



Tax Investigations and our  
Tax Enquiry Fee Protection Service

## HMRC is upping it's game

Last year HMRC raised

**£28.9bn**

from tax investigations and  
compliance work.

HMRC have employed

**25,000**

compliance staff.

Last year was HMRC's

**seventh**

consecutive year of record tax  
revenue, collecting a total

**£574.9bn**

- £38.1bn more than the  
previous year.

# Tax Investigations



## HMRC are conducting a record number of tax investigations and compliance checks.

The Government is faced with record levels of deficit. As it works to fill a public finance black hole, it has allocated significant resource to HMRC to yield increased tax revenue by carrying out compliance checks.

We have seen an increase in the number of enquiries raised on tax returns and the tax authorities now have more powers than ever to investigate UK businesses.

### What could an investigation involve?

Some investigations will involve a detailed examination of a specific item on a tax return others may extend to a full review of all individual or business affairs.

HMRC has the power to inspect business documents and assets at your premises, can ask for documents and information, make unannounced inspections and go back up to six years to investigate matters.

### Are you at risk of a Tax Investigation?

Yes, if you submit a tax return, HMRC may investigate you at any time.

Even if you have done nothing wrong, many tax investigations are conducted at random so you are still at risk of being investigated.

Since 2008, billions of pounds worth of extra tax has been clawed back and the reach of 'Connect' is ever growing.

HMRC are using a piece of highly efficient software which is accessing and trawling through your financial information right now.

The 'Connect' system is scouring vast databanks to unearth discrepancies between taxpayers and businesses, income, assets and transactions. However, sometimes they may not be correct and select the wrong targets.

We are constantly vigilant and stay up to date with the latest tax advances but you are still at risk of an investigation at any time.

## Trouble in Store

A shopkeeper was selected for a full enquiry into all books and records. HMRC reviewed every record they could before making the accusation that £12,000 of tax was under paid. The trader was adamant nothing was wrong.

A drawn out investigation eventually ended with HMRC agreeing there was no further tax due. Costs of over £3,500 were paid under the Tax Enquiry Fee Protection Service.

HMRC have the  
power to investigate  
any tax return



## HMRC is set with ambitious targets and is therefore continually investing in new technology and strategies to maximise its tax revenue.

There has been an increase in the number of enquiries raised on individual returns and the tax authorities now have more powers than ever to investigate UK businesses and individuals. Many of these tax investigations are random while unusual fluctuations, undisclosed accounts and random spending can also prompt an enquiry.

When HMRC investigates it can drag on for a year or more, creating mounting costs and rocketing stress levels.

If HMRC states its intention to investigate your tax payments don't panic - call us - your dedicated accountant and best defence. We will translate the many complicated questions HMRC may pose, manage the entire conversation with the HMRC, help you submit any required information and minimise the impact on your business or personal accounts.

We recommend to all our clients that they consider subscribing to our Tax Enquiry Fee Protection Service.

**We offer a Tax Enquiry Fee Protection Service which will pay for our professional fees should HMRC target you for an investigation.**

Should you be subject to a Tax Investigation, you will have peace of mind from our Tax Enquiry Fee Protection Service, knowing we will act for you.

Subscribing to the Tax Enquiry Fee Protection Service costs less than you think. A small cost now could save you thousands of pounds in the future. Sign up today to protect yourself from the cost of an investigation!

The service will cover our professional fees that result from most types of HMRC enquiry or investigation (full details are listed on the Service Summary).

Unlike some fee protection products that appoint their own advisors our service ensures that we can continue representing you. We believe that we know you and your business best and we want to be there for you when you need us most. Our service is backed by an insurance policy from Professional Fee Protection Limited (PfP®) which we have taken out in our own name.

## Did you know?

HMRC raised £28.9 billion last year from tax investigations and compliance work. It was also HMRC's seventh consecutive year of record total tax revenues, collecting a total of £574.9 billion – £38.1 billion more than the previous year.

### 5 reasons why it is important to take out protection

- HMRC is actively increasing its number of tax investigations in order to raise more tax revenue.
- Many tax investigations are conducted at random so you could find yourself at the centre of a tax investigation at any time, even if you have done nothing wrong.
- The professional fees associated with a tax investigation can amount to thousands of pounds.
- We know and understand your business, providing you with the best possible defence and saving you time and money in the long run.
- HMRC may have you in their sights.

## Frequently Asked Questions

### I've done nothing wrong, why should I worry about a tax enquiry?

Most tax enquiries are generated by computer "risk profiling" and many are selected completely at random. As a result, HMRC sometimes picks the wrong targets. Even if you have done nothing wrong, the taxman will not give up and will still try hard to find errors.

### Can anyone's tax affairs be scrutinised by HM Revenue & Customs?

Anyone who submits a tax return can come under scrutiny. Every year, HMRC start enquiries into many thousands of personal and business tax returns and accounts. VAT and PAYE payments are also thoroughly checked. The aim in every case is to collect more tax. HMRC has collected £28.9 billion from tax investigations in the last year.

### I need to reduce my spending in the current economic climate

Not paying the annual cost could be a false economy. The potentially high costs of defending you in an enquiry would be much less affordable than the small annual charge. One thing is certain – HMRC does not stop making enquiries into tax returns. The amount of debt the government is in at present is only likely to increase the potential threat of an investigation!

### I don't think I need protection

Like any other protection to meet an unexpected cost, everyone hopes that they don't need it but when a costly enquiry starts, clients are glad that they've paid the small annual charge.

### I've already got some protection through a trade subscription or policy. e.g. FSB

Such protection will normally be limited and not as wide ranging as the practice service. Such policies are not likely to pay our fees to look after you and may instead bring in an outside consultant who doesn't know you.

### How much could a tax enquiry cost me in professional fees?

The questions asked by HMRC are usually very detailed and time-consuming to answer. The costs of defending you can easily run into thousands of pounds, even if little or no extra tax is paid at the end of the enquiry. These costs are not protected by the normal annual fees paid to us.

### Is there anything I can do for peace of mind?

You can subscribe to our Tax Enquiry Fee Protection Service which will protect you for the work and costs of defending you in the event of a tax enquiry by HMRC.

**The stress and cost of an investigation can be considerable and our expertise can save you time and money in the long run.**

Subscribe to our Tax Enquiry Fee Protection Service today to protect yourself from the costs involved in a tax investigation. To take up the service or for more information please contact your adviser.

# Act now to get your defences in order

Sign Up Today!

Scan here to pay  
online with our  
tax investigation  
microsite!



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