

FAQs: Tax investigation fee protection.



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.

HMRC continues to increase its compliance activity by introducing further new approaches to checking employer compliance. Overall, following these changes in its approach, HMRC’s compliance yield has increased by 23% to £42.8bn in 2023/24*, compared to £34bn in 2022/23.

*www.bdo.co.uk/en-gb/news/2024/hmrc-compliance-yield-up-by-23-percent

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 policy for up to £125,000 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 Markel Tax 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 a policy that the practice has arranged through Markel Tax. When you subscribe to our Service we are able to make a claim against our policy held with Markel Tax in respect of our fees incurred.

Tax investigation service

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 fee protection 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 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 fee protection provider?

You'll be covered by Markel Tax. Markel Tax is a trading name of Markel Consultancy Services Limited, company no: 08246256. VAT no. 245 7363 49. In respect of its insurance mediation activities only, Markel Consultancy Services Limited is an Appointed Representative of Markel International Insurance Company Limited which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Insurance is underwritten by Markel International Insurance Company Limited. Financial Services Register no. 202570.

Want to know more?

If you have any questions relating to our Tax Fee Protection Service, then please [contact us](#).

