

# FAQs: Tax Investigation Insurance.



## Why should I worry about a tax enquiry?

HMRC have increased the number of tax enquiries, with most enquiries now generated by computer “risk profiling” while other are selected at random. Even if you have done nothing wrong, you are still at risk of being enquired. The enquiries are extremely detailed and HMRC will try hard to find errors.

## Can anyone’s tax affairs come under scrutiny 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 £30.4bn of additional tax was collected through compliance checks in 2020/21, with a 9% increase in the number of enquiries opened, and this is set to continue as HMRC look to recover the cost of the pandemic.

## Tax investigation service

### How much could an enquiry cost?

The questions asked by HMRC are usually very detailed and time consuming to answer. Therefore, the professional fees incurred in defending you can easily run into the thousands, even if little to no extra tax needs to be paid as a result of the enquiry. These costs are not protected by the normal annual fees paid to us.

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

Such cover will normally be limited and not as wide ranging as the service we are able to provide. Such policies may not pay our fees to look after you and may instead bring in an outside consultant who doesn't know you.

### Why should I consider fee protection?

Not paying for our fee protection service 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. HMRC does not stop making enquiries into tax returns when there is an economic downturn and with the current government debt, it only increases the potential for an enquiry.

### What is protected by the service?

Under the Service, you will be fully protected, and Wilson Partners will claim under our 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 dispute in relation to CJRS/SEISS claims.
- An enquiry arising from a HMRC 'nudge' letters.

A summary of Service document detailing cover is available upon request.

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

You can subscribe to our Tax Fee Protection Service which will protect you for the 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 are subject to 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 backed 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 benefits for you?

- We will defend you, if and when you are selected for a tax enquiry by HMRC.
- The potentially high costs of professional fees for that 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.



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### 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 Wilson Partners prepares their tax returns.

### Who is the insurance provider?

You'll be covered through 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. They are committed to working in conjunction with us, in order to ensure 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](#).

