

HMRC Enquiry Examples

A husband and wife partnership had a portfolio of four properties. HMRC challenged the rise in expenses for one year. This was due to the eviction of a tenant for non-payment of rent and damage to the property. All details of the expenses were provided and HMRC then challenged whether the expenses should be treated as capital or revenue expenditure. Photos of the damaged property along with the expenses/ invoices were used to satisfy HMRC. The enquiry concluded with a small repayment of tax and the accountant's fees of £1,000 were paid in full by Vantage Fee Protect.

A builder received a letter from HMRC starting a full tax enquiry. HMRC believed that the builder's income was low compared to the expenses declared. HMRC requested details of the day book so they could contact a sample of customers to verify what work had been completed and how the builder was paid. HMRC then challenged whether any of the work was for family/ friends. The accountant was able to verify all the expenses and the cash received. The accountant's fees after 18 months were nearly £3,000 which were paid in full by Vantage Fee Protect.

HMRC started an enquiry into a Limited company. They wanted to review consultancy fees and the sale of land adjacent to the business. The accountant responded to HMRC and satisfied them that the status of the consultants was correct. HMRC's Valuation department then disputed the land sale figure. The company provided reports from the estate agents/ surveyors detailing how the value had been calculated, evidence of work completed to make the site saleable and similar land sales in the local area. After a meeting with HMRC, they accepted the land valuation and closed the enquiry after nearly two years. Accountancy fees were nearly £5,000 and paid in full by Vantage Fee Protect.



HM Revenue & Customs are watching...

Protect yourself against the cost of an HMRC enquiry

The problem

HM Revenue & Customs (HMRC) are undertaking more enquiries and compliance checks than ever before, by using:

- ✓ Their Connect database to analyse data sources in order to target enquiries
- ✓ Wider data gathering powers including bank statements, credit card and Land Registry data, even forcing Amazon and Apple to hand over data
- ✓ Information gathered from abroad in respect of offshore bank balances and income
- ✓ The digitisation of tax to analyse and compare finances and target anomalies
- ✓ Social Media to analyse lifestyle and spending habits
- ✓ Wider powers to visit homes and businesses

Anyone who pays tax can suffer an enquiry or compliance check by HMRC. If this happens to you:

- ✓ You will have to prove that HMRC's suspicions are unfounded
- ✓ HMRC's detailed and intrusive questions will take time to answer
- ✓ A lot of work will have to be done to respond to the questions asked
- ✓ The enquiries can drag on for months and sometimes years
- ✓ Professional fees of hundreds or thousands of pounds may become due as a result

The solution

We provide a service to clients under which, in the event of an HMRC enquiry or inspection:

- ✓ You will receive the best possible defence
- ✓ You will not be charged for most professional costs incurred in your defence
- ✓ You will not have to concede to HMRC's demands because of financial pressures

By subscribing to the service, you will have the comfort of knowing that we can fully defend you at no extra cost if you fall under HMRC's spotlight. Please note that any clients not taking advantage of the service will be charged for any additional costs arising.

Other benefits of the service

As an additional benefit, complimentary expert telephone advice can be obtained on:

- ✓ **Employment Law** – you can call regarding performance and absence management, TUPE, redundancies, calculating holiday entitlements, grievances, disciplinary processes and more...
- ✓ **Health & Safety Matters** – advice on risk assessments, fire safety, first aid, RIDDOR and more...
- ✓ **General Legal Issues** – advice on any UK personal or commercial legal issues

This advice service can be very valuable, particularly to many business clients, and is available to all subscribers to the service who need it.

How do I subscribe to the service?

Simply follow the guidance in the letter that we sent to you inviting you to subscribe to the service and pay the amount due – that's all there is to it.

You will then receive the full benefits of the service for the period shown on the reply slip. Towards the end of that period, you will be asked if you wish to renew your subscription.