

TAX INVESTIGATION SERVICE



Frequently asked questions

I've done nothing wrong, why should I worry about a tax enquiry?

Most tax enquiries are generated by computer "risk profiling" and many are selected completely at random. As a result, HMRC sometimes picks the wrong targets. Even if you have done nothing wrong, the taxman will not give up and will still try hard to find errors.

Can anyone's tax affairs be scrutinised by HM Revenue & Customs?

Anyone who submits a tax return can come under scrutiny. Every year, HMRC start enquiries into many thousands of personal and business tax returns and accounts. VAT and PAYE payments are also thoroughly checked. The aim in every case is to collect more tax.

I need to reduce my spending in the current economic climate

Not paying the annual cost could be a false economy. The potentially high costs of defending you in an enquiry would be much less affordable than the small annual charge. One thing is certain – HMRC does not stop making enquiries into tax returns. The amount of debt the government is in at present is only likely to increase the potential threat of an investigation!

I don't think I need protection

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

I've already got some protection through a trade subscription or business policy.

Such cover will normally be limited and not as wide ranging as the practice service. Such policies are not likely to pay our fees to look after you and may instead bring in an outside consultant who doesn't know you.

How much could a tax enquiry cost me in professional fees?

The questions asked by HMRC are usually very detailed and time-consuming to answer. The costs of defending you can easily run into thousands of pounds, even if little or no extra tax is paid at the end of the enquiry. These costs are not protected by the normal annual fees paid to us.

Is there anything I can do for peace of mind?

You can subscribe to our Tax Investigation Service which will protect you for the work and costs of defending you in the event of a tax enquiry by HMRC.

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 which 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 in respect of our fees incurred. The policy is offered to Menzies LLP by Sandringham Insurance Limited.



What are the main benefits to subscribing clients of this Service?

- ✔ We will defend you, if and when you are selected for a tax enquiry by HMRC
- ✔ The potentially high costs of professional fees for that defence will be claimed under the practices' insurance policy
- ✔ It will not be necessary to accept unreasonable tax charges by HMRC due to concerns about professional fees
- ✔ You will also get free access to a 24/7 unannounced HMRC visits helpline.

What is protected by our service?

Under our service, subscribing clients will be fully protected and the practice will claim under our own insurance policy for up to £100,000 of professional costs, in the following circumstances:

- ✔ A HMRC enquiry into a personal or business tax return
- ✔ A HMRC enquiry into any business accounts, including those of sole traders, partnerships and limited companies.
- ✔ A dispute with HMRC where additional VAT is being pursued
- ✔ A dispute with HMRC where additional PAYE tax or National Insurance Contributions is being pursued
- ✔ A dispute with HMRC relating to the tax status of employees or subcontractors

What is protected by the business fee?

To ensure seamless protection, the business fee protects enquiries into the tax returns of the directors, partners, and their spouse and company secretaries providing we prepare their tax returns. However, where the individual has gross rentals received as landlords that total £50,000 each or more per annum and/or self-employment turnover above £50,000 (outside of the main business) with annual turnover of more than £50,000, a separate Business Client fee is payable.

We run our own payroll and submit our own VAT returns – will the service still protect PAYE or VAT enquiries?

As long as we are registered as agent for corporation tax, we can claim for our fees when assisting you with PAYE and VAT enquiries or compliance visits. The service will allow us to prepare for and attend a meeting with HMRC, and assist with any follow up queries after the meeting. It will not pay for us to carry out a full review prior to HMRC's visit, or for us to assist with any compliance matters that you would normally complete yourself.

What is not protected by our service?

Some costs will not be protected under our service, including the following:

- ✔ Outstanding taxes, penalties, interest or any other amounts due to HMRC
- ✔ Defence of clients in criminal prosecution cases or serious fraud enquiries
- ✔ Fees relating to pre-existing tax enquiries, or enquiries where tax returns were submitted to HMRC later than the statutory time limits (90 days)
- ✔ Tax avoidance schemes
- ✔ Limited cover of £5,000 is provided for HMRC enquiries under Code of Practice 8 which HMRC can use if they are carrying out a technical review but do not suspect fraudulent conduct. Cover is excluded if fraud is proven or if HMRC open an enquiry under Code of Practice 9.

How do I join or obtain information?

To subscribe to our service or for more information, please contact our Tax Investigation Service team by emailing tid@menzies.co.uk

Who are Sandringham Insurance Limited?

Sandringham is a company in the Menzies LLP group and the company is authorised to provide insurance services such as these. In the past we have procured this cover using third parties but we have concluded that utilising Sandringham ensures we may keep this cost effective.

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