

Owner-managed businesses should be aware of major new tax avoidance initiative - HMRC

Submitted by: Dabbs PR & Marketing

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Tax intervention warning

Owner-managed businesses should beware of a major new tax avoidance initiative that could result in large, unexpected liabilities.

The warning comes from Stuart Rogers, a tax expert at Bath-based Target Consulting Group, who fears there is a danger that the taxman's latest approach will cut businesses off from their advisers.

"HM Revenue and Customs (HMRC) has announced its new pilot strategy to ensure business and corporate tax compliance," explained Rogers. "Businesses should not, in any circumstances, engage with HMRC in detailed discussion. Instead, they should contact their tax adviser immediately.

"Essentially this is an extension of the 'enabling letters' programme that we have seen over the last 12 months. This latest strategy has been termed 'interventions' and means HMRC will intervene in a business's tax affairs outside of the normal enquiry process, where it is considered that there is a potential tax loss to the Treasury."

The scheme will involve HMRC identifying risk areas associated with taxpayer groups, and then call or write to individual owner managers direct, asking them to reappraise their tax returns in the light of the 'intervention'.

"Despite assurances from HMRC that agents will be contacted, the concern is that tax advisers may be circumvented and business owners left to deal with uncomfortable phone calls and correspondence which means enquiries are being made into their affairs without the protection given by the formal enquiry process," added Rogers.

"We understand this pilot will be of a significant size and be targeted at smaller companies, sole traders and partnerships. It is also likely that cash based businesses will bear the brunt of this pilot and anticipate that businesses such as car dealers and builders will be common targets.

"Businesses subject to the intervention initiative should get professional advice as soon as possible so that an appropriate course of action can be determined. This may involve setting some specific ground rules with HMRC to resolve any queries, or a more robust stance may be the order of the day."

-ENDS-

Note to Editors

Based in Bath, Reading and Rugby, Target Consulting Group is now one of the Top 50 accountancy firms in the UK. As one of the leading business advisory firms in the South West, Thames Valley and Midlands, Target provides successful owner-managed/family businesses and high net worth individuals with high-level tax planning, corporate finance, business advisory, assurance and tax compliance services. Target has advised on more than £550 million worth of deals in the past two years.

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