

HMRC could strike  
at anytime...

Tax Investigation Service

[www.thp.co.uk](http://www.thp.co.uk)

# £814bn

## Total Tax Revenues

### What could an enquiry or full investigation involve for an individual taxpayer?

Last year HMRC collected over £34bn through tax investigations.

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 or business affairs.

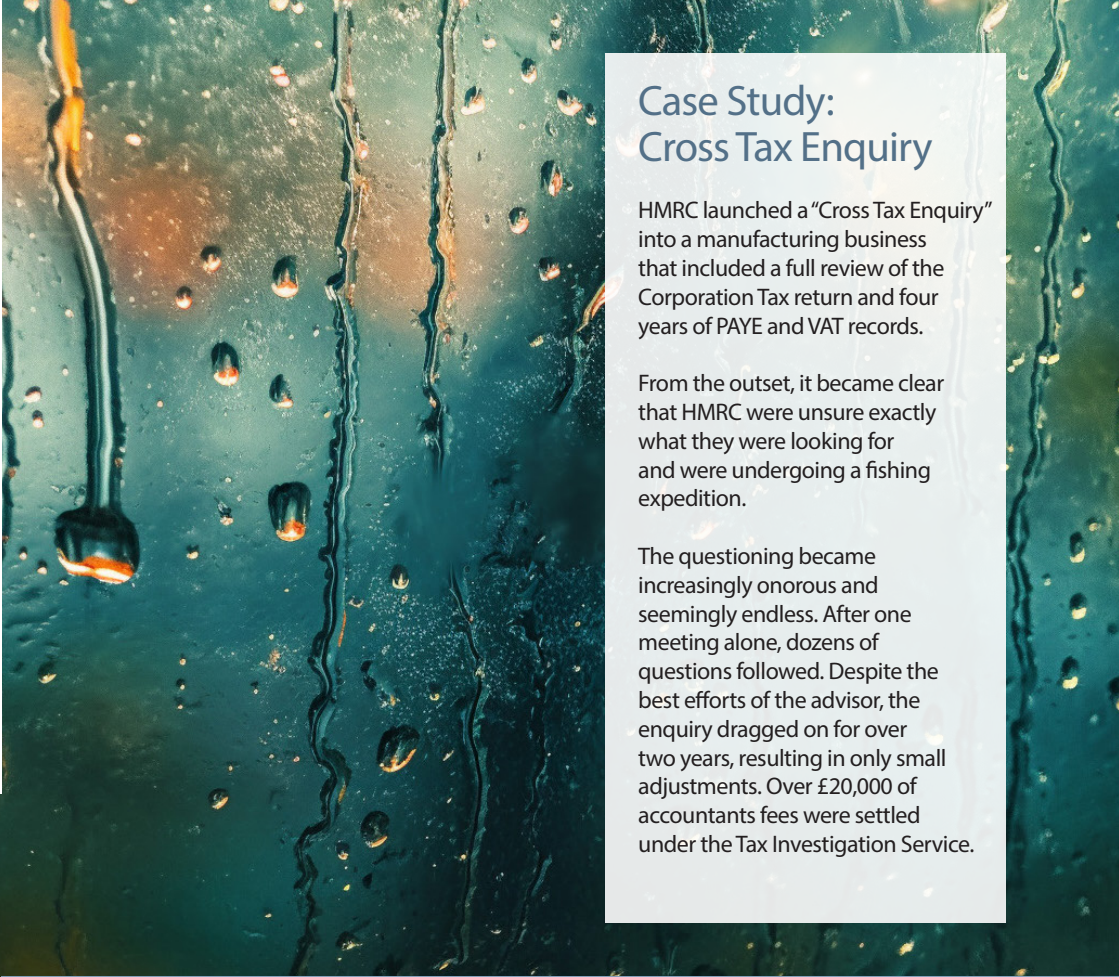
We recommend all our clients consider joining our Tax Investigation Service. Every year, HMRC carries out enquiries into the tax affairs of an increasing number of individuals and businesses in the UK. Many people find an HMRC enquiry disruptive, intrusive, stressful and ultimately expensive.

#### Case Study: Incorrect Information

HMRC opened an enquiry into an individual, suggesting the client had not declared all of their income on their tax return. HMRC then refused to disclose to the client what information they held.

The enquiry lasted for over three years and cost over £15,000 to deal with in accountancy fees.

It turned out that HMRC's information was incorrect and that no tax penalties or interest were due. However, the accountant's fees were still settled under the Tax Investigation Service.



## Case Study: Cross Tax Enquiry

HMRC launched a “Cross Tax Enquiry” into a manufacturing business that included a full review of the Corporation Tax return and four years of PAYE and VAT records.

From the outset, it became clear that HMRC were unsure exactly what they were looking for and were undergoing a fishing expedition.

The questioning became increasingly onerous and seemingly endless. After one meeting alone, dozens of questions followed. Despite the best efforts of the advisor, the enquiry dragged on for over two years, resulting in only small adjustments. Over £20,000 of accountants fees were settled under the Tax Investigation Service.

## What could an investigation mean for you and your 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 twenty years to investigate matters.

It is likely HMRC will be looking more closely at compliance history, tax returns and payments. Tax and VAT payments may also be checked more rigorously alongside the usual full tax investigations. IR35 and employment status disputes are likely to be more prevalent.

# 299,000

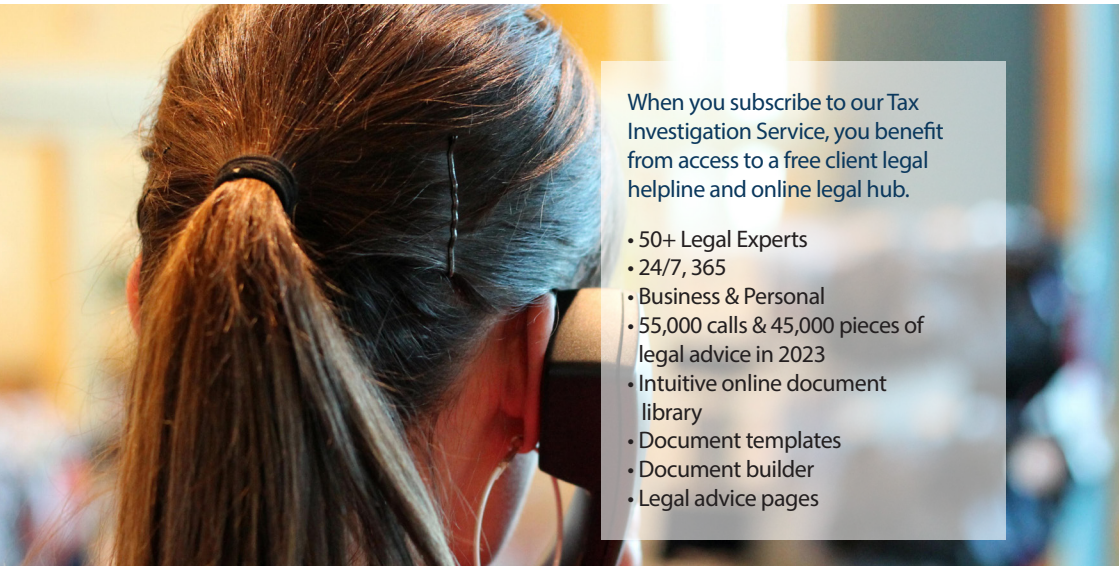
The number of compliance checks HMRC opened into taxpayers in 2022/23. This is up from 265,000 the previous year.

# £3,800

The average professional fees associated with a tax enquiry. Enquiries can be stressful, time consuming and above all expensive. These costs are additional to our normal annual fees.

# 36%

Is the approximate percentage of enquiries by HMRC in 2022 that resulted in a nil settlement. No further tax penalties or interest were collected by HMRC.



When you subscribe to our Tax Investigation Service, you benefit from access to a free client legal helpline and online legal hub.

- 50+ Legal Experts
- 24/7, 365
- Business & Personal
- 55,000 calls & 45,000 pieces of legal advice in 2023
- Intuitive online document library
- Document templates
- Document builder
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