

# 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, HM Revenue & Customs (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 HMRC?

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. A record £26.6bn of additional tax was collected through compliance checks in 2014/15. The number of people being investigated more than doubled in one year and we expect this trend to continue.

## Do 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 when there is an economic downturn. The amount of debt the government is in at present is only likely to increase the potential threat of an investigation!

## Why do I need protection?

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

annual charge for the peace of mind it extends in the event of an investigation.

## I've already got some protection through a trade subscription or policy. e.g. FSB. Why isn't this sufficient?

Such cover will normally be limited and not as wide ranging as the practice service. Such policies may not pay our fees to look after you and may require that you bring in an outside consultant instead 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. The cost of our time is not covered by the normal annual fees paid to us.

## Is there anything I can do for peace of mind?

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

## What is the Tax Fee Protection Service?

It is a Service set up by us in conjunction with Vantage Fee Protect (VFP) to protect clients who suffer a tax enquiry. For a small annual fee, you can join our Service and obtain the benefits described on the reverse of this sheet. The Service is supported by an insurance policy that the practice has arranged through VFP. When you subscribe to our Service we are able to make a claim against our insurance policy held with VFP in respect of our fees incurred.

## What are the main benefits of subscribing clients to 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 your 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
- You will also get free access to a 24/7 Business Legal helpline and a separate Employment Law, Health & Safety helpline

## 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:

- An HMRC enquiry into a personal or business tax return
- An 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

A Summary of Service document detailing cover is available on our website.

## 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

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## What is protected by the business fee?

To ensure seamless protection, the business fee protects enquiries into the tax returns of the directors, partners, members and their spouse and company secretaries - providing we prepare their personal tax returns.

## How do I join or obtain information?

If you have any questions relating to our Tax Fee Protection Service then please contact us, or go to our website.

## Who are Vantage Fee Protect (VFP)?

VFP is a leading provider of Tax Fee Protection Service. Vantage Tax Fee Protection Ltd is an appointed representative of Vantage Protect Ltd (FRN 772055) which is authorised and regulated by the Financial Conduct Authority.

The team is committed to working in conjunction with us, thus ensuring your interests are fully protected.

## Want to know more?

If you have any questions relating to our Tax Fee Protection Service then please contact us, or go to our website for the Summary of Service, FAQs and Claims Examples.