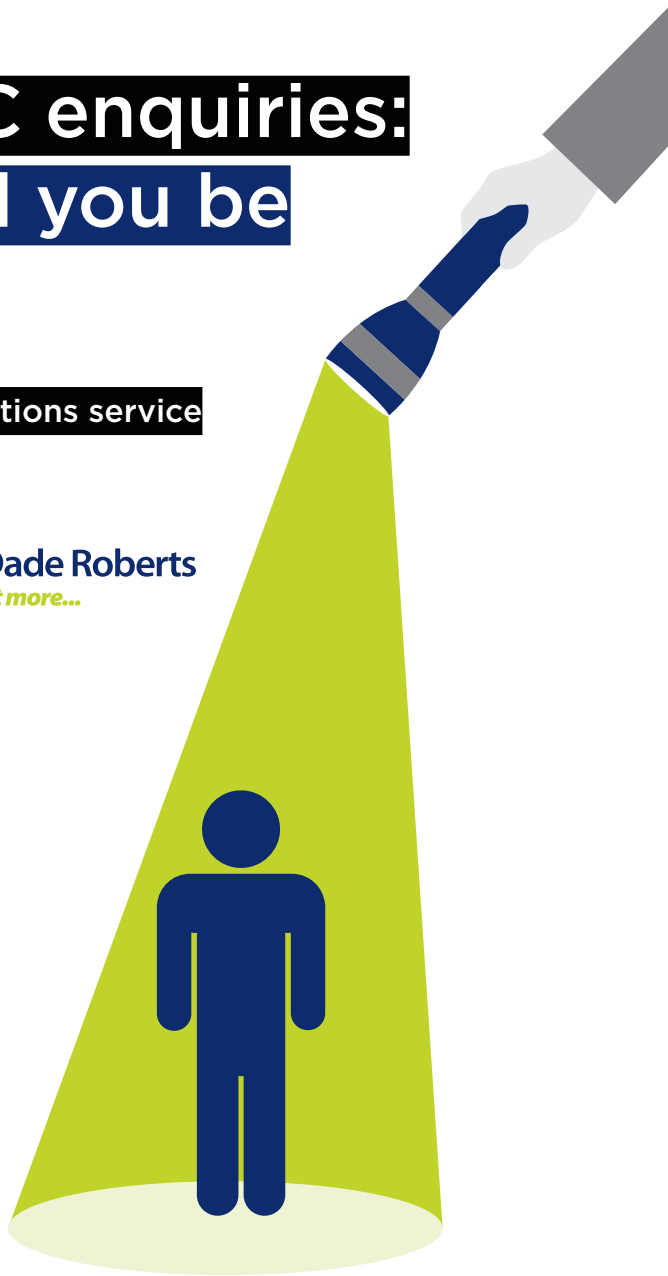


# HMRC enquiries: Could you be next?

Tax investigations service



McDade Roberts  
Expect more...



## Ensure you are protected.



A total of **£36.9 billion** in additional tax has been generated by compliance activity in 2019/20.



The UK tax gap in tax year 2018/19 is estimated to be 4.7% (£31 billion), which means that **HMRC secured 95.3% of all tax due**. The tax gap has fallen from 7.5% in 2005/06, showing a long-term downward trend.



The tax yield from compliance activities related to individuals was **£2.8 billion** in 2019/20. Small and mid-sized businesses accounted for **£12.6 billion**.



HMRC saw a **£2.2 billion** compliance yield from **wealthy individuals** in the last tax year – spending only £190 million compliance activity to recover it.



Despite much press coverage which suggests otherwise, the **largest businesses in the UK** produced a return on investment in compliance of £714 for each £1 spent – an additional **£15.8 billion** in total.

## The risk of an enquiry is very real.

Even if you've done nothing wrong, anyone can be selected. No business is too small or too large for HMRC to challenge.

### High net worth individual

An HNW individual was subject to an enquiry by HMRC where HMRC sought to check the individual's domicile status. HMRC requested a great deal of information over a period of four years. The accountant assisted the individual throughout the enquiry and after four years, agreement was reached with HMRC to settle the enquiries. **The cost of the enquiry was over £75,000.**

### Personal tax enquiry

Following a property sale, HMRC opened an enquiry into an individual's Capital Gains Tax position, requesting property valuations, leases and even challenging the transaction, as it involved a business part-owned by a member of the client's family. The enquiry was relatively short, but entailed much detailed correspondence. **HMRC accepted there was no additional tax to pay, yet the fees were still £3,500.**

### Software company

An SME was selected for an HMRC enquiry where HMRC wished to review the company's claim for Research & Development Tax Credit Relief. HMRC wanted to check the qualifying expenditure. The accountant provided a detailed reply to HMRC and subsequently held a conference call with the HMRC Officer to explain the Research & Development claims. **The accountant's assistance with this matter enabled HMRC to close the enquiry with no adjustments and the costs incurred were just over £6,000.**

All claims concluded across 2019/20



Compliance activity in  
2019/20 yielded **£36.9bn** –  
an **8.2% increase** in  
additional tax on 2018/19

## Reasons to act now.

- 1 Enquiries are taking more time to deal with and are becoming more expensive as a consequence. Yet the cost of not defending enquiries properly is huge.
- 2 If you cannot afford the defence, you could end up paying a much higher tax bill.
- 3 Tax investigations can happen to anyone: whether you are an individual or in business; how ever good your records; even at random.
- 4 HMRC have access to data from merchant acquirers, banks and building societies, property-based information, land registry, letting agents, mortgage applications, DVLA, foreign data from overseas tax authorities, the tax evasion hotline – and they continue to expand their data sources. Even if you have done nothing wrong, you can be selected.
- 5 HMRC are using their compliance resources to undertake targeted campaigns and cross-tax enquiries in an attempt to maximise the tax they can recover.
- 6 We can't take away the stress and anxiety of being under investigation, but we can remove the cost, and work to achieve the best outcome for you.

## How we can protect you.

### No-one can prevent an investigation, but our tax investigations service:

- ✔ will remove your concerns about the rising costs of enquiries
- ✔ ensures you receive the best defence to protect your tax position
- ✔ enables us to challenge HMRC's assertions and assumptions head on, and that the basis of any enquiry is correct and that your case is handled fairly
- ✔ ensures the tax inspector is only asking for relevant information and documents, and provide all supporting information from our files that relates to your accounts
- ✔ handles all communications with HMRC, including letters, phone calls or notices issued
- ✔ prepares for and attend any face-to-face meetings with the tax inspector
- ✔ argues any complex or technical tax cases 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 service is designed to get you a fair result. **It is why we strongly recommend that all our clients consider subscribing.**

**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.**

## Round-the-clock legal support.

When you subscribe to our tax investigations package, you'll 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:

- ✔ **Free unlimited calls**
- ✔ **In plain English**
- ✔ **Available 24/7, 365 days a year**

An employee had an **accident** at work – am I liable?

What are the current **maternity** rules?

How do I make someone **redundant**?

My customer **hasn't paid** me. What can I do?

**Don't put your business at risk – the law changes constantly and the helpline ensures that you have the right support when you need it most.**