

# HMRC are closing in!



## 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 £26.6 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 cover 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 Investigation Service which will protect you for the work and costs of defending you in the event of a tax enquiry by HMRC.

### What is a Tax Investigation Service?

It is a Service set up by us and is backed by an insurance policy we have taken out in our own name with Professional Fee Protection (PFP) and protects our clients who suffer a tax enquiry. For a small annual fee, you can join our Service and obtain the benefits described on the reverse of this sheet. The Service is backed by an insurance policy that the practice has arranged through Professional Fee Protection. When you subscribe to our service we are able to make a claim against our insurance policy held with PFP in respect of our fees incurred.

### What are the main benefits to subscribing clients of this Service?

- We will defend you, if and when you are selected for a tax enquiry by HMRC
- The potentially high costs of professional fees for that defence will be claimed under the practices' insurance policy
- It will not be necessary to accept unreasonable tax charges by HMRC due to concerns about professional fees
- You will also get free access to a 24/7 business legal helpline

### What is protected by the Service?

Under the Service, subscribing clients will be fully protected and the practice will claim under our own insurance policy for up to £5,000 of professional costs, in the following circumstances:

- A HMRC enquiry into a personal or business tax return
- A HMRC enquiry into any business accounts, including those of sole traders, partnerships and limited companies.
- A dispute with HMRC where additional VAT is being pursued
- A dispute with HMRC where additional PAYE tax or National Insurance Contributions is being pursued
- A dispute with HMRC relating to the tax status of employees or subcontractors

### What is protected by the business fee?

To ensure seamless protection, the business fee protects enquiries into the tax returns of the directors, partners, and their spouse and company secretaries providing we prepare their tax returns. However, where the individual has self-employment income (outside of the main business) and/or gross rentals received as landlords that total £50,000 each or more per annum, then a separate Business Client fee is payable.

### What is not protected by the Service?

Some costs will not be protected under the Service, including the following:

- Outstanding taxes, penalties, interest or any other amounts due to HMRC
- Defence of clients in criminal prosecution cases or serious fraud enquiries
- Fees relating to pre-existing tax enquiries, or enquiries where tax returns were submitted to HMRC later than the statutory time limits (90 days)
- Tax avoidance schemes

### How do I join or obtain information?

To subscribe to the Service, a cheque for the amount due should be sent to us unless otherwise stated. If you need any more information, we can provide this by email or post.

### Who are Professional Fee Protection (PFP)?

PFP are specialist providers of Tax Enquiry Insurance. They pioneered fee protection in the UK over 30 years ago. They have protected over 600,000 different businesses and individuals. They are committed to working in conjunction with us, thus ensuring your interests are fully protected.

## Contact us

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