

Tax Enquiry Fee Protection

Personal Claims Examples

High Net Worth Individual targeted by HMRC

Professional fees of £10,000 were incurred

Enquiries were opened into the 2016 amended and 2015 self-assessment tax returns and covered income from self-employment, foreign property, loan interest relief and capital gains arising on the sale of shares, futures and options. Fees were incurred meeting with the client and HMRC and exchanging extensive written correspondence in response to complex technical issues. At the conclusion it was deemed by HMRC that no significant adjustments were required.

Self-employed consultant subject to a Full Enquiry

Professional fees exceeded £5,000

HMRC requested all of the books and records and then raised questions regarding self-employment income, rental income and income from employment. At the conclusion HMRC identified approximately £12,000 of underpaid tax, due to overstated expenses (due to bookkeeping errors). However HMRC accepted a negotiated settlement of £6,000.

Retired individual subject to an Aspect Enquiry

Professional fees of £2,000 were incurred disputing HMRC's findings

HMRC receive information from banks and other financial institutions and compare the information received to the entries on the individual's self-assessment tax return(s) to check for completeness. As a consequence HMRC opened an enquiry, inviting an individual to reconsider the information returned as they held information to suggest taxed and untaxed interest had been omitted and understated. The enquiry was concluded with no amendment being made to the self-assessment tax return, with the information supplied by one financial institute found to be flawed.

Self-employed sub-contractor subject to a Compliance Check for a past year

Professional fees of £2,000 were incurred

HMRC routinely compare information they receive from contractors within the construction industry to their own records. As a consequence HMRC opened a compliance check where there was a difference of £4,879, between the self-employment income declared on the individual's self-assessment tax return, and the CIS vouchers received for the period. This understatement of income was not disputed and resulted in additional duties of £667.79. The insurer considered that this was an innocent error as the accountants approach was reasonable.

Self-employed restaurant proprietor subject to a Full Enquiry

Professional fees in excess of £6,000 were incurred

HMRC opened an enquiry into the proprietor of a restaurant and undertook a full review of the business books and records. HMRC argued that the income had been understated. During the course of the enquiry HMRC misplaced the hand-written cash sheets that were held in support. The client's accountant was required to attend several meetings with HMRC.

Actress subject to an HMRC Aspect Enquiry

Professional fees of £4,850 were paid in full by the Tax Enquiry Fee Protection Service

An actress client who had secured a film role which was shot in both the UK and USA, receiving payments from both the UK and the USA (Foreign Tax Credit had been claimed on these payments), received an aspect enquiry notice under S9a TMA1970.

The Inspector requested sight of the individual's records in respect of foreign interest received and the documentation on how the foreign tax credit relief of £85,000 claimed on the individual's return had been derived.

After 15 months, two meetings later and numerous in-depth letters, a successful outcome was negotiated that no amendments were required to the foreign tax credit as submitted.