

The focus of an HMRC enquiry could be you.

Tax investigation protection



HMRC have announced record revenues in 2017/18 generating £605.8bn, an increase of 5.4% on the previous year, and will be looking to improve on this growth in 2018/19.

A large proportion of this, £30.3bn, came from compliance activity into error, avoidance and evasion, 5% higher than the previous year.

These figures will continue to grow as the government has tasked HMRC to maximise the revenues due and clamp down on avoidance and evasion.



Individual customers

We have seen an increased focus on property risks for individuals, fed by information from HMRC's Connect software.

£2.7bn of additional tax was generated from compliance activities in this customer group, at an estimated cost of £320m. These are individuals with an income below £150,000 and assets valued at under £1m.

£2.7bn generated by HMRC



Wealthy individuals

We have noticed that residence and domicile positions have increasingly been challenged.

£1bn of additional tax was generated from compliance activities in this customer group, at an estimated cost of £135m. These are defined as individuals having an income over £150,000 or assets above £1m.

£1bn generated by HMRC



Small businesses

Scrutiny we have seen in this area centres on transactions in cash, the level of payments made to directors and key employees and expenses of the business.

£5.4bn of additional tax was generated from compliance activities in this customer group, at an estimated cost of £525m. This customer group comprises incorporated or unincorporated businesses with a turnover below £10m and fewer than 20 employees.

£5.4bn generated by HMRC



Mid-sized businesses

The type of activity we have seen in this area includes cross-tax enquiries, checking the tax position across multiple taxes.

£3.5bn of additional tax was generated from compliance activities in this customer group, at an estimated cost of £225m. This customer group comprises incorporated or unincorporated businesses with a turnover between £10m and £200m or 20 or more employees.

£3.5bn generated by HMRC



Large businesses

We have noticed HMRC change the way they risk assess large businesses and focus on Base Erosion and Profit Shifting (BEPS), the response to tax avoidance by multinational corporations.

£9bn of additional tax was generated from compliance activities in this customer group, at an estimated cost of £205m. This customer group comprises incorporated or unincorporated businesses with a turnover exceeding £200m.

£9bn generated by HMRC

What you should know

The total yield from compliance activity in these customer segments was £21.6bn, and a total estimated spend of £1.4bn was required to bring this in. HMRC have chosen to highlight the compliance yield and related spend because it sees these as successful outcomes.

Accordingly, we can expect HMRC to continue to invest in compliance activity across these customer sectors, perhaps focussing on improving efficiencies in those areas where the return is lower. **With ever-increasing HMRC compliance activity, the likelihood of being subject to an enquiry has never been higher.**

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- Comfort and peace of mind that we can provide a robust defence against HMRC