Don’t get caught

The right protection policy will help you save up to £75,000 in the event of a tax investigation. Frank Pons explains

With the tax authorities becoming more and more pro-active in dealing with investigations, and with sole traders, partnerships and limited companies under greater risk of being scrutinized, there has never been a better time to protect your self and your business.

There are several different enquiries to which your business might be subjected, and the tax authorities do not need to give you a reason as to why they have chosen you out of all those other honest and diligent dentists.

Enquiries can consider all aspects of the self-assessment tax return with a comprehensive review of all books and records underlying the entries. Or, they will feature a dispute over the operation of VAT and VAT due. Other enquiries can feature a disagreement over the correct PAYE operation, and the PAYE/NIC amount due.

Dentists might also find themselves faced with the very real possibility of an Aspect Enquiry. This is an enquiry by HM Revenue & Customs into one or several aspects of the self-assessment tax return. The tax authorities may require a clarification of certain entries or a comprehensive examination of whether those entries have been executed correctly.

Use a specialist

An Aspect Enquiry can be over in a few days, or it can drag on for weeks. You will probably need to supply documentation to support entries made on the tax return, focusing on one area such as interest from a building society account, and you can be fined for withholding the necessary paperwork. It is unlikely that you have the expertise required to deal with the tax authorities as they closely examine and pick over the most minute details, and it is always best to turn to an accountant or investigation specialist who is well-versed in dealing with HM Revenue & Customs and understands every subtle nuance of the tax return.

Although the Aspect Enquiry can be comparatively straightforward to deal with, providing you have both the means to prove the accuracy of the tax return entry or entries and the expertise to present your case effectively, failure to do either may result in the tax authorities opting for a full enquiry. This could take months.

Even with the support of an experienced accountant or investigation specialist, you can still end up with an enormous bill. Fortunately, tax investigation insurance is available, giving you peace of mind in case you end up having to prove your innocence.

The leading provider of tax investigation insurance policies provides a TaxMaster policy that can be extended to include Aspect Enquiries. One of the many benefits of such a policy is not only that it gives you peace of mind, but also that it also covers Full Enquiries in the event that the tax authorities might extend the investigation to cover the whole tax return, and VAT disputes. Other policies include the PAYeMaster that covers all approved professional fees incurred in dealing with PAYE and NIC disputes.

About the author

Frank Pons
A qualified chartered accountant and tax expert, Frank Pons founded PFP in 1984, the first company to recognise the need for and provide dentists with tax investigation insurance. For more information contact PFP on 0845 307 1177, email info@pfp.uk.com or visit www.pfponline.com.