

# Tax Investigation Service

Protect your business in total  
confidence through our Tax  
Investigation service

**Our experts are ready to assist**

Call: +44 (0)330 124 1399

Email: [taxdisputes@krestonreeves.com](mailto:taxdisputes@krestonreeves.com)

Visit: [www.krestonreeves.com](http://www.krestonreeves.com)



# Get relief from the financial pressures of a tax investigation

## What is the Tax Enquiry Fee Protection Service?

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?

£35.5 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 tax gap is estimated to be

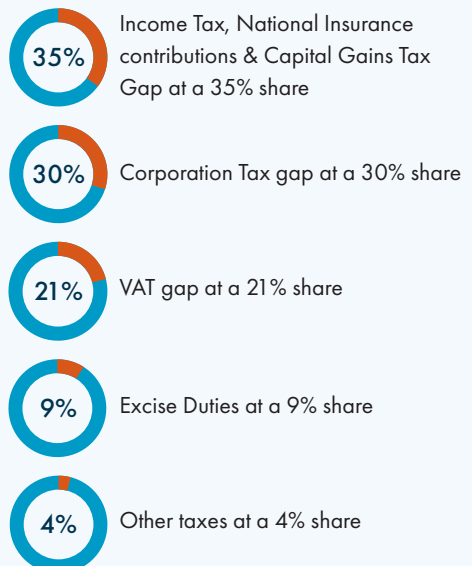
**4.8%** of total theoretical tax liabilities, or  
**£35.8 billion**

in the 2021 to 2022 tax year.

### Share of tax gap by customer group



### Largest Component of the Tax Gap by type is:



# 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

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

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

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# 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 at their premises. Fees were authorised to allow their accountant to attend the meeting. During the inspection HMRC raised a concern about the systems used by the client to store their data. Following the visit recommendations were made as to how the client could make improvements. The enquiry was closed and all fees were paid for the visit and subsequent letters that their accountant had to send to HMRC. The fees totalled £3,400, which included travel time to the meeting and mileage costs. This was paid in full.

## CIS enquiry



An enquiry was opened into a scaffolding company's Construction Industry Scheme payments. The enquiry lasted for 6 months and resulted in the client receiving a refund from HMRC. The total fees for their accountant to defend this enquiry were £2,400 which were paid in full.

## Nudge Letters



HMRC's current approach is to issue 'nudge letters' in order to give tax payers the opportunity to re-assess the provided information before a formal enquiry is opened. Although not a full investigation, they do still require your attention and the time taken to respond from your accountant can be costly and expensive. Such an example is a nudge letter into Property Disposal assets. Whilst there were no amendments required by HMRC, the cost associated with responding was nearly £1,000.