

HMRC is focusing its aim on Tax Investigations



You could be targeted at any time

Every year, HMRC carries out enquiries into the tax affairs of an increasing number of individuals and businesses in the UK. Many people find an HMRC enquiry disruptive, intrusive, stressful and ultimately expensive.

There does not need to be a reason for HMRC to check your tax affairs. If you submit a tax return you can be selected at random, even if you have done nothing wrong.

Last year HMRC collected £41bn through tax investigations. Enquiries often involve a detailed examination of a specific item on a tax return whilst others may extend to a full review of an individual's personal or business affairs.

There has been a surge in compliance cases opened by HMRC as it ramps up tax investigation work. 320,000 checks have been opened in the year 2023/24, up from 290,000 the previous year.

A tax investigation can cost you thousands of pounds in accountancy fees and can often drag on for years. The average cost of an investigation is £3,800 in accountancy fees.

Nothing to hide?

Many tax enquiries are conducted at random. Unfortunately even innocent taxpayers get caught up in the process and are under threat of investigation.

Since 2008, billions of pounds worth of extra tax has been clawed back and the reach of HMRC's 'Connect' database is ever growing, containing over 55bn data items.

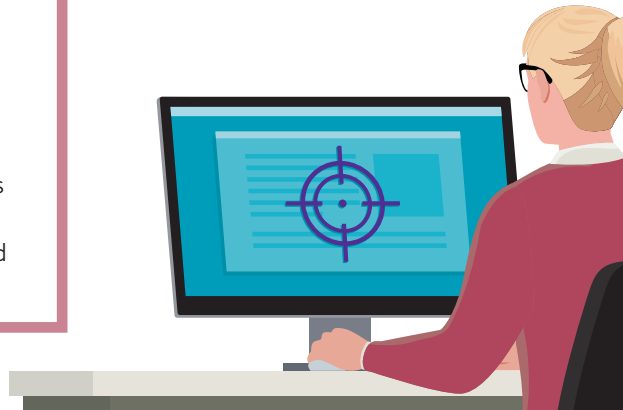
Case Study: Incorrect Information

HMRC opened an enquiry into an individual suggesting they had not declared all their income.

The enquiry lasted over three years and cost over £15,000 in accountancy fees alone.

It turned out HMRC's information was incorrect and that no tax was due.

The accountant's fees were still settled under the Tax Investigation Service.



What could an investigation mean for you and your business?

We know and understand your business and personal financial affairs and want to provide you with the best possible defence saving you time and money.

The professional fees associated with a tax enquiry can amount to thousands of pounds. These costs are additional to our normal annual fees.

HMRC has the power to inspect business documents and assets at your premises, can ask for documents and information, make unannounced inspections and go back up to twenty years to investigate matters.

It is likely HMRC will be looking a lot more closely at compliance history, tax returns and payments. Tax and VAT payments may also be checked more rigorously alongside the usual tax investigations. IR35 and employment status disputes are also likely to be more prevalent.



Case Study: Cross Tax Enquiry

HMRC launched a **Cross Tax Enquiry** into a manufacturing business that included a full review of the entire corporation tax return and four years of PAYE and VAT records.

From the outset it became clear that HMRC were unsure exactly what they were looking for and were undergoing a fishing expedition.

The questioning became increasingly onerous and seemingly endless. After one meeting alone, dozens of questions followed. Despite the best efforts of the advisor, the enquiry dragged on for over two years, resulting in only small adjustments and over £20,000 of fees were settled under the Tax Investigation Service.

Did you know?

320,000

The number of compliance checks HMRC opened into taxpayers in 2023/24. This is up from 290,000 the previous year.

£3,800

The average professional fees associated with a tax enquiry. Enquiries can be stressful, time consuming and above all expensive. These costs are in addition to our normal annual fees.

36%

Is the approximate number of enquiries by HMRC, in 2022, that resulted in a nil settlement. No further tax penalties or interest were collected by HMRC.

Legal support included:

- 50+ Legal Experts
- 24/7, 365
- 55,000 Calls & 45,000 pieces of legal advice in 2023
- Intuitive online document library
- Document templates
- Document builder
- Legal advice pages

Subscribe to our Tax Investigation Service today to protect yourself from the costs involved in a tax investigation and benefit from our free client legal helpline and online legal hub.

To join please visit our microsite at:
www.monahans.co.uk/tax-investigation,
contact your usual Monahans contact,
email us at: TaxIS@monahans.co.uk
or call us on 01793 818300



Printed on 100% recycled, carbon balanced uncoated paper sourced from responsible managed forests and approved by the Forest Stewardship Council (FSC), the Carbon Capture Programme and the World Land Trust. Printed using energy from renewable sources, supporting the Woodland Wildlife Trust and non-petroleum vegetable based inks.



monahans.co.uk



[@monahans](https://www.instagram.com/monahans)



[@monahansaccount](https://www.monahans.co.uk/account)



Independent Member of

PrimeGlobal

The Association of Advisory
and Accounting Firms

Part of the **SUMER** Group