

Tax enquiry



HMRC opened an enquiry into a tax return. The enquiry lasted 2 years with various requests for information and data from the client. Fees were requested at several points and were authorised to enable their accountant to continue to deal with the enquiry on their behalf. The enquiry was concluded with no amendments being made to the return. Total fees on this claim amounted to £19,000, which were paid in full.

VAT enquiry



A VAT inspection was arranged with the client at their premises. Fees were authorised to allow their accountant to attend the meeting. During the inspection HMRC raised a concern about the systems used by the client to store their data. Following the visit recommendations were made as to how the client could make improvements. The enquiry was closed and all fees were paid for the visit and subsequent letters that their accountant had to send to HMRC. The fees totalled £3,400, which included travel time to the meeting and mileage costs. This was paid in full.

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Tax Enquiry Fee Protection Service

Protecting you and
your business in total
confidence...

HMRC can sting at any time...



GET RELIEF FROM THE FINANCIAL PRESSURES OF A TAX INVESTIGATION

What is the Tax Enquiry Fee Protection Service?

It is an insurance backed service which protects you from accountancy fees associated in dealing with any HMRC enquiry or dispute.

What is an HMRC Investigation?

£35.5 billion is the estimated tax gap between what HMRC should collect and what it does collect. To ensure tax compliance and to close this gap, HMRC undertakes tax and VAT investigations.

Why would I be investigated?

There is no definitive answer as to why, but there are a lot of possibilities: filing a late return, errors that require correction, dealing with cash, HMRC receives a tip off, or working in a targeted business sector to name a few. HMRC's Connect database collates data from banks, Land Registry records, Visa and Mastercard transactions, DVLA, council tax, VAT registration documents, Airbnb, and believe it or not even your social media profiles. A common misconception is that a mistake has been made but often that isn't the case. Random enquiries can and do happen.

How much does an enquiry cost?

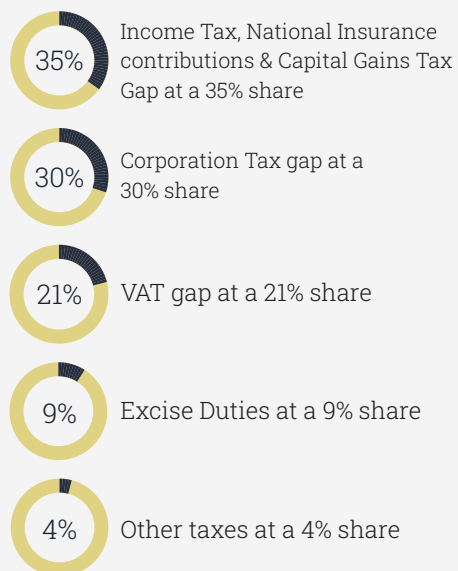
Representing you can easily run into thousands of pounds but will vary from enquiry to enquiry, even if your return is correct and no further tax is due. Immediate professional representation is essential in successfully and quickly dealing with HMRC enquiries, the cost of which is not included as part of your annual fees.

The tax gap is estimated to be **4.8%** of total theoretical tax liabilities, or **£35.8 billion** in the 2021 to 2022 tax year.

Share of tax gap by customer group



Largest Component of the Tax Gap by type is:



Tax Enquiry Fee Protection Service

Good to know



The service includes any compliance check, visit (regardless of whether a dispute has yet arisen) or investigation started by HMRC regarding compliance with:

- Corporation Tax Self-Assessment
- Income Tax Self-Assessment
- PAYE
- VAT visits
- National Insurance
- Construction Industry Scheme
- IR35
- Stamp Duty Land Tax
- Employer Compliance Visits
- Check of Employer records
- Interventions
- Capital Gains Tax
- National Minimum Wage
- Gift Aid Legislation and regulations
- P11D
- Inheritance Tax
- Child Tax Credits
- HMRC use of pre-dispute information and inspection powers under schedule 36

Bridging the Tax Gap: HMRC's Focus On Individual Compliance

In 2024, the UK government is taking several steps to target individuals as part of its efforts to reduce the tax gap. Here are some of the ways they are being targeted:

1. Increased HMRC scrutiny:

Enhanced resources for units focusing on high net worth individuals (£20m+) and those with wealth between £2m - £20m.

2. Crackdown on Tax Avoidance Schemes:

Stricter rules and penalties for those involved in or promoting aggressive tax avoidance schemes

3. CGT and IHT reforms:

Potential changes to Capital Gains Tax and Inheritance Tax, particularly targeting reliefs that benefit the wealthy.

4. Offshore Wealth Monitoring:

Intensified efforts to track offshore assets using international data-sharing agreements.

5. Advanced Data Analytics:

HMRC is using AI and data analytics to identify avoidance patterns among the wealthy

6. Targeted Compliance Campaigns

Focused campaigns and nudge letters encouraging individuals to correct underreported taxes

7. Stronger Penalties:

Increased fines and public naming for tax evaders to deter non-compliance