

# Claims Examples

## Building contractor subject to a Full Enquiry, PAYE & VAT Compliance Visit

HMRC targeted a group of companies, opening full enquiries into each of the group member's tax returns, including the group Directors' personal tax returns, as well as undertaking a PAYE and VAT Compliance Review. More than £10,000 of accountancy fees was incurred providing the books and records, submitting further detailed information in respect of each of the entities under enquiry and attending long and detailed meetings with HMRC. On completion, it was concluded by HMRC that no significant adjustments were required.

## Furniture wholesaler subject to an HMRC Full Enquiry

HMRC commenced an enquiry, which later extended into the directors personal returns and did not complete until over two years later. During that period there were numerous exchanges of correspondence and meetings with HMRC. At one point HMRC indicated that the liability to additional tax could exceed £200,000, by the conclusion of the enquiry additional tax of £20,000 was agreed.

## Husband and wife partnership subject to a Full Enquiry

A husband and wife partnership, which sold and installed double glazing were subject to a full enquiry. At the initial meeting HMRC alleged that the husband had been dishonest. However by the conclusion of the enquiry HMRC deemed that £129 of tax was repayable to the partnership and apologised, confirming the allegation of dishonesty was a case of mistaken identity.

## 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 £12,000 of underpaid tax, due to overstated expenses (due to bookkeeping errors). However HMRC accepted a negotiated settlement of £6,000.

## Shoe wholesaler subject to a PAYE Compliance Review

Following a PAYE Compliance Review HMRC contended that additional tax of over £20,000 was due in respect of company car benefits and transfers. The position was contended by the client's accountant and eventually HMRC agreed to reduce the initial assessment down to less than £5,000.

## Property developer subject to a VAT Compliance Review

Following a VAT compliance review it was determined that given that the client was making both exempt and VATable supplies, they should not have recovered 100% of input tax in previous years. The client's accountant successfully disputed the assertion on the basis that the client was below the partial exemption de minimus limit, avoiding a potential liability in excess of £20,000.

## Husband and wife subject to an HMRC Aspect Enquiry

A husband and wife had a portfolio of four properties and each received an aspect enquiry notice under S9a TMA 1970. HMRC challenged the rise in expenses for one year.

The husband and wife had, had to evict one tenant due to non-payment of rent and damage to the property. All details of the expenses were provided and HMRC then challenged whether the expenses should be treated as capital or revenue expenses.

As they had taken photographs of the damaged property and with the expenses/ invoices were able to satisfy HMRC. Each received a small repayment.