

# Protecting you from an HMRC enquiry.

Tax investigations update



## Another record year for HMRC!



Total tax revenue in 2018/19 increased by £22bn to £627.9bn



Compliance activity yielded £34.1bn – a 12.5% increase in additional tax on 2017/18



HMRC enquiries are better **targeted** and being worked on with an unprecedented level of detail and persistence



Enquiries are becoming increasingly **personal** as HMRC push to scrutinise the bank statements of business proprietors



Enquiries are taking longer and the defence more expensive. The cost of not defending them properly is huge. HMRC's 'cross-tax' enquiry process continues to target mid-size businesses – such enquiries can take years to resolve.

# Based on HMRC compliance activity: who is at risk?

Although HMRC have improved their yield, the tax gap – the difference between the expected tax take and the tax actually collected – tells a slightly different story. In 2016/17 it was £33.4bn and in 2017/18 it has risen to £35bn, which represents a 0.1% increase.

**Therefore, HMRC will not be complacent.**



## Individuals

Individuals produced an **additional tax yield of £2.4bn** from taxpayers with less than £150,000 in annual income and under £1m in total assets.



## Wealthy individuals

Wealthy individuals yielded £1.8bn from an estimated £145m spent on compliance activity. That is an **80% increase in tax generated** for only an additional 7.5% spend by HMRC.



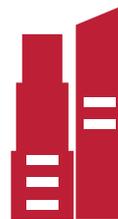
## Small businesses

Small businesses represent 95% of all businesses and employ some 14 million people in the UK. Despite HMRC reducing its compliance activity spend by £35m, the **tax yield** from small business **increased by £200m to £5.6bn**.



## Mid-sized businesses

Mid-sized businesses produced **£4bn in additional tax – up 14%** in 2018/19. Those at the larger end of this group are likely to see cross-tax enquiries with well-trained teams spending days on site and then raising queries which run to pages and pages. This is **costly and time consuming**.



## Large businesses

Large businesses generated an **additional £10bn compliance yield** for HMRC. By **spending an extra £25m on compliance work** in 2018/19, HMRC **recouped £1bn in additional tax** – that is a return of £40 for every extra £1 spent on compliance.

## YOU ARE



How much tax, interest and penalty you pay as a result of an HMRC enquiry is linked to the quality of your defence.



It's much easier for us to offer you the best defence when you don't have to worry about paying for the cost of your defence.

## So don't gamble with your defence – don't risk a higher tax bill

Our tax investigations package offers businesses AND individuals protection to ensure that when HMRC strike, our accountancy fees for dealing with an enquiry are provided for.

### Our tax investigations package offers:

- up to **£125,000** of accountancy fees
- full representation to HMRC on your behalf, including handling all correspondence and interaction, along with attending any HMRC meetings
- a robust defence against HMRC, providing comfort and peace of mind