

Looking out for you with our Tax Investigation Service.

We know and understand your business and personal financial affairs and want to provide you with the best possible defence saving you time and money.

The professional fees associated with a tax enquiry can amount to thousands of pounds. These costs are additional to our normal annual fees.

For those who have relied on a COVID-19 support scheme such as the CJRS (furlough scheme), HMRC will be looking a lot more closely at tax returns, payments and compliance histories. Tax and VAT repayments will also be checked more rigorously alongside the usual full tax investigations.

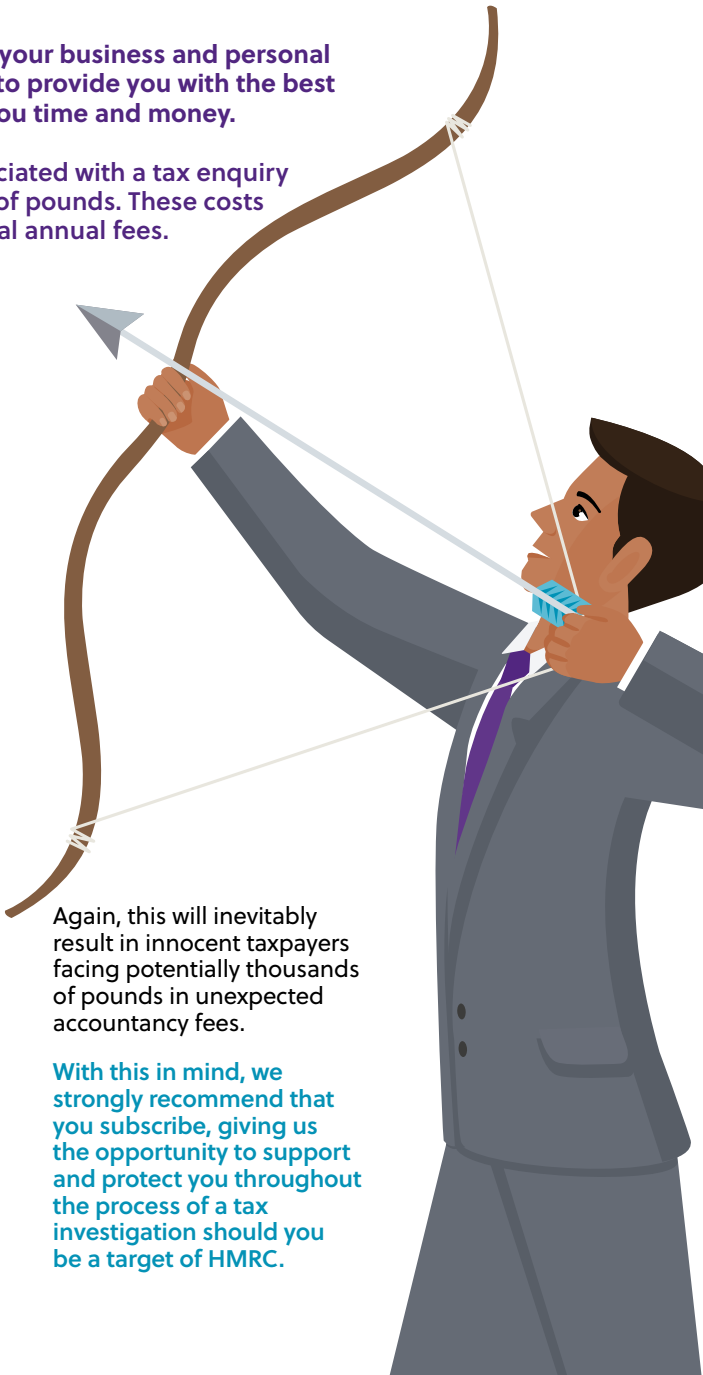
HMRC estimate as many as 10% of furlough claims were fraudulent and even more will contain errors. Naturally, this has resulted in many furlough claims being investigated by HMRC.

Most of these claimants will not have abused the scheme in any way, however some innocent errors will have been made. As always, it will not only be the fraudulent cases that are selected for review.

With an overall national debt of £2.537 trillion as of March 2023, there is also a concern that the number of general compliance checks being undertaken outside of the job retention scheme will also increase significantly.

Again, this will inevitably result in innocent taxpayers facing potentially thousands of pounds in unexpected accountancy fees.

With this in mind, we strongly recommend that you subscribe, giving us the opportunity to support and protect you throughout the process of a tax investigation should you be a target of HMRC.



Did you know?

Last year HMRC collected £34 billion from tax investigations and enquiries. They also revealed that in the year to 2022, it brought in a record total of £788.8 billion in taxes, up by 10.2% on the previous year.

The stress and cost of an investigation can be considerable and our expertise can save you time and money in the long run.

There has never been a better time to subscribe to our Tax Investigation Service. Subscribing clients will also have free access to a specialist Unannounced HMRC Visits Helpline.

HMRC can visit at any time and we believe it is vitally important you can get the advice you need, when you need it. Subscribe to our Tax Investigation Service today to protect yourself from the costs involved in a tax investigation.

To take up the service or for more information please contact your Monahans client manager and adviser.

Subscribe to our Tax Investigation Service today to protect yourself from the costs involved in a tax investigation.

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HMRC could target you at any time for a Tax Investigation



It could happen to you

Every year, HMRC carries out enquiries into the tax affairs of an increasing number of individuals and businesses in the UK. Many people find an HMRC enquiry disruptive, intrusive, stressful and ultimately expensive.

There does not need to be a reason for HMRC to check your tax affairs. If you submit a tax return you can be selected at random, even if you have done nothing wrong.

There has been a surge in compliance cases opened by HMRC as it ramps up tax investigations work. 316,000 checks had been opened in the year to 31 June 2023 – up 30% from 247,000 in the previous 12 months.

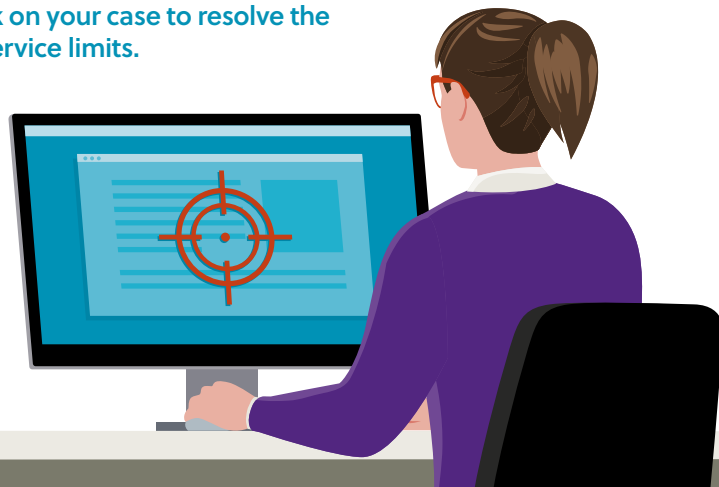
A tax investigation can cost you thousands of pounds in accountancy fees and can often drag on for years. The average cost of an investigation is £3,100 in accountancy fees.

Nothing to hide?

Many tax enquiries are conducted at random. Unfortunately even innocent taxpayers get caught up in the process and are under threat of investigation.

Whether or not there is an issue with your tax affairs, an investigation is a time-consuming process that can rack up substantial accountancy fees.

We have taken out an insurance policy in our own name that is backed by Professional Fee Protection (PFP), one of the UK's leading providers. Our policy enables us to provide you with expert advice and peace of mind knowing we will work on your case to resolve the situation up to our service limits.



What could an enquiry or full investigation involve for a business?

HMRC has the power to inspect business documents and assets at your premises, can ask for documents and information, make unannounced inspections and go back up to twenty years to investigate matters.

In recent years HMRC have launched various checks on specific industries. It is not uncommon for a business to receive a letter from HMRC advising that they want to carry out a routine VAT or PAYE check. This sounds fairly innocent but can often lead to a more in-depth enquiry because they are entitled to review all transactions across the business. IR35 and employment status disputes also seem to be on the rise.

Case Study: HMRC Persistence

A company was subject to a full enquiry notice reviewing all books and records of the company. Personal tax enquiry notices were also issued on each of the directors requesting all personal bank statements.

This request was resisted but HMRC insisted they had information suggesting something was materially incorrect.

After two years it was established no further tax was due but HMRC had misunderstood the information they held. Over £10,000 worth of fees were settled under the fee protection policy.

What could an enquiry or full investigation involve for an individual tax payer?

Enquiries often involve a detailed examination of a specific item on a tax return whilst others may extend to a full review of an individual's personal affairs.

Since 2008, billions of pounds worth of extra tax has been clawed back and the reach of HMRC's 'Connect' database is ever growing, containing over 55bn data items.

We have experienced a number of enquiries asking for evidence to support the numbers reported on a tax return. A full investigation can involve protracted correspondence with HMRC and a recent example continued over a two year period where HMRC asked for worldwide bank statements and credit cards to evidence lifestyle.

Case Study: PAYE Trouble

A disgruntled ex-employee made a disclosure to HMRC that all was not well with the ex-employer.

HMRC undertook a full review of payroll, checking all calculations and that the minimum wage had been paid. They checked all petty cash records, entertaining and supplier invoices to ensure all benefits had been declared properly.

One year later with £7,000 of fees incurred the only discrepancy found was so minor HMRC decided it was not worth collecting the tax.