

HMRC Investigations

The Key Facts in 2016

CLAIMS NUMBERS

The number of claims notified has increased considerably in recent years, with average yearly increases of 30% for the past three years.

Income Tax full and aspect enquiry claims have increased in number by almost 2.5 times in the past three years.

In 2016 CronerTaxwise, market leaders in fee insurance protection, dealt with almost 6,000 claims and paid out £5.7m in claim payments.

HMRC ACTIVITY

A record £23.9bn in additional tax was collected by HMRC in 2013-14, a £3.2bn (15% increase) on the previous year and an increase of £9bn (60%) over three years.

The extra revenue from HMRC investigations came from both small businesses and individuals: Small businesses jumped 30% in 2015/16, to £565m, while the share clawed back from investigations into personal tax returns rose by 38% to £609m.

Since the 2010 spending review HMRC has launched 40 specialist taskforces aimed at extensive investigation into businesses and individuals. These have raised over £60m of additional revenue already.

HMRC are targeted to deliver an additional £26.3 billion in yield in the 2015/16 tax year.

HMRC are doing what they have always done, they are just doing more of it through:

- campaigns targeting particular businesses and sectors e.g. landlords, plumbers, electricians and home improvement trades
- task forces targeting specific businesses in specific locations, where evasion is suspected (e.g. indoor and outdoor markets in London, restaurants in the Midlands)

The government has made available £917m to tackle tax evasion, avoidance and fraud.

The tax gap - the difference between the taxes that HMRC thinks should be collected and the amount actually collected - is estimated to be more than £35 billion.

HMRC have been targeted with reducing costs by 25%, whilst increasing the compliance yield. They aim to achieve this, by using HMRC resources more efficiently, by taking a more targeted approach to enquiry work.

HMRC have recruited more than 2,500 new compliance officers.

HMRC will target 20,000 businesses for Business Record Checks this year.