

Protect yourself and your  
business with our  
**Tax Investigation Service**



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# A sensible choice.

**We recommend all our clients consider joining our Tax Investigation Service. 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.**

Joining our Tax Investigation Service, provides peace of mind knowing we are here to help you when HMRC come calling.

With a national debt of over £2.72 trillion, as of March 2024, we fully expect HMRC to raise more enquiries this year to increase tax revenue.

Not only does our service pay our professional fees in the event of a check on your tax affairs, it enables us to provide expert advice and guidance to you every step of the way.

## **You could be at risk of an enquiry**

There does not need to be a reason for HMRC to check your tax affairs. Every taxpayer who submits a tax return is at risk of being targeted. Many thousands of enquiries are launched each year resulting in no extra tax being charged, yet the professional fees and costs associated with defending the original tax return still have to be paid.

Even if you have done nothing wrong, many tax enquiries are conducted at random. Each of these enquiries can be expensive to work through.

## **Saving you money and stress**

Our service will pay our professional fees that result from most types of HMRC enquiries or full investigation (full details are listed on the Service Summary).

**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.**





## Protect yourself with our Tax Investigation Service.

HMRC latest report estimates the tax gap to be in the region of £39.8 billion. This is the gap between what they believe should be collected and what actually is. Using their figures this equates to around 5% of the tax due.

The report also says that they believe that 56% of this relates to the small business sector. This has increased year on year as a percentage of the overall amount due. Clearly this is going to continue to be a target area for HMRC to enquire into.

These enquiries take up considerable time and resources for the average business owner and could result in thousands of pounds of 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.

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# Frequently Asked Questions

## **What is a Tax Investigation Service?**

It is a Service set up by us and is backed by an insurance policy we have taken out in our own name with Professional Fee Protection (PFP) and protects our clients who suffer a tax enquiry. For a small annual fee, you can join our Service and obtain the benefits described on the service Summary. When you subscribe to our service we are able to make a claim against our insurance policy held with PFP in respect of our fees incurred.

## **Who are Professional Fee Protection (PFP)?**

PFP are specialist providers of Tax Enquiry Insurance. They pioneered fee protection in the UK over 30 years ago. They have protected over 600,000 different businesses and individuals. They are committed to working in conjunction with us, thus ensuring your interests are fully protected.

## **I have only just engaged you as my accountant and you have not yet filed a return for me, should I wait to join?**

Once you join the service, you will be protected against our fees relating to enquiries raised into previous years, even if we did not prepare the return. Exclusions to this would include any fees incurred by the previous accountant and any fees relating to the reconstruction of books and records that have been poorly maintained.

## **You prepare business tax and personal tax returns for us, what subscription do we need?**

A business subscription will automatically provide personal tax protection for the partners, directors, company secretary and their spouses providing we also prepare their tax returns. A sole trade supplement may be required where you have additional self-employment income or gross rental income in excess of £50,000 per year.

## **What happens if we have a new director/partner join our business part way through the year?**

Providing the business has subscribed, and we are engaged to prepare the personal tax return for the director/partner, they will automatically be included within the service at no extra cost.

## **My company hasn't yet filed its first corporation tax return with HMRC**

If the company has employees and/or is VAT registered, there are still advantages of joining the service before the first corporation tax return is filed, for example, in the event of a PAYE or VAT enquiry.

## **I have done nothing wrong, why should I be worried about a tax enquiry?**

Most tax enquiries are generated by computer 'risk profiling' and many are selected completely at random. As a result, anyone can be picked for investigation, even if you have done nothing wrong.

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### **Are compliance checks into Furlough Payments included?**

We anticipate these will be covered where Furlough payments are checked by HMRC as part of a routine PAYE compliance check. Cover would not extend to situations where the rules surrounding the schemes have not been adhered to or deliberate failures are identified or HMRC Fraud Investigations Service are involved.

### **I don't think I need protection.**

Like any other protection to meet an unexpected cost, everyone hopes that they do not need it but when a costly enquiry starts, clients are glad that they have paid the small annual charge.

### **I have already got some protection through a trade subscription or policy e.g. FSB.**

The cover offered by these types of protection is often not as wide ranging as the service we offer. Such policies are not likely to pay our fees to look after you and may instead bring in an outside consultant who does not know you.

### **I might leave it for now and think about taking cover later in the year**

Protection is only available from the date the subscription payment is received. If an enquiry letter is received from HMRC prior to receipt of payment, our fees will not be settled under the service.

### **If I have missed the filing deadline for my return, am I still covered?**

Returns which have been submitted more than 90 days late will be excluded from the service.

### **How do I join or obtain information?**

To subscribe to our service, payment for the amount due should be sent as stated on the accompanying letter/response slip. If you need any more information, we can provide this by email or post.



Many tax enquiries are conducted at random so you could find yourself at the centre of a tax enquiry at any time, even if you have done nothing wrong.



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



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.



With over £24 billion of the tax gap relating to SME's HMRC are sure to target this area.

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