



HM Revenue
& Customs

FAO: [Insert]

Large Business

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Date [Insert]

Dear [contact name]

Corporation Tax – Claiming Management Expenses

We are writing to make you aware of an educational campaign regarding Management Expenses, which is currently being prepared. This is to ensure you're sighted on the actions being taken and to give you the opportunity to raise any questions. We are contacting you as you act on behalf of a number of impacted businesses.

We have attached a blank copy of the letter we will be issuing for your benefit.

Why we're running this campaign:

Common issues related to Management Expense deductions have been identified. We are therefore running an educational awareness campaign to ensure compliance.

These issues arise from expenses with a distinct benefit to a connected party¹. In these circumstances it is often found either the expenses should not have been deducted, or a transaction should have been recognised, in accordance with the arm's length principle in Part 4 of the Taxation (International and Other Provisions) Act 2010 ('TIOPA 2010').

How we've identified customers:

We have looked to identify customers who appear to exhibit indicators common across this risk, and who therefore are potentially affected.

While we want to deliver this engagement in a targeted manner, we are aware that our profiling will have excluded companies which may benefit from reviewing the guidance provided. We therefore would encourage you to discuss this with your clients if you believe that they would benefit. Equally, following the letter campaign, we will be considering other methods for providing educational materials to the wider population.

¹ Please note that where this letter refers to a 'connected party', it means a person with whom the participation condition as set out in section 148 TIOPA 2010 is met.

Next Steps

Our intention is to issue the letter starting in week commencing 29 September 2025.

Once you've read the guidance, you may wish to speak with your clients about their treatment of Management Expenses. If you or your clients find Management Expenses have been deducted incorrectly, or that a transaction or transactions should have been recognised, an amendment will be required.

Please do let us know if such amendments are made, as this will enable us to properly understand the impact of our campaign.

If, after reading this letter, you think your client needs to make any changes to their previous tax declarations, they may still be able to make an unprompted disclosure. For more information, go to GOV.UK and search 'HMRC compliance checks factsheets', then choose 'Penalties'.

If you have any questions about this letter, please contact me using the details provided above. A call can be arranged with the project team to discuss any concerns you may have.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ed Hnatkiwskyj', with a stylized flourish at the end.

Ed Hnatkiwskyj CTA
International Tax Specialist

To find out what you can expect from us and what we expect from you go to GOV.UK and search 'HMRC charter'.