

## **Tax Enquiry Fee Protection Service Claims Examples**

### **VAT Enquiry**

HMRC opened an enquiry into a VAT return. The information requested by HMRC was detailed transactions, amongst other information, which ultimately resulted in a repayment from HMRC. £1,800 in accountancy fees were paid in full.

### **VAT bill of £109,000**

An electrical contractor faced a total VAT bill of £109,000. A VAT inspector had identified errors in excess of £85,000 of VAT over 6 years and imposed a penalty of around £55,000. A review of the penalty was sought by the accountant and upon review HMRC accepted there was no evidence of dishonesty. This meant that part of the assessment was 'out of time' because unless the officer could show dishonesty the ordinary time limit of 4 years applied. The assessment was reduced to £24,000 and the penalties were suspended.

### **Coronavirus Job Retention Scheme Claim**

A request was submitted to consider an HMRC enquiry into a Coronavirus Job Retention Scheme (CJRS) claim. The fees were authorised for the accountancy practice to respond to HMRC. There were no errors found and fees paid to handle the enquiry totalled many hundreds of pounds.

### **Nudge Letters**

HMRC's current approach is to issue 'nudge letters' in order to give tax payers the opportunity to re-assess the provided information before a formal enquiry is opened. Although not a full investigation, they do still require your attention and the time taken to respond from your accountant can be costly and expensive. Such an example is a nudge letter into overseas assets. Whilst there were no amendments required by HMRC, the cost associated with responding was nearly £1000.

### **Tax Enquiry**

A sole trader cafe was subjected to a tax enquiry. The enquiry ran for 34 months and resulted in no amendment being made to any of the tax returns. The cost of the professional fees, however, was £19,000.

### **Declared Interest**

A return was filed showing zero self-employment income. HMRC initiated an enquiry to look at the amount of interest declared. They had incorrectly thought that the interest had been understated; it hadn't, therefore no additional tax was payable. The costs of professional fees for this very simple matter would have amounted to nearly £900.

### **Construction Industry Scheme Payments**

HMRC questioned a building firm about Construction Industry Scheme payments. The investigation found that no additional tax was payable; in fact, the firm received a refund from HMRC. Despite this, professional costs would have been over £2,100.