

Tax Fee Protection Service

We're here to protect you...

... against the cost of an
HMRC enquiry



HMRC Enquiry Examples

Retired individual subject to an Aspect Enquiry

HMRC receive information from banks and other financial institutions and compare the information received to the entries on the individual's self-assessment tax return(s) to check for completeness. As a consequence HMRC commenced an enquiry, inviting an individual to reconsider the information returned as they held information to suggest taxed and untaxed interest had been omitted and understated. The enquiry was concluded with no amendment being made to the self-assessment tax return, with the information supplied by one financial institution found to be flawed. **However accountancy fees of £2,000 were incurred disputing HMRC's findings.**

Husband and wife partnership subject to a Full Enquiry

A husband and wife partnership, which sold and installed double glazing were subject to a full enquiry. At the initial meeting HMRC alleged that the husband had been dishonest. However, by the conclusion of the enquiry HMRC deemed that £129 of tax was repayable to the partnership and apologised, confirming the allegation of dishonesty was a case of mistaken identity. **Accountancy fees were approximately £7,500.**

Self-employed consultant subject to a Full Enquiry

HMRC requested all of the books and records and then raised questions regarding self-employment income, rental income and income from employment. At the conclusion HMRC identified approximately £12K of underpaid tax, due to overstated expenses (due to bookkeeping errors). However HMRC accepted a negotiated settlement of £6,000. **Accountancy fees exceeded £5,000.**

Property developer subject to a VAT Compliance Review

Following a VAT compliance review it was determined that given that the client was making both exempt and VATable supplies, they should not have recovered 100% of input tax in previous years. The client's accountant successfully disputed the assertion on the basis that the client was below the partial exemption de minimus limit, avoiding a potential liability in excess of £20,000. **Accountancy fees of £3,500 were incurred.**

The problem

The recent enormous increase in Government spending in order to support the economy means that HMRC will be under more pressure than ever to undertake compliance checks and enquiries by using:

- ✓ Their Connect database to analyse data sources in order to target enquiries
- ✓ Wider data gathering powers including bank statements, credit card and Land Registry data, even forcing Amazon and Apple to hand over data
- ✓ Information gathered from abroad in respect of offshore bank balances and income
- ✓ The digitisation of tax to analyse and compare finances and target anomalies
- ✓ Social Media to analyse lifestyle and spending habits
- ✓ Wider powers to visit homes and businesses

Anyone who pays tax can suffer an enquiry or compliance check by HMRC. If this happens to you:

- ✓ You will have to prove that HMRC's suspicions are unfounded
- ✓ HMRC's detailed and intrusive questions will take time to answer
- ✓ A lot of work will have to be done to respond to the questions asked
- ✓ The enquiries can drag on for months and sometimes years
- ✓ Professional fees of hundreds or thousands of pounds may become due as a result




How do I subscribe to the service?

Simply follow the guidance in the letter that we sent to you inviting you to subscribe to the service and pay the amount due – that's all there is to it.

You will then receive the full benefits of the service for the period shown on the reply slip. Towards the end of that period, you will be asked if you wish to renew your subscription.

The solution

We provide a service to clients under which, in the event of an HMRC enquiry or inspection:




-  You will receive the best possible defence
-  You will not be charged for most professional costs incurred in your defence
-  You will not have to concede to HMRC's demands because of financial pressures

By subscribing to the service, you will have the comfort of knowing that we can fully defend you at no extra cost if you fall under HMRC's spotlight. Please note that any clients not taking advantage of the service will be charged for any additional costs arising.

Other benefits of the service

As an additional benefit this protection provides complementary telephone access to employment, health & safety and general legal advisors, including support for employers with any adjustments made in response to the Covid-19 pandemic.

Further advice can be obtained on:

-  **Employment Law** – you can call regarding performance and absence management, TUPE, redundancies, calculating holiday entitlements, grievances, disciplinary processes and more...
-  **Health & Safety Matters** – advice on risk assessments, fire safety, first aid, RIDDOR and more...
-  **General Legal Issues** – advice on any UK personal or commercial legal issues

This advice service can be very valuable, particularly to many business clients, and is available to all subscribers to the service who need it.