

Case Study

This enquiry, into a Greengrocer, commenced in January 2007 and was concluded in January 2009.

The clients declared turnover was in excess of £250,000 but the profits were less than £10,000 which, allied with a cash business, may have been the driver when HMRC decided to open the enquiry.

The business operated two tills in the shop but the client had not retained any till rolls to support the declared turnover. This was a major concern to the Inspector who proceeded to prepare a Business Economics Exercise to try and quantify the possible sales that could have arisen; needless to say the assumption used in this calculation favoured HMRC. The Inspector's proposals resulted in an additional liability of circa £13,000 over a three year period on which interest and a penalty would be charged.

Our consultant was able to rework the Inspector's Business Economic calculations and then negotiate a reduced settlement. This resulted in a final settlement of £5,700 **including** tax, interest and penalties.

Case Summary

- The enquiry lasted for 24 months.
- The costs for defending the client were circa £3,000.
- There was a liability of £5,700 inclusive of a 10% penalty.

For further information on this case study please contact Raj Kaur by calling **0870 166 6270** or email sales@abbeytax.co.uk