

TAX INVESTIGATION SERVICE SUMMARY

When you subscribe to our service we are able to make a claim against our insurance policy held with Professional Fee Protection in respect of our fees incurred (up to £100,000 per claim unless otherwise indicated) when we defend a client who is subject to any of the following events:

A Full Enquiry – This is an extensive examination which considers all aspects of the self assessment tax return. It will involve a comprehensive review by HMRC of all books and records underlying the entries made on the return. It will also feature the issue of a notice under S9A/S12AC TMA 1970 or paragraph 24(1) Schedule 18 FA 1998.

An Aspect Enquiry – This is where HMRC enquires into one or more aspects of the self assessment tax return which may involve clarification of particular entries, to detailed consideration of whether those entries have been treated correctly for tax purposes. It may involve a check on the records upon which the particular entries were based. It will also feature the issue of a notice under S9A/S12AC TMA 1970 or paragraph 24(1) Schedule 18 FA 1998.

PAYE/VAT Compliance Visit Cover – This is where HMRC wish to carry out a routine PAYE/VAT Compliance Visit where it is agreed that professional representation is necessary and the matter cannot be dealt with by the client alone. This will include Business Records checks. The limit of indemnity for this cover is £1,000.

Pre-Dispute Cover – This is where it is considered necessary to involve us following a routine inspection/compliance visit by HMRC. The limit of indemnity for this cover is £1,000.

VAT Disputes – This is a challenge by HMRC to the accuracy or completeness of returns submitted. It will feature a disagreement over both the way in which VAT has been operated and over the amount of VAT due.

PAYE/NIC Disputes - This is a challenge by HMRC to the accuracy or completeness of returns submitted in accordance with Pay As You Earn Regulations. It will feature a disagreement over both the way in which PAYE has been operated and over the amount of PAYE/NIC due.

IR35 Disputes – This is where HMRC states a client should be subject to the IR35 legislation following a PAYE compliance visit or the issue of a notice under paragraph 24(1) Schedule 18 FA 1998. It will feature a disagreement over whether this legislation applies.

A Business Inspection Notice – This is where HMRC exercise their power to request entry to a person's business premises and inspect the business premises, assets, goods and documents. It will feature the approval of an "authorised officer" of HMRC and the issue of an Inspection Notice for a short notice or unannounced visit or where the proposed inspection has been approved by the First-tier Tribunal.

Code of Practice 8 Investigations – This is where Specialist Investigations of HMRC launch an enquiry and issue Code of Practice 8 Booklet. The limit of indemnity for SI cover is £5,000.

Application for a Judicial Review – This is an application (during the course of a valid claim under the policy) to the Administrative Court to challenge a decision of an official where no other legal recourse is available to the applicant. The limit of indemnity for this cover is £5,000.

Partners/Directors Cover – Where a partnership or limited company join we may also make a claim in the event of either an aspect or full enquiry into the personal returns of the partners and directors and their spouses and company secretaries (subject to such returns being completed by us). This automatic cover will not extend to rental income in excess of £50,000 per annum (before expenses) or any other business activities.

Interventions Cover - This is where HMRC issue a letter with a view to obtaining clarification on a particular point without the issue of a statutory notice and not dealt with or excluded under any other section of the policy. This will exclude CIS, Minimum Wage, Student Loan and Tax Credit Enquiries. The limit of indemnity for this cover is £1,000 per claim.

The Main Exclusions in our service are as follows:

- The cost of making good any deficiencies in books, records, accounts or returns.
- Claims which originate from any matter which existed before the first period of insurance except where full disclosure has been made and the increase in risk has been accepted in writing.
- Returns which have been submitted more than 90 days late.

Full details available on request.