

Claims Examples

High Net Worth Individual targeted by HMRC

Enquiries were opened into the 2015 and amended 2016 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 for 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. Accountancy fees of £10K were incurred.

Self-employed consultant subject to a Full Enquiry

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 £12K of underpaid tax, due to overstated expenses (due to bookkeeping errors). However HMRC accepted a negotiated settlement of £6K. Accountancy fees exceeded £5K.

Retired individual subject to an Aspect Enquiry

HMRC receive information from banks and other financial institutes 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 commenced 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. However accountancy fees of £2K were incurred disputing HMRC's findings.

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

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 and as the accountant's approach was reasonable, fees of £2K were incurred.

Self-employed restaurant proprietor subject to a Full Enquiry

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, incurring fees in excess of £6K.

Employed Individual subject to an Aspect Enquiry

HMRC opened an Aspect enquiry into an individual's tax return looking specifically at their employment income. They discovered a discrepancy regarding the Benefits in Kind received. The company car fuel and Private Medical Insurance benefit included on the return did not match the end of year figures submitted by the individual's employer (P35). The individual's accountant communicated initially with HMRC and then with the payroll manager at the individual's employer. It was eventually found to be a payroll error, duplicated to the P11d and issued to the employee. HMRC accepted that an error had been made and that the return had been correct. Accountant fees of £1,500 were incurred.