

# We're here to protect you

## HMRC ENQUIRIES

### What are the risks?

**With the average tax enquiry lasting up to 24 months, the associated costs can quickly escalate, yet the cost of not fully defending enquiries can be substantially higher.**

With HMRC forecasting an increase in compliance activity, coupled with continuing inflationary pressures and economic challenges, it is more important than ever to ensure you're protected against unexpected costs that could add to the financial burdens on your business.

HMRC is launching an unprecedented level of tax enquiries, using ever more sophisticated data statistics and artificial intelligence technology to target these persistent and intrusive investigations.

Even if you've done nothing wrong, you may still be selected for a detailed review of your tax affairs. It's therefore a huge financial risk to not be protected against the growing number of HMRC enquiries.

### HMRC CONTINUES TO NARROW THE TAX GAP

**The UK tax gap is estimated to be 4.8%, continuing a long-term reduction in the overall tax gap, falling from 7.5% in 2005/6. This means HMRC successfully secured 95.2% of all taxes due.**

In the 2021/22 financial year, HMRC's revenue was £731.1 billion. This has jumped to £814 billion collected in the financial year 2022/23. This is higher than pre-pandemic levels across all taxes.

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



### How we can protect you

**No one can prevent an investigation, but our tax investigations package will remove any worry about costs and 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 achieve the best possible result for you 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.**

## 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.**

## 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.**

## 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.**



Source: Claims settled by Markel Tax in 2022

## 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
- ✓ free\* and unlimited

\*Calls from a landline will be charged at your local rate. Calls from mobile phones are charged at your network providers rates in accordance with your tariff.

## Business Hub

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

### Business Hub includes:

- ✓ 850+ DIY contracts, policies, forms and letter templates
- ✓ 460+ guides
- ✓ 360+ 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**