



# Tax Investigations Fee Protection Service Inclusions and Exclusions

**When you subscribe to our service, we are able to make a claim against our insurance policy held with Croner-i - Taxwise Protect in respect of our fees incurred (up to £100,000 per claim unless otherwise indicated) when we represent a client who is subject to any of the following events:**

## A Full Enquiry

This is an extensive examination which considers all aspects of the Self Assessment tax return. It will involve a review by HM Revenue & Customs (HMRC) of all books and records underlying the entries made on the return. It will also feature the issue of a notice under S9A/S12AC TMA 1970 or paragraph 24(1) Schedule 18 FA 1998.

## An Aspect Enquiry

This is where HMRC enquires into one or more aspects of the Self Assessment tax return which may involve clarification of particular entries, and detailed consideration of whether those entries have been treated correctly for tax purposes. It may involve a check of the records upon which the particular entries were based. It will also feature the issue of a notice under S9A/S12AC TMA 1970 or paragraph 24(1) Schedule 18 FA 1998.

## A Business Inspection Note

This is where HMRC exercises its power to request entry to a person's business premises to inspect the business premises, assets, goods and documents. The notice will be issued under Schedule 36 paragraph 12(2) FA 2008.

## VAT/PAYE/CIS Compliance Visit

This is where HMRC wishes to carry out a routine PAYE/VAT/ CIS Compliance Visit where it is considered that professional representation is necessary and the matter cannot be dealt with by the client alone.

## VAT Dispute

This is a challenge by HMRC to the accuracy or completeness of returns submitted. It will feature a disagreement over the way in which VAT has been operated and/or over the amount of VAT due.

## PAYE/NIC/CIS Dispute

This is a challenge by HMRC to the accuracy or completeness of returns submitted in accordance with Pay As You Earn/CIS Regulations. It will feature a disagreement over the way in which PAYE /CIS has been operated and/or over the amount of PAYE/NIC due.

## Furlough and SEISS Investigation

This is where HMRC enquire into the validity of claims under the Coronavirus Job Retention Scheme and/or claims under the Self-Employed Income Support Scheme.

## Employment Status Dispute

This is where HMRC contends that an individual previously classed as self-employed should have been subject to PAYE.

## Inheritance Tax (IHT) Enquiry

This relates to an estate or trust where our involvement is considered necessary following the submission of an IHT return which has been wholly prepared by us.

## Capital Gains Tax (CGT) Enquiry

The direct or indirect disposal of UK real estate now requires the separate filing of a CGT return (currently within 60-days of completion). For a non-UK resident this return is required irrespective of whether there is a taxable gain. Where we are the agent, an enquiry into a CGT return is covered by this service.

## Gift Aid Inspections

This is where a registered charity operating a Gift Aid Scheme with HMRC is being reviewed.

## Partners / Directors Enquiry

Where a partnership or company subscribes to the service, we may also make a claim in the event of either an aspect or full enquiry into the personal returns of the partners, directors and their spouses / civil partners and company secretaries. We must be the tax return agent at the time the enquiry commences.

## Application for a Judicial Review

This is an application made (during the course of an enquiry covered by the service) to the Administrative Court to challenge a decision of an official where no other legal recourse is available to the applicant.

**The limit of indemnity for this is £5,000.**

## Code of Practice 8 Investigation

This is where HMRC Specialist Investigations conducts an investigation in accordance with Code of Practice 8. **The limit of indemnity for this is £15,000.**

## IR35 Status Check

This is where HMRC writes asking if it has been considered whether the client falls within the scope of IR35.

## IR35 Dispute

This is where HMRC contends that a client should be subject to the IR35 legislation following a PAYE Compliance Visit or the issue of a notice under paragraph 24(1) Schedule 18 FA 1998. It will feature a disagreement over whether this legislation applies.

## Interventions (Informal Enquiries)

This is where HMRC issues a routine letter or telephone call with a view to obtaining clarification on particular points on a Self Assessment tax return without the issue of a statutory notice. HMRC will frequently use the phrase that they are checking the return. Such an intervention must not be dealt with or excluded under any other section of this policy.

## Nudge Letter

This is where HMRC issue a letter either as part of an HMRC campaign or as a result of information received under the common reporting standard. Campaigns usually focus on a particular aspect of tax, for example offshore income gains, excess reporting income or the failure of an Enterprise Investment Scheme (such that income tax relief is clawed back). **The limit of indemnity for this is £750.**

### The main exclusions in our service are as follows:

- The costs of making good any deficiencies in books, records, accounts or returns or work ordinarily capable of being done by the client.
- Claims which originate from any matter which existed before subscribing to the service.
- Minimum Wage, Student Loan and Tax Credit Enquiries.
- Construction Industry Scheme Gross Payment Status Disputes.
- Claims relating to returns which have been submitted more than 90-days late.
- Any claim involving the Civil Investigation of Fraud procedure (Code of Practice 9) or Specialist Investigations/Fraud Investigations except where undertaken under COP8.
- Failure to notify/register for tax.
- Where there is no reasonable prospect of challenging HMRC (VAT, PAYE & IR35 Disputes).
- Costs for third-party valuations.
- If we are disengaged the cover ceases immediately.
- Tax planning arrangements where HMRC has allocated a DOTAS number and/or bespoke tax planning arrangements outside of the normal trade.
- Work in relation to a disclosure whether this was a voluntary disclosure or one that followed a nudge letter or enquiry from HMRC.



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