

### Who provides insurance cover to the Practice?

Insurance cover is provided by Taxwise Services Ltd, one of the top companies in this field. Taxwise have many years experience of providing insurance to cover professional fees arising from HMRC enquiries. Taxwise Services Limited is authorised and regulated by the Financial Services Authority (FSA reference number 304970). The policy is underwritten by Irwell Insurance Co Ltd (FSA reference number 202897).



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## Fee Protection Service

## FEE PROTECTION SERVICE

### In Association with Taxwise

#### Can anyone's tax affairs be scrutinised by HM Revenue & Customs

Anyone that pays tax can come under scrutiny. Every year HMRC starts enquiries into many thousands of personal and business tax returns & accounts. VAT and PAYE payments are also thoroughly checked. The aim in every case is to collect more tax.

#### I've done nothing wrong, why should I worry about a tax enquiry?

Most tax enquiries are generated by computer "risk profiling" and many are selected completely at random. As a result, HMRC sometimes picks the wrong targets. Even if you've done nothing wrong, the taxman won't give up and will still try hard to find errors.

#### How much could a tax enquiry cost me in professional fees?

The questions asked by the HMRC are usually very detailed and time-consuming to answer. The costs of defending you can easily run into thousands of pounds, even if little or no extra tax is paid at the end of the enquiry. These costs are not covered by the normal annual fees paid to your accountant.

#### Is there anything I can do for peace of mind?

You can subscribe to the Tax Enquiry Fee Protection Service which will cover you for the work and costs of defending you in a tax enquiry by HMRC.

#### What is the Tax Enquiry Fee Protection Service?

It is a service set up by accountancy practices to protect clients who suffer a tax enquiry. For a small fee, clients can subscribe to the Service and obtain the benefits described below. The Service is backed by an insurance policy that the practice has arranged through Taxwise. Under the policy, the practice can claim professional costs incurred defending clients in tax enquiries.

#### What are the main benefits to subscribing clients of this Service?

- The practice will defend clients selected for a tax enquiry, or obtain expert advice from a specialist if this is in the client's best interests.
- The potentially high costs of professional fees for that defence will be claimed under the practice's insurance policy.

- It will not be necessary to agree to unreasonable tax charges by HMRC because of concerns about professional fees.

#### What is covered by the Service?

Under the Service, subscribing clients will be fully protected and the practice will claim under their insurance policy for up to £75,000 of professional costs, in the following circumstances:

- A HMRC enquiry into a personal or business tax return.
- A HMRC enquiry into any business accounts, including those of sole traders, partnerships and limited companies.
- A dispute with HMRC where additional VAT is being pursued.
- A dispute with HMRC where additional PAYE tax or National Insurance Contributions is being pursued.
- A dispute with HMRC relating to the tax status of employees or subcontractors.

#### What is not covered by the Service?

Some costs will not be covered under the Service, including the following:

- Outstanding taxes, penalties, interest or any other amounts due to HMRC.
- Defence of clients in criminal prosecution cases or serious fraud enquiries.
- Fees relating to pre-existing tax enquiries, or enquiries started because tax returns were submitted to HMRC later than the statutory time limits.
- Other restrictions may apply as specified on the enclosed letter.

#### What will it cost to join?

Your accountant will provide details separately of the annual Service Charges that are payable by different categories of clients. If that information is not enclosed with this leaflet, please ask your accountant what the annual cost would be for you.

#### How do I join or obtain more information?

To subscribe to the Service, a cheque for the amount due should be sent to your accountant.

If you need any more information, please call your accountant and ask about the Tax Enquiry Fee Protection Service.