance form should be returned to HMRC within 60 days. The acceptance form should be accompanied by an outline disclosure (described further below).

6. The taxpayer is required to make full disclosure and repay any tax and interest incurred over the preceding 20 years. HMRC will also impose penalties. Failure to return the acceptance form within the 60 day period will result in the termination of the offer by way of a deemed rejection. The 60 day period may only be extended with written consent by HMRC, who must be satisfied that there exists a good reason for an extension, with such good reason being an unexpected or unusual event beyond the control of the taxpayer, which has prevented a response being made within the 60 day time period.
7. In return for making full disclosure, HMRC will not instigate a criminal investigation or prosecution in relation to the disclosed conduct. This assurance not to prosecute is retroactive only and does not apply to any future loss of tax caused by deliberate conduct by the taxpayer. It should be noted that where materially false statements are made, or materially false documents are provided with intent to deceive in the course of a civil investigation, HMRC may conduct a criminal investigation with a view to a prosecution.

Rejecting a COP9 offer

8. Where a recipient disputes the unlawfulness of the conduct, or that the conduct in question was deliberate, the CDF rejection letter should be completed and returned to HMRC. Explanations as to the tax irregularities and supporting documents can be provided, which will be considered by HMRC. Upon rejection of the CDF, HMRC may instigate either a civil or criminal investigation into any irregularities, with a civil investigation having the potential to become a criminal investigation leading to a prosecution.
9. If the CDF offer is rejected, HMRC will not offer the guarantees available under the COP9 procedure if the taxpayer changes their mind and accepts the offer.
10. The rejection letter may be used in court or tribunal proceedings as evidence. It is therefore important that any decision to reject the CDF offer is only taken after careful consideration of the position and after expert professional advice has been sought.
11. If HMRC suspects there has been a serious loss of tax but they do not consider that this arises as a result of fraud, they should open an investigation under Code of Practice 8 (see guidance note: Civil Investigations – Code of Practice 8).

Outline disclosure

12. A completed and valid outline disclosure letter must be returned within the 60-day time period referred to above and failure to do so will result in a deemed rejection of the CDF offer. The outline disclosure must be:

"...an honest description of the deliberate behaviour you are disclosing, made to the best of your recollection with the help of any documents and information which is readily available."
13. HMRC recognises that precision may not be possible given the limited time available in which to provide the outline disclosure. However, the outline disclosure must provide a description of the deliberate conduct that brought about a loss of tax sufficient to properly identify it. It is not sufficient to simply state that deliberate conduct caused a loss of tax. An outline disclosure must contain certain minimum information for each separate tax loss which includes a description of how the tax was evaded and the identification of any third parties involved in the evasion.
14. In circumstances where entities were used to facilitate the loss of tax, the recipient must provide:
 - 14.1 the names of the entities including companies, trusts, nominees or partnerships
 - 14.2 an explanation of how these entities were used
 - 14.3 an explanation of the taxpayer's relationship with and control over these entities
 - 14.4 an explanation of the capacity in which the taxpayer acted (director, shadow director, shareholder, beneficiary, trustee etc)

- 14.5 a description of any tax loss brought about by deliberate conduct whilst acting in a representative capacity (executor, administrator, nominee etc).
- 15. HMRC will consider criminal or civil investigation in respect of individuals or entities identified by participants in the COP9 procedure.
- 16. Additional information can be provided to HMRC in the outline disclosure as well as details of any remedial action being taken which, while not necessary to meet the requirements of the CDF, demonstrates co-operation and may lead to a lesser penalty being imposed. Such information may include details of other non-deliberate tax irregularities which may have been discovered in the preparation of the COP9 disclosure.
- 17. A payment on account to HMRC at this stage in the process also demonstrates cooperation and will stop interest continuing to accrue.

Disclosure report

- 18. A formal disclosure report is not always necessary and in straightforward cases HMRC may forego requesting one. A disclosure report will not normally be considered necessary if the outline disclosure confirms all of the conduct suspected by HMRC and where no additional information is needed. In such circumstances, HMRC will seek to agree any additional tax, interest payable on that tax and any penalty due.
- 19. In simple cases not requiring a disclosure report, HMRC will require the following to be provided with formal disclosure:
 - 19.1 a certified statement of worldwide assets and liabilities
 - 19.2 a certificate and schedule of all financial accounts operated
 - 19.3 a certificate and schedule of all financial cards operated
 - 19.4 a certificate of full disclosure (signed and witnessed)
- 20. In more complex cases, where further information is required, a disclosure report will be requested. In the event that a disclosure report is required, a scoping meeting with HMRC can be beneficial in order to establish those areas identified in the outline disclosure in respect of which HMRC require further information and to agree a timetable in which to provide the report. Although it is HMRC's practice to allow no more than six months for the provision of a disclosure report, it is possible in exceptional circumstances to agree an extended period.
- 21. There is no standard form for a disclosure report. However, COP9 provides guidance as to certain details which must be included. Full details are expected as to the deliberate conduct and the COP9 guidance indicates that the following should be included within the disclosure report:
 - 21.1 a brief business history
 - 21.2 a description of all tax irregularities (both deliberate and non-deliberate conduct) and how they arose
 - 21.3 quantification of all irregularities
 - 21.4 information to show how the irregularities were quantified, ensuring nothing is missed
 - 21.5 summaries of all tax, duty, interest and penalties due
 - 21.6 a reconciliation of the irregularities figure with the summary of tax and/or duties
 - 21.7 a certified statement of worldwide assets and liabilities
 - 21.8 a certificate and schedule of all financial accounts operated
 - 21.9 a certificate and schedule of all financial cards operated
 - 21.10 certification that the report is adopted as correct and complete.

22. If HMRC consider that inadequate progress is being made towards the preparation of a disclosure report, then it may assume responsibility for the investigation and actively investigate the taxpayer's affairs.
23. Where HMRC assume responsibility for the investigation due to lack of adequate progress, or agreement to prepare a disclosure report, the CDF will not be compromised and HMRC will not instigate a criminal investigation. However, such conduct will be relevant in determining the level of cooperation by the taxpayer with the investigation, which may have implications as to the penalty imposed by HMRC.

Formal disclosure

24. A formal disclosure is the second of the two disclosure requirements under the COP9 procedure. Formal disclosure requires the taxpayer to certify, using HMRC's standard template form, that full and complete disclosure has been made. The certificate of full disclosure must be signed, dated and witnessed. In signing the certificate, the taxpayer is declaring that a full, accurate and complete disclosure of all tax irregularities has been made to HMRC to the best of their knowledge and belief.
25. HMRC will seek a financial payment to cover the tax due, interest and penalties. On payment of this sum the investigation will be concluded.

Top tips

- Seek expert advice if you are subject to a COP9 investigation.
- Ensure that all time limits are complied with.
- Consider whether documents HMRC have requested are subject to legal professional privilege; if they are, they do not need to be provided to HMRC.
- Carefully consider all communications with HMRC, as it can be difficult to rectify at a later date incorrect positions that are put forward to HMRC at the beginning of a COP9 investigation.

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