



CREASEYS

CHARTERED ACCOUNTANTS

HMRC – New powers from April 2009

From 1 April this year, the Revenue will gain new powers to inspect and gather information about any individual or business that pays tax...or should pay tax!

Among the lengthy new provisions, HMRC Inspectors will be given the power to visit business premises by giving only 7 days notice. Once there, they will be able to inspect the accounting and computer systems of the business, inspect current accounting documentation, copy or remove documents and inspect the business premises and the business assets. They will also be able to seek information from third parties.

Emma Roberts, CEO of Creaseys LLP in Tunbridge Wells said: "With the introduction of these new powers it is more important than ever to let your accountants know as soon as you receive any contact from the Revenue. Your accountants can then advise you on your rights and make sure you are properly prepared.

"Prevention is better than the cure and at Creaseys, we are helping clients with setting up, improving or auditing in-house accounting systems to make sure that everything is as robust as it should be. This is not simply to satisfy HMRC, but also to improve the efficiency of the business overall".

In addition to the new powers the Revenue has introduced a new penalty regime and coined the term "taking reasonable care" in the completion of tax returns.

By taking reasonable care, which is by keeping accurate records, saving those records, obtaining professional advice and informing the Revenue of any errors, you should avoid having to pay a penalty for any minor omissions in your returns. If you don't take reasonable care, however, the Revenue can penalise any errors. Penalties range from 30% of the extra tax due for careless mistakes, to 100% for deliberate and concealed mis-declarations.

In another development, the time limit for claiming back income tax, capital gains tax and corporation tax is reducing from 6 years to 4 years from 1 April 2010. Emma explained: "The change means that you will have 4 years from the end of the tax year or accounting period to claim tax back from HMRC unless you have a reasonable excuse for not claiming on time. On the plus side, however, this also

means that the Revenue only has 4 years to make assessments for underpaid tax. This increases to 6 years if the taxpayer is shown to have failed to take reasonable care.”

The ever-increasing complexities of tax legislation and the increased powers that will shortly be available to the Revenue, highlight the importance of obtaining professional advice at an early stage.

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Notes to Editors

- Creaseys is currently in the top 70 firms of accountants in the UK.
- Creaseys has 10 partners and approximately 90 support staff based at offices in Lonsdale Gardens, Tunbridge Wells.
- The practice has 2 specialist divisions: Corporate & Business and Private Clients.
- The practice has been established for 150 years and has always been at the forefront of business life in Tunbridge Wells.