

THE NEW HMRC POWERS AND TRENDS

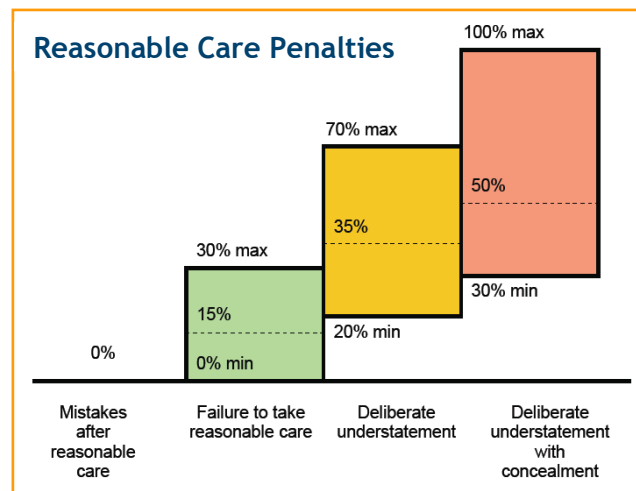
“HMRC should support those who seek to comply and come down hard on those who seek an unfair advantage through non-compliance”²

HM Revenue & Customs Annual Report 2006-2007 – Trends ¹

Enquiries into Self Assessment				
	2003-04	2004-05	2005-06	2006-07
<i>Full enquiries</i>				
Yield in fines	£194m	£200m	£221m	£278m
Average yield per case	£4,619	£5,263	£6,500	£9,586
<i>Aspect enquiries</i>				
Yield in fines	£274m	£320m	£355m	£788m
Average yield per case	£1,557	£2,013	£2,554	£5,970

Finance Act 2008²

- Rights to inspect records which businesses are required by law to prepare
- Rights to visit premises to carry out checks
- Rights to have access to computers
- Pre and post return checks
- Using a common system for Income Tax, Corporation Tax, PAYE, National Insurance Contributions, and VAT
- A risk based approach, concentrating on areas of likely difficulty and greater penalties for incorrect returns
- Implementation of “Systems Audit” - an intelligent way to address small business compliance, assessing whether the basic controls are likely to lead to the tax being correct. This militates to in-period visits.
- No Penalty if the taxpayer takes reasonable care, which varies from person to person according to their abilities, but always includes having adequate records - poor records leading to a higher risk, a higher likelihood of selection for checks, and a greater risk for penalties due to lack of reasonable care.
- Increasing rate depending on behaviour.



1. All information sourced from HM Revenue & Customs annual report 2006/2007

2. Rebecca Bennyworth - CCH Premier Protection Product Launch 11/07/08 at the ICAEW, London