

CASE STUDY

HMRC Enquiry: Late Capital Allowance claim

About the Enquiry

Our client based in the Midlands had been subject to a lengthy HMRC Enquiry into routine compliance issues. Naturally, the enquiry had been a slow, drawn-out process showing no sign of conclusion.

There was a Property Embedded Capital Allowances audit being carried out on the group properties which produced a figure of **£984,000 in unclaimed Capital Allowances**.

The inspector was informed that the claim was going to be submitted and it was felt the correct course of action was to inform the enquiry team at an early date so they could include it in their deliberations. As a result a meeting was arranged with HMRC.

The inspector perused the working papers of the claim and immediately offered to agree to two-thirds of the claim. The **offer was rejected** and it was explained how the numbers had been compiled and that they were quite welcome to scrutinize the due diligence applied when putting the claim together.

Following a conversation as to what HMRC hoped to achieve through the enquiry, it appeared that the tax they had in mind was a large number but would easily be 'blown out of the water' by the Property Capital Allowance claim.

Result!

It was agreed there would be a payment to HMRC of outstanding tax which was to be recovered by the taxpayer the following year. The Property Capital Allowance claim was agreed in full and the enquiry was closed.

Conclusion

If an enquiry or investigation is ongoing and the individual, partnership or company has commercial property interests, there is a distinct chance the conclusion of HMRC can be mitigated and the time-scales reduced.

PLEASE NOTE THAT IF THE ENQUIRY HAS BEEN COMPLETED WITH A SUCCESS TO HMRC, A CAPITAL ALLOWANCE AUDIT COULD RECOVER SOME OR ALL OF THE COSTS & PENALTIES.



WE DEFEND OUR CLAIMS!