

# Fee Protection Service



## Fee protection

In recent years HM Revenue & Customs (HMRC) has shifted much of the burden of tax compliance on to the taxpayer, with the introduction of automatic penalties for those who do not file and pay on time. This has enabled HMRC to focus far more of its resources on enforcing the rules and, as a result, the number of enquiries or investigations has increased significantly. Some commentators have recently reported more than a 50% increase in the number of enquiries over as little as a year.

## Who is eligible?

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New powers came into effect on 1 April 2009, placing a greater burden than ever on taxpayers and their agents to provide documentation in support of their tax returns, and introducing a harsher penalty regime. All HMRC officers now have the power to approach third parties for information and to enter premises to inspect records.

There have also been changes to the tribunals and appeals procedures which have increased the threat of potentially lengthy and costly litigation.

As a result of the increased risk of enquiries from HMRC and greater penalties for those who HMRC regards as in any way obstructive or reluctant to co-operate, Shipleys has launched a Fee Protection Service.

## Fee protection

In return for a fixed annual fee, we will deal with any HMRC enquiries, rather than charging you on our normal basis of the time spent on your affairs. This means that in the event of an enquiry we will deal with it on your behalf without you having to worry about the cost of our fees (up to £100,000).

Of course, any tax, penalties, interest or surcharges payable as a result of the enquiry are your responsibility and are not included. The service covers our fees for handling the enquiry for you.

## Who is eligible?

Our Fee Protection Service is only available to our clients for whom we are registered as tax agent with HMRC.

## How much does it cost?

The service operates on an annual basis with a year end of 31 October. The cost varies for different types of taxpayer and there are turnover-related bands for those in business.

For limited companies and partnerships, the directors' and partners' personal affairs are normally automatically included, provided that we already look after their tax returns and they fall within the definition of private clients.

Individuals with gross rental income in excess of £50,000, or also in business as a sole trader or partner, are treated as business rather than private clients. They fall into the business fee tariff, and cannot be included in a company or partnership scheme.

Trusts, charities and unincorporated non-profit organisations with trading income are treated as sole traders.

For details of the current tariff please ask your normal Shipleys contact or Marlene Wallace at [wallacem@shipleys.com](mailto:wallacem@shipleys.com).

## Fee Protection Service

The fee for those joining part-way through a scheme year is based on the number of quarters (complete or part) in which the member participates. For example, someone joining the scheme between 1 November and 31 January will pay the full annual cost, whereas someone participating for between six and nine months will pay about 75% of the annual fee. Those who cease to be clients during a year will not be entitled to any refund.

### What is covered?

We will provide you with up to £100,000 of our fee costs for each written HMRC enquiry, including:

- Full enquiries
- VAT and employer compliance reviews
- Interventions
- Aspect enquiries

This means that compliance reviews on issues such as VAT and the IR35 rules are also included, so you can benefit from our help without additional fees, rather than trying to deal with these yourself. It is not necessary for HMRC to have issued a formal notice.

### What is excluded?

To be eligible you need to have joined the service before an enquiry letter is received and generally that year's tax returns must have been filed on time.

The service does not cover work that you would ordinarily be capable of, such as providing information from your records. Neither does it meet the actual cost of any tax settlement, including interest and penalties.

Enquiries, reviews, interventions or disputes involving fraud are also not covered.

### Groups of companies

Each member of a group of companies will need to participate individually in the service. The turnover used to determine the appropriate fee excludes that of any subsidiaries.

### How to join

If you would like to join our Fee Protection Service please ask for our tariff sheet, indicate on this the service which applies to you and make payment. We will issue you with confirmation that you have been accepted into the service within 21 days.

### Further information

Full terms and conditions are available on our website [www.shipleys.com](http://www.shipleys.com), and the current tariff can be obtained from Marlene Wallace ([wallacem@shipleys.com](mailto:wallacem@shipleys.com)).

Please speak to your normal Shipleys contact if you have any further questions.

Specific advice should be obtained before taking action, or refraining from taking action, on any of the subjects covered.

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