

## **TAX ENQUIRY INSURANCE**

### **PROTECT YOURSELF AND YOUR BUSINESS AGAINST THE COST OF A TAX ENQUIRY**

Under self-assessment, HMRC has the power to open an enquiry into any tax return or set of business accounts. No reasons have to be given for opening enquiries and many thousands are started every year at random.

On top of those risks, are the risks from VAT disputes and PAYE disputes including employment status and IR35.

More recently a new risk is from so called 'Interventions' – HMRCs new powers to inspect records and businesses outside of traditional enquiries.

Even if you are completely exonerated, the fees to defend such enquiries and reviews can be substantial. The importance of considering insurance against this eventuality has never been as high as it is today.

In conjunction with Qdos Taxwise we offer a Tax Enquiry Insurance Scheme; participating clients have cover for up to £75,000 in the event of an HMRC enquiry or dispute – this includes Full & Aspect HMRC enquiries, VAT disputes, PAYE disputes, interventions, employment status disputes and IR35 disputes. Also as an additional benefit the policy includes unlimited telephone access to Qdos consultants on any matter relating to employment and health & safety law.

The risks covered are:

- Full and aspect tax enquires, with no excess and all professional fees up to £75,000 covered from receipt of opening letters. Criminal prosecutions, and enquiries worked under the HMRC Civil Investigation of Fraud procedures as an alternative to prosecution are not covered – these are rare circumstances and unlikely to affect a typical client of ours (we've had two such enquiries across our client base in the last twenty years).

-PAYE & VAT inspections, and interventions. The preparation for, and attendance at, if necessary, a review of your records isn't covered. Any follow up work with HMRC, regardless of whether there is a dispute or whether HMRC are simply asking for additional explanations or information, is covered, again up to £75,000, again with no excess.

The scheme runs from 1<sup>st</sup> December annually for a 12 month period, premiums below. The premium for this period is set out below. To take the insurance up please complete the application form (appended or at [www.garbetts.com/download/teiform.pdf](http://www.garbetts.com/download/teiform.pdf)) Please note we must receive your payment before for cover to ensure you are included in the scheme.

#### Premiums

£45	Private clients (turnover / gross business income limit £15k)
£110	Sole traders / partnerships (turnover limit £500k – includes partners personal affairs unless non business income exceeds £15k)
£145	Limited companies / (including PSCs & Contractors) (turnover limit £2m – includes directors personal affairs unless non business income exceeds £15k)

If you are joining after 1 December then these premiums are pro rated as follows:

Join before 28 February	100%	Join before 31 May	75%
Join before 31 August	50%	Join before 30 November	25%

All premiums are inclusive of Insurance Premium Tax. Quotes outside the turnover limits on request. We hold a specimen Policy Document which is available upon request.

If you have any further questions relating to this scheme, please do not hesitate to contact your normal day to day contact at Garbetts.

The insurance is, of course, not compulsory but should you decide not to take advantage of this service, you will be fully liable for all professional fees incurred in defence of any enquiry.

You should note that in providing this insurance we are acting as a general insurance intermediary. We are licensed to undertake these activities by the Association of Chartered Certified Accountants.

© Garbetts – updated 12 May 2010 – guidance for illustration only, please seek advice before taking any course of action if you are unsure.