

Tax Investigation Service

Claims Examples

2022/2023

Making the numbers
work for you

Claims Examples

Furniture wholesaler subject to an HMRC Full Enquiry

HMRC commenced an enquiry, which later extended into the directors personal returns and did not complete until over two years later. During that period there were numerous exchanges of correspondence and meetings with HMRC. At one point HMRC indicated that the liability to additional tax could exceed £200,000, by the conclusion of the enquiry additional tax of £20,000 was agreed. **Accountancy fees exceeded £25,000.**

Self-employed consultant subject to a Full Enquiry

HMRC requested all of the books and records and then raised questions regarding self-employment income, rental income and income from employment. At the conclusion HMRC identified approximately £12,000 of underpaid tax, due to overstated expenses (due to bookkeeping errors). However HMRC accepted a negotiated settlement of £6,000. **Accountancy fees exceeded £5,000.**

Property developer subject to a VAT Compliance Review

Following a VAT compliance review it was determined that given that the client was making both exempt and VATable supplies, they should not have recovered 100% of input tax in previous years. The client's accountant successfully disputed the assertion on the basis that the client was below the partial exemption de minimus limit, avoiding a potential liability in excess of £20,000. **Accountancy fees of £3,500 were incurred.**

High Net Worth Individual targeted by HMRC

Enquiries were opened into the 2016 amended and 2015 self-assessment tax returns and covered income from self-employment, foreign property, loan interest relief and capital gains arising on the sale of shares, futures and options. Fees were incurred meeting the client and HMRC and exchanging extensive written correspondence in

response to complex technical issues. At the conclusion it was deemed by HMRC that no significant adjustments were required. **Accountancy fees of £10,000 were incurred.**

Building contractor subject to a Full Enquiry, PAYE & VAT Compliance Visit

HMRC targeted a group of companies, opening full enquiries into each of the group member's tax returns, including the group Directors' personal tax returns, as well as undertaking a PAYE and VAT Compliance Review. More than £10,000 of accountancy fees was incurred providing the books and records, submitting further detailed information in respect of each of the entities under enquiry and attending long and detailed meetings with HMRC. On completion, it was concluded by HMRC that no significant adjustments were required.

Husband and wife subject to an HMRC Aspect Enquiry

A husband and wife had a portfolio of four properties and each received an aspect enquiry notice under S9a TMA 1970. HMRC challenged the rise in expenses for one year.

The husband and wife had, had to evict one tenant due to 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 expenses.

As they had taken photographs of the damaged property and with the expenses/ invoices were able to satisfy HMRC. Each received a small repayment.

Fees of £3,000 were paid in full by the Tax Fee Protection Service.

Get in touch

If you have any questions or would like further information regarding this insurance, get in touch today:

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