HMRC Enquiry Examples

A husband and wife partnership selling and installing double glazing was investigated by HMRC. At a meeting, HMRC alleged the husband had been dishonest. By the end of a long and detailed enquiry, HMRC repaid £129 of tax to the partnership and apologised, confirming that the allegation of dishonesty was a case of mistaken identity. Accountancy fees were approximately £5,000 and were paid in full by Qdos Vantage.

Business accounts for a wine shop were challenged by HMRC. HMRC claimed that expenditure of more than £150,000 on improvements to the shop front and interior was not allowable for tax purpose and that additional tax of £30,000 was due. Further detailed research into the relevant tax law and previous tax cases was necessary to dispute HMRC's contentions. In the end, HMRC allowed the expenditure in full. Fees of £3,000 were paid in full by Qdos Vantage.

A property developer had a VAT Compliance Review. Following the review, HMRC contended that because the client was making both exempt and VATable supplies, they should not have recovered 100% of input tax from previous years. The client's accountant successfully disputed this on the basis that the client was below the partial exemption de minimis limit, avoiding a potential VAT liability of more than £20,000. Accountancy fees of £3,700 were incurred and were paid in full by Qdos Vantage.

Insurance cover is provided by Qdos Vantage Limited (FCA firm registration number 625811).

It's time to take action...

Protect yourself against the cost of an HMRC enquiry

The problem

HM Revenue & Customs (HMRC) is giving individuals and businesses a harder time by:

- Carrying out more tax enquiries and compliance checks
- Selecting taxpayers for investigation at random or for no good reason
- Using wider powers to visit homes and businesses
- Charging extra tax, interest and penalties
- Allowing less time to pay any tax due

Anyone who pays tax can suffer an enquiry or compliance check by HMRC. If this happens to you:

- You will have to prove that HMRC's suspicions are unfounded
- HMRC's detailed and intrusive questions will take time to answer
- A lot of work will have to be done to respond to the questions asked
- The enquiries can drag on for months and sometimes years
- Professional fees of hundreds or thousands of pounds may become due as a result

The solution

We provide a service to clients under which, in the event of an HMRC enquiry or inspection:

- You will receive the best possible defence
- You will not be charged for most professional costs incurred in your defence
- You will not have to concede to HMRC's demands because of financial pressures

By subscribing to the service, you will have the comfort of knowing that we can fully defend you at no extra cost if you fall under HMRC's spotlight. Please note that any clients not taking advantage of the service will be charged for any additional costs arising.

Other benefits of the service

As an additional benefit, complimentary expert telephone advice can be obtained on:

- Employment law
- Health & safety matters
- General legal issues

The advice can be very valuable, particularly to many business clients, and is available to all subscribers to the service who need it.

How do I subscribe to the service?

Simply follow the guidance in the letter that we sent to you inviting you to subscribe to the service and pay the amount due – that's all there is to it.

You will then receive the full benefits of the service for the period shown on the reply slip. Towards the end of that period, you will be asked if you wish to renew your subscription.