

April 2022

## Are you protected from an HMRC investigation?

Dear Sirs,

We are writing to you to inform you about our Tax Investigation service. Most of our clients are already subscribed to our Tax Investigation service through their yearly fixed fee agreements. However for those that are not signed up, we strongly recommend you get protected. Please find details attached about this service.

This year we have partnered with a market-leading provider, Markel Tax, who have an excellent reputation within the accountancy profession, to enable us to offer you the best service available.

HMRC generated total tax revenues of £608.8 billion in the financial year 2020 to 2021, which remains a significant sum despite the impact of Covid-19 on individuals and businesses\*. Even if you have done nothing wrong, you may still be selected for a detailed review of your tax affairs, which may result in an unnecessarily high tax bill if you are not protected.

The cost of defending yourself professionally is potentially huge; enquiries are taking longer and the defence costs are increasing. Even when the outcome of the enquiry results in no adjustments to your tax position, the cost of the defence can escalate. Whether it's a cross-tax enquiry, a technical challenge or a detailed books and records review, our tax investigations package is designed to get you the best possible result and is why we strongly recommend that you subscribe.

For a small monthly charge, you can rest assured that you are protected against the professional costs associated with an HMRC enquiry. The service also protects you against investigations into approved Coronavirus Scheme payments, as well as gift aid and Stamp Duty Land Tax and its regional equivalents, subject to usual terms and conditions.

If you do not already subscribe, we strongly recommend that you do.

To subscribe, please contact a member of our team as soon as possible and we will ensure you're protected.

For the vast majority of clients who already enjoy the protection provided by our Tax Investigation service, please find the attached policy details leaflet for your perusal.

Yours faithfully,

**MJH Accountants**

\*[www.gov.uk](http://www.gov.uk) as at 4 November 2021

**Subscribing to our tax investigations service means we will:**



Provide you with full representation and challenge HMRC's arguments.



Ensure that you have a robust defence based on the facts, not your ability to afford a defence.



Put you on an equal footing with HMRC from the start.



Protect your work by achieving a fair enquiry outcome without facing an unwanted accountancy bill.

## Business legal helpline



Subscribers receive 24-hour access to a business legal helpline. Available 365 days a year, the team of qualified solicitors can assist with employment law, health and safety and commercial matters.

## Law Hub



Law Hub\* provides practical DIY templates and guidance on everyday legal issues around employment, health and safety, trading and contracts, cyber and data, debt and insolvency.

## How we can protect you

**No-one can prevent an investigation, but our tax investigations package will remove any concern about rising costs to enable us to:**



**Ensure** you receive the best defence to protect your tax position



**Challenge** HMRC's assertions and assumptions head on, establish that the basis of any enquiry is correct and make sure your case is handled fairly



**Ensure** the tax inspector is only requesting relevant information and documents, and provide all supporting evidence from our files relating to your return



**Handle** all communication with HMRC, including letters, phone calls or notices issued



**Prepare** for and attend any face-to-face meetings with HMRC



**Address** any complex or technical tax questions 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 package is designed to get you the best possible result and is why we strongly recommend that all our clients subscribe.

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.

## Expert legal support when you need it most

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

- in plain English
- available 24/7, 365 days a year
- accessible via free, unlimited calls

### Law Hub

Law Hub assists with everyday legal issues around employment, health and safety, trading and contracts, cyber and data, debt and insolvency.

The Law Hub provides practical DIY templates and guidance around these topics, which saves SMEs business time and money.

#### Law Hub includes:

- 750+ DIY contracts, policies, forms and letter templates
- 440+ guides
- 375+ links to key resources

In the current climate, businesses need legal assistance more than ever. Don't put your business at risk – ensure you have access to expert assistance when you need it most.

## Contact us for more information

#### Name

Address line #1

Address line #2

T. 000000000000

E. xxxxxxx

www

## Tax Investigations Package

# We're here to protect you

HMRC enquiries



## What are the risks?

**With an average enquiry taking 18 months to conclude, the associated costs can quickly escalate, yet the cost of not defending enquiries to their full extent could be substantially higher.**

If you cannot afford the defence, you could end up paying a much higher tax bill by having to accept HMRC's demands. HMRC continue to expand their information sources to better target their investigations. They have access to data from card payment providers, banks and building societies, land registry, letting agents, mortgage applications, DVLA, foreign data from overseas tax authorities and the tax evasion hotline to name a few.

Six years ago, HMRC were granted £800m to invest in compliance activity, which continues today in the form of targeted campaigns and probing cross-tax enquiries designed to maximise the tax they can recover. Being subject to a tax investigation is extremely stressful and can impact every aspect of your life. We cannot prevent HMRC from targeting you, but we can provide peace of mind by removing the added worry of defence fees.

**Even if you have done nothing wrong, you may still be selected for a detailed review of your tax affairs.**

## HMRC continue to narrow the tax gap

**The UK tax gap in tax year 2019/20 increased to 5.3% (£35 billion), meaning that HMRC secured 94.7% of all tax due from businesses and individuals.\***

In the 2020/21 financial year HMRC protected additional revenues of £30.4 billion through compliance activity; £2.6 billion related to individuals and £8.4 billion from small and mid-sized businesses.

With HMRC's continued drive for compliance, make sure you are protected with our comprehensive tax investigations package.

\*www.gov.uk as at 4 November 2021



## Who's most at risk of a tax investigation?

**Tax investigations can happen to anyone – whether you are an individual or in business – however good your records are. HMRC regularly undertake random enquiries as a means of policing the system.**

### PLUMBING

A plumbing company was subject to an HMRC employer compliance review. What began with the completion of a payroll questionnaire and follow-up conference call between the directors and HMRC soon snowballed into further requests for details of the payroll software, copies of payslips, bonuses, expenses credit card statements, mileage records, copy of the employee handbook, etc. All of this information was provided with assistance and guidance from the practice. HMRC ultimately closed the matter with no additional tax / NIC to be paid. **Final costs were nevertheless almost £1,500.**

### PERSONAL TAX ENQUIRY

HMRC opened an enquiry into an individual's Capital Gains Tax position, rollover relief and income from property. At the outset, HMRC requested a substantial amount of information. A detailed reply was provided, but HMRC continued to challenge the claim for rollover relief. After further correspondence, the enquiry was closed without any amendment to the return. **The fees incurred for representation in respect of the enquiry totalled £13,000.**

### SOFTWARE COMPANY

An SME was selected for an HMRC enquiry into the company's claim for Research & Development Tax Credit Relief to check the qualifying expenditure. A detailed reply was provided by the practice and a conference call held with HMRC to explain the R&D claim. **As a result, HMRC were able to close the enquiry with no adjustments and the costs incurred were just over £6,000.**

### LANDLORD

HMRC enquired into an individual with several rental properties in the UK and abroad. HMRC initially requested large amounts of information in respect of all land and property which was provided in detail. HMRC then narrowed down their enquiries to focus on the funding of property purchases. **Further information was provided and HMRC ultimately accepted the position but despite no tax to pay fees were still £5,000, thankfully met by the tax investigations package.**