

Tax Fee Protection Service



HMRC are on the horizon. Are you
protected against an HMRC enquiry?





Why is HMRC investigating?

In the UK we live in an environment whereby the taxpayer is responsible for their own tax liability. HMRC opens investigations to see if the taxpayer has paid the right amount of tax on a random or selective basis. All this helps the government fill its ever expanding public finance black hole.

Beware of “Connect”!

HMRC now uses a sophisticated database called ‘Connect’ to start more than 80% of tax enquiries. The system collects data from 30 different sources, including UK and offshore banks, Companies House, the Land Registry, estate agents, the DVLA and other licensing authorities, and social media.

The data can be instantaneously reviewed by more than 3,000 HMRC investigators to produce a financial fingerprint for any taxpayer. If there are any discrepancies between tax returns or business accounts sent to HMRC, a tax enquiry will follow as sure as night follows day. Tax enquiries started from ‘Connect’ have produced billions of pounds in additional tax over the last few years.

Using ‘Connect’, HMRC can now target enquiries more accurately than ever before – but they still get it wrong sometimes. That’s why we will always challenge HMRC regarding their reasons for an enquiry when defending clients.

Why could an investigation start?

HMRC so far has been targeting the SME sector, specific business sectors like tradesmen, and doctors and dentists, and 'hidden wealth', particularly where HMRC suspects that individuals are living beyond their declared means.

HMRC may have information about an offshore bank account, an expensive asset like a luxury car, or even images from Google Earth showing a large extension. Reviewing records up to 6 years old is not uncommon and it can cost thousands to defend against these intrusive enquiries.

When HMRC comes knocking...

Case of mistaken identity

Husband & Wife Partnership sold and installed double glazing were subject to a full enquiry. At the initial meeting HMRC alleged the husband had been dishonest. However, at the end of the enquiry, HMRC repaid £129 of tax to the partnership and apologised, confirming the allegation of dishonesty was a case of mistaken identity.

Accountancy fees were approximately £5,000 and were covered by the insurer.

Allowable expenditure on business improvements

Business accounts for a wine shop were challenged by HMRC. HMRC claimed that expenditure of more than £150,000 on improvements to the shop front and interior was not allowable for tax purpose and that additional tax of £30,000 was due. Further detailed research into the relevant tax law and previous tax cases was necessary to dispute HMRC's contentions. In the end, HMRC allowed the expenditure in full.

Accountancy fees were approximately £3,000 and were covered by the insurer.

VAT liability not due after challenge by HMRC

A property developer had a VAT Compliance Review. Following the review, HMRC contended that because the client was making both exempt and VATable supplies, they should not have recovered 100% of input tax from previous years. The client's accountant successfully disputed this on the basis that the client was below the partial exemption de minimis limit, avoiding a potential VAT liability of more than £20,000.

Accountancy fees were approximately £3,700 and were covered by the insurer.

Who to contact



Karen Scholes



Ivan Houston

If you have any questions about our Tax Fee Protection Service, contact Karen Scholes or Ivan Houston.

Why take action?

- Investigations are often at random and come at any time
- HMRC are clawing back billions of pounds by stepping up the number of tax investigations
- Powerful new software can trace even the smallest discrepancy in spending or earnings, prompting an investigation
- The stress and cost of an investigation can be considerable
- Our expertise can save you time and money in the long run

Protect yourself today!

Tax investigations can be costly and our expert support during this process is not covered in your usual accountancy fees.

Investing a small amount into our Tax Fee Protection Policy now means that you will receive complete support if HMRC targets you.

We will manage your case from start to finish, reducing stress and providing peace of mind.

Contact us today to find out how we can protect you and your business

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