

Two popular myths held by Taxpayers are:

- 1 As long as your accounts/returns are in order, you will not be investigated
- 2 Only fraudulent or guilty individuals and businesses are investigated

The facts

Every individual and business is at risk of being investigated by HM Revenue & Customs. The Revenue collected further tax in over 80% of enquiries in 2005 and are looking to increase the tax yield by £3.6 billion within 3 years. Some taxpayers were unlucky enough to pay an average settlement of £20,000.

Defending an enquiry is expensive

The best person to defend you is your accountant, who will offer you the best advice on how to challenge the authorities on a more even basis.

However, the time and work involved for your accountant to defend you in an investigation can be substantial and the resultant fees can often run into £'000s.

Nobody who runs their own business is exempt from tax investigations

The Tax Authorities are becoming more aggressive about how they deal with investigations. In 2005 an extra £5.7 billion was collected as a result. Under close scrutiny are trades, professions and limited companies that continue to be targeted specifically by the Inland Revenue.

They do not have to give a reason for investigating and even select some cases completely at random.

The cost of dealing with a HM Revenue & Customs enquiry is often high and can easily be more than the cost of preparing the accounts and tax returns that are under investigation.

From the point of view of the tax authorities, you are guilty until proven innocent.

...and it is up to you to prove yourself innocent

Help is at hand

When you subscribe to our Tax Investigation Service we are able to make a claim against our insurance policy held with Professional Fee Protection Ltd in respect of our fees incurred when we defend a client who is subject to any of the following events:

A Full Enquiry

An extensive examination that considers all aspects of the self-assessment tax return. Involves a comprehensive review by HM Revenue & Customs of all the books and records underlying the entries made on the return. It will also feature the issue of a notice under S9A/S12AC TMA 1970 or Paragraph 24 (1) Schedule 18 Finance Act 1998.

An Aspect Enquiry

An enquiry by HM Revenue & Customs into one or more aspects of the self-assessment return. This may involve clarification of particular entries, to detailed consideration of whether those entries have been treated correctly, for tax purposes. It will feature the issue of a notice under S9A/A12AC TMA 1970 or paragraph 24 (1) Schedule 18 Finance Act 1998.

A VAT Dispute

A challenge by HM Revenue & Customs to the accuracy or completeness of returns submitted. It will feature a disagreement both over whether VAT has been operated correctly and over the amount of VAT due.

A PAYE and NIC Dispute

A challenge by HM Revenue & Customs to the accuracy or completeness of returns submitted in accordance with Pay as You Earn and Social Security Regulations. It will feature a disagreement both over whether PAYE has been operated correctly and over the amount of PAYE/NIC due.

We will be responsible and have the discretion of making claims under our policy held with Professional Fee Protection Ltd and there is a maximum Limit of Indemnity of £75,000 in respect of our professional fees for any one claim. Clients will be responsible for any fees that we cannot recover from our insurers.

The Main Exclusions in our policy are as follows:

- An agreed excess on Aspect Enquiries.
- The cost of making good any deficiencies in books, records, accounts or returns.
- Claims which originate from any matter which existed before the first period of insurance.
- All returns must be submitted no later than 7 days after the statutory filing deadlines.
- Arrears in clients' tax affairs
- Special Civil Investigation Unit enquiries.

Business clients also have unlimited access to a 24 hour Legal Help Line.



Employment, Health & Safety
& Business Legal Advice.