ashdown hurrey

Tax Investigation Service

Anyone can be selected for a HMRC investigation

£876bn

Total tax revenues 2024/25

What an HMRC enquiry or investigation could mean for you or your business.

In 2024/25, HMRC recovered £48 billion through tax compliance activity and investigations. Up from £41.8 billion the previous year it is a clear sign of its continued focus on increasing revenue from investigations.

While some enquiries focus on a single aspect of a tax return, others can escalate into comprehensive reviews of an individual's or business's full financial affairs. These investigations can be time consuming, disruptive, and financially draining, even if no additional tax is ultimately due.

That's why we recommend joining our Tax Investigation Service. With HMRC increasing the volume and scope of its enquiries, more taxpayers are finding themselves caught up in the process. Our service is designed to shield you from the professional costs and provide expert support should HMRC come knocking.

Case study: Misunderstood transactions

HMRC launched a full enquiry into a small business owner's self-assessment return after flagging irregularities in their bank transactions. The client had moved funds between personal and business accounts, which HMRC misinterpreted as undeclared income.

Despite the accountant's clear explanations and supporting documentation, the enquiry continued for 18 months, resulting in over £9,000 in professional fees.

Ultimately, no additional tax was found to be due, and the client faced no penalties. However, the fees for the accountant's time were fully covered under the Tax Investigation Service, giving the client peace of mind and financial protection.

Case study: Cross tax investigation

A well-established consultancy firm was selected for a multi-tax investigation covering corporation tax, VAT, and director loan accounts over a three-year period.

HMRC initially flagged a minor inconsistency, but the scope of the enquiry quickly expanded into multiple areas with no clear direction. The firm's accountant was repeatedly asked to supply duplicate information, re-explain accounting treatments, and justify entirely standard transactions.

HMRC's approach became increasingly aggressive, with repeated delays and follow-up questions that added little value. Despite the enquiry concluding with minimal changes to the returns, it took over 24 months to resolve.

Professional fees for dealing with the enquiry totalled over £17,000, all of which were covered under the Tax Investigation Service, saving the client from significant unplanned costs.

What could an HMRC Investigation mean for you and your business?

HMRC has wide-ranging powers to investigate – including the ability to inspect your premises, request extensive documentation, conduct unannounced visits, and review up to 20 years of financial history.

With compliance under greater scrutiny than ever, HMRC is increasingly targeting tax returns, VAT payments, and employment status, including IR35, for detailed checks.

With the UK tax gap currently £46.8 billion, HMRC will continue to look to secure cash through compliance activity.

333,000

The number of compliance checks HMRC opened into taxpayers in 2024/25, marking a 7% increase on the prior year.

£2,800

The average professional fees associated with a tax enquiry. Enquiries can be stressful, time consuming and above all expensive. These costs are additional to our normal annual fees.

93,000

Is the number of enquiries by HMRC, that resulted in a nil settlement. No further tax, penalties or interest were collected by HMRC. An increase from 82,000 in the prior year.

When you subscribe to our Tax Investigation Service, you benefit from access to a free client legal helpline and online legal hub.

- 50+ Legal Experts
- 24/7, 365
- Business & Personal
- 55,000 Calls & 45,000 pieces of legal advice in 2023
- Intuitive online document library
- Document templates
- Document builder
- Legal advice pages

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