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Taxwise-protect

DAVIES TRACEY
CHARTERED ACCOUNTANTS & BUSINESS ADVISERS



Tax Enquiry Fee Protection Service

Protect your business in total
confidence through DT Protect



Don't let HMRC catch you out...

GET RELIEF FROM THE FINANCIAL PRESSURES OF A TAX INVESTIGATION

What is DT Protect?

It is an insurance backed service which protects you from accountancy fees associated in dealing with any HMRC enquiry or dispute.

What is an HMRC Investigation?

£46.8 billion is the estimated tax gap between what HMRC should collect and what it does collect. To ensure tax compliance and to close this gap, HMRC undertakes tax and VAT investigations.

Why would I be investigated?

There is no definitive answer as to why, but there are a lot of possibilities: filing a late return, errors that require correction, dealing with cash, HMRC receives a tip off, or working in a targeted business sector to name a few. HMRC's Connect database collates data from banks, Land Registry records, Visa and Mastercard transactions, DVLA, council tax, VAT registration documents, Airbnb, and believe it or not even your social media profiles. A common misconception is that a mistake has been made but often that isn't the case. Random enquiries can and do happen.

How much does an enquiry cost?

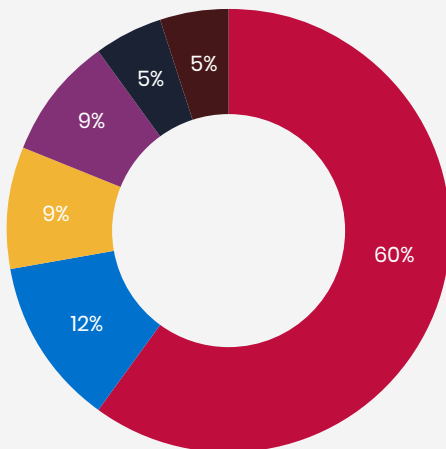
Representing you can easily run into thousands of pounds but will vary from enquiry to enquiry, even if your return is correct and no further tax is due. Immediate professional representation is essential in successfully and quickly dealing with HMRC enquiries, the cost of which is not included as part of your annual fees.

The UK tax gap in 2023 to 2024 is estimated to be

5.3% of total theoretical tax liabilities, or
£46.86 billion

absolute terms, which means HMRC collected **94.7%** of all tax due in the 2023 to 2024 tax year.

Share of tax gap by customer group



- Small businesses - £28bn
- Large businesses - £5.6bn
- Mid-sized businesses £4.2bn
- Criminals £4.2bn
- Individuals £2.4bn
- Wealthy £2.4bn

Tax Enquiry Fee Protection Service

Good to know

The service includes any compliance check, visit (regardless of whether a dispute has yet arisen) or investigation started by HMRC regarding compliance with:

- Corporation Tax Self-Assessment
- Income Tax Self-Assessment
- PAYE
- VAT visits
- National Insurance
- Construction Industry Scheme
- IR35
- Stamp Duty Land Tax
- Employer Compliance Visits
- Check of Employer records
- Interventions
- Capital Gains Tax
- National Minimum Wage
- Gift Aid Legislation and regulations
- P11D
- Inheritance Tax
- Child Tax Credits
- HMRC use of pre-dispute information and inspection powers under schedule 36



Professional
representation



£100,000
fee indemnity



Insurance
backed



No
excess

Also included in the service

Grow, Manage and Protect your Business in Total Confidence with My Business Hub

Everything you need to stay compliant with access to key topics and tools covering HR, Safety and Legal all in one, easy-to-use online portal. Saving you time to focus on growing your business.

The ultimate digital toolkit for all businesses. Enjoy industry insights across HR, Legal and Safety including:

- Full telephone access to the UK's leading advisors in these areas
- A library of compliant forms, policies, employment contracts, risk assessments etc. All downloadable.
- Detailed information and guidance on a range of HR/H&S related topics including absence, termination, maternity, staff handbooks, flexible working, fire safety, DSE and manual handling to name a few.



For immediate HR advice please call 0844 892 2807

Case Studies

Tax enquiry



HMRC opened an enquiry into a tax return. The enquiry lasted 2 years with various requests for information and data from the client. Fees were requested at several points and were authorised to enable their accountant to continue to deal with the enquiry on their behalf. The enquiry was concluded with no amendments being made to the return. Total fees on this claim amounted to £19,000, which were paid in full.

VAT enquiry



A VAT inspection was arranged with the client. During the inspection, attended by their accountant, HMRC raised a concern about the systems used by the client to store their data. Recommendations were made as to how the client could make improvements. The enquiry was closed and all fees were paid for the visit, mileage, and subsequent letters that the accountant had to send to HMRC. The fees totalled £3,400 and were paid in full.

Rachel Bringloe, Tax Partner, Davies Tracey



I understand that your first question as a client of Davies Tracey may be 'why do I need fee protection cover?' After all, if we are helping you manage your taxes then all HMRC obligations should be fulfilled. Whilst this is true, HMRC's enquiry activity is not solely triggered by mistakes, omissions or inconsistencies in tax returns. In fact, there is continued pressure on HMRC to recover tax revenue which means the 'net has widened' and I wanted to highlight some key expectations for UK tax disputes for the year ahead.

Firstly, HMRC's concern over non-compliance in R&D tax reliefs has grown in recent years. If you have claimed R&D relief you may be subjected to an enquiry simply due to the perceived high levels of error and fraud that HMRC considers are present in the R&D space. In addition, HMRC are looking closely at those with multiple sources of revenue – it was hard to ignore the recent media furore when HMRC began

contacting individuals who may not have fully reported their income in respect of online marketplace sales.

Whilst the above are relatively new areas of focus for HMRC, enquiry numbers are increasing in their longstanding target areas including those with fluctuating year-on-year figures and those in 'cash in hand' industries. Another current approach is to issue 'nudge letters', where HMRC ask tax payers to re-assess information provided before a formal enquiry is opened. Although not a full investigation, these do still require attention – the average accountancy costs for doing so standing at around £1,000 (regardless of any amendments required).

In short, HMRC's sophisticated data tools can automatically identify anything unusual. Our clients, both individual and corporate, are well advised to take advantage of our DT Protect service for complete peace of mind. Should a nudge letter or investigation letter land at your door, you (or your business) will then be represented by the Davies Tracey experts that know you best, at no additional cost.

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