

## Tax Investigations Package

# We're here to protect you

### HMRC enquiries

## What are the risks?

**With an average enquiry taking 18 months to conclude, the associated costs can quickly escalate, yet the cost of not defending enquiries to their full extent could be substantially higher.**

If you cannot afford the defence, you could end up paying a much higher tax bill by having to accept HMRC's demands. HMRC continue to expand their information sources to better target their investigations. They have access to data from card payment providers, banks and building societies, land registry, letting agents, mortgage applications, DVLA, foreign data from overseas tax authorities and the tax evasion hotline to name a few.

Six years ago, HMRC were granted £800m to invest in compliance activity, which continues today in the form of targeted campaigns and probing cross-tax enquiries designed to maximise the tax they can recover. Being subject to a tax investigation is extremely stressful and can impact every aspect of your life. We cannot prevent HMRC from targeting you, but we can provide peace of mind by removing the added worry of defence fees.

**Even if you have done nothing wrong, you may still be selected for a detailed review of your tax affairs.**

## HMRC continue to narrow the tax gap

**The UK tax gap in tax year 2019/20 increased to 5.3% (£35 billion), meaning that HMRC secured 94.7% of all tax due from businesses and individuals.\***

In the 2020/21 financial year HMRC protected additional revenues of £30.4 billion through compliance activity; £2.6 billion related to individuals and £8.4 billion from small and mid-sized businesses.

With HMRC's continued drive for compliance, make sure you are protected with our comprehensive tax investigations package.

\*www.gov.uk as at 4 November 2021



## How we can protect you

**No-one can prevent an investigation, but our tax investigations package will remove any concern about rising costs to enable us to:**



**Ensure** you receive the best defence to protect your tax position



**Challenge** HMRC's assertions and assumptions head on, establish that the basis of any enquiry is correct and make sure your case is handled fairly



**Ensure** the tax inspector is only requesting relevant information and documents, and provide all supporting evidence from our files relating to your return



**Handle** all communication with HMRC, including letters, phone calls or notices issued



**Prepare** for and attend any face-to-face meetings with HMRC



**Address** any complex or technical tax questions that are raised during the enquiry

Whether it's a PAYE or VAT visit, a technical challenge or a detailed books and records enquiry, our tax investigations package is designed to get you the best possible result and is why we strongly recommend that all our clients subscribe.

**For an annual charge, you can rest assured that you are protected against the professional costs associated with an HMRC enquiry. The cost of not doing so could be an unnecessarily high tax bill.**



# Who's most at risk of a tax investigation?

Tax investigations can happen to anyone – whether you are an individual or in business – however good your records are. HMRC regularly undertake random enquiries as a means of policing the system.

## PLUMBING

A plumbing company was subject to an HMRC employer compliance review. What began with the completion of a payroll questionnaire and follow-up conference call between the directors and HMRC soon snowballed into further requests for details of the payroll software, copies of payslips, bonuses, expenses credit card statements, mileage records, copy of the employee handbook, etc. All of this information was provided with assistance and guidance from the practice. HMRC ultimately closed the matter with no additional tax / NIC to be paid. **Final costs were nevertheless almost £1,500.**

## PERSONAL TAX ENQUIRY

HMRC opened an enquiry into an individual's Capital Gains Tax position, rollover relief and income from property. At the outset, HMRC requested a substantial amount of information. A detailed reply was provided, but HMRC continued to challenge the claim for rollover relief. After further correspondence, the enquiry was closed without any amendment to the return. **The fees incurred for representation in respect of the enquiry totalled £13,000.**

## SOFTWARE COMPANY

An SME was selected for an HMRC enquiry into the company's claim for Research & Development Tax Credit Relief to check the qualifying expenditure. A detailed reply was provided by the practice and a conference call held with HMRC to explain the R&D claim. **As a result, HMRC were able to close the enquiry with no adjustments and the costs incurred were just over £6,000.**

## LANDLORD

HMRC enquired into an individual with several rental properties in the UK and abroad. HMRC initially requested large amounts of information in respect of all land and property which was provided in detail. HMRC then narrowed down their enquiries to focus on the funding of property purchases. **Further information was provided and HMRC ultimately accepted the position but despite no tax to pay fees were still £5,000, thankfully met by the tax investigations package.**

## Expert legal support when you need it most

When you subscribe to our tax investigations package, you'll also have access to a team of qualified solicitors for employment law, health and safety matters and commercial issues.

A legal expert is only a phone call away and, most importantly, the advice is:

- in plain English
- available 24/7, 365 days a year
- accessible via free, unlimited calls

## Law Hub

Law Hub assists with everyday legal issues around employment, health and safety, trading and contracts, cyber and data, debt and insolvency. The Law Hub provides practical DIY templates and guidance around these topics, which saves SMEs business time and money.

### Law Hub includes:

- 750+ DIY contracts, policies, forms and letter templates
- 440+ guides
- 375+ links to key resources

In the current climate, businesses need legal assistance more than ever. Don't put your business at risk – ensure you have access to expert assistance when you need it most.

**Contact us for more information**