

Is the Tax Man watching you?

In May HM Revenue & Customs (HMRC) announced that following an increase in targeted investigations they have secured £23.9bn in additional tax revenue. So should you be concerned that you might be next? And what can you do to prevent this?

HM Revenue & Customs has a weapons grade computer system called Connect which is produced by the defence contractor BAE systems. This trawls the internet searching for potential details of income which can then be cross referenced with taxpayer's personal details. HMRC also has powers to request information from banks, credit card providers, lettings agents and similar other sources which paint a picture of whether all income and profits have been disclosed to HMRC.

HMRC have also launched 70 taskforces in targeted geographical areas which have raised £156m so far. Some of the areas of focus have been the Fast-food sector, Security industry, Dentists, Vets, Medical Practices, Driving Instructors, Painter & Decorators, Scrap Metal Dealers, second home owners, motor trade and "hidden wealth" in London & East Anglia!

When deciding who to investigate, HMRC will consider your industry, your profit margin, information about you on the internet, whether you file your returns and pay your taxes on time. They will also consider who your accountant is! Accountants are now being profiled by HMRC and those taxpayers whose accountants have dubious records of submitting returns on time or undertaking aggressive avoidance schemes are under greater risk of investigation.

Not only will your accountant have an impact on whether you are investigated, they could also have an impact upon any penalties which might be levied if it is proved that additional taxes are due. The manner in which the

enquiry is conducted by the accountant including the assistance provided can mitigate up to 50% of any penalty due.



Andrew Diver

So, if you are worried you might be the target for an investigation, would like some assistance in getting your tax reporting right first time, or are unfortunately currently subject of an investigation and would like some guidance please do not hesitate to contact us.

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Events and news

Tuesday 15 July

Bookkeeping & Financial Control Course

Run by one of our Management Accountants, Haidee Everson,

at Kesgrave Conference Centre, Ipswich, IP5 1JF

Time: 9.30am – 12.30pm. Cost £25.00

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