

HMRC may have you in their sights...



Protect yourself with our
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 'CONNECT' which is HMRC's computer "risk profiling" programme whilst some are selected completely at random. As a result, HMRC sometimes picks the wrong targets. Even if you have done nothing wrong, HMRC 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. This is HMRC's seventh consecutive year of record total tax revenues, collecting a total of £574.9 billion – £38.1 billion more than the previous year.

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 far more costly than the small annual charge. One thing is certain – HMRC does not stop making enquiries into tax returns. The amount of money the government needs 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 policy. e.g. FSB

The cover afforded by these types of protection will normally be limited and not as wide ranging as our 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 included in the normal annual fees paid to us by you or your business.

Is there anything I can do for peace of mind?

You can subscribe to our Tax Investigation Service which will settle the 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 with Professional Fee Protection (PFP) and protects our clients who suffer a tax enquiry. For an 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 an insurance policy we hold with PFP in respect of our fees incurred.

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 practice's insurance policy
- It will not be necessary to accept unreasonable tax charges by HMRC due to concerns about professional fees
- We will be alongside and supporting you all the way, thus allowing you to carry on with your life and business.

What is protected by the Service?

Under the 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

Full details of what is protected and information on indemnity limits can be found on the Service Summary which is available on request.

What else does the Service protect for a Company, Partnership or LLP?

To ensure seamless protection, the Service also protects enquiries into the tax returns of the directors, partners, and their spouse and company secretaries providing we prepare their tax returns. When the individual has gross rentals received as a landlord that total £50,000 or more per annum, and/or self-employment income (outside of the main business), a separate subscription is payable.

What is not protected by the Service?

Some costs will not be protected under the 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

Full details are available on request.

How do I join or obtain information?

To subscribe to the service, a cheque for the amount due should be sent and made payable to Kreston Reeves LLP. Alternatively, payment can be made direct to our bank account using the following information;

Account Name: Kreston Reeves LLP
Account Number: 43957543
Sort Code: 20-18-00
Reference: TIS (followed by your eight figure client reference)

Who are Professional Fee Protection (PFP)?

PFP are specialist providers of Tax Enquiry Insurance. They pioneered fee protection in the UK over 30 years ago. They have protected over 600,000 different businesses and individuals. They are committed to working in conjunction with us, thus ensuring your interests are fully protected.

Get in touch

Email taxinvestationservice@krestonreeves.com or contact Ann Andrews on +44 (0)330 124 1399

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