

Case Study

This enquiry into a Residential Care Home commenced in November 2007 and was concluded in May 2009.

The client's declared turnover was well in excess of £500,000 with profits of circa £200,000 and so it was not apparent why HMRC would consider there to be a 'risk' of tax being lost.

The business operated in a very professional manner and the business records were excellent. Nevertheless, the Inspector became overly concerned with the occupancy of rooms which could have resulted in omitted income. Toward the end of the enquiry, it became apparent that the Inspector's concerns were based on information obtained from the Commission for Social Care (CSC) and in particular, the information provided to CSC during an Inspection. This inspection identified that, based on national standards, the rooms in the care home were sufficiently large to accommodate two occupants. The Inspector therefore believed that some of the rooms will have been used by couples whereas only income from an individual had been declared.

As soon as our Consultant became aware of the reason for the Inspector's concern we were able to explain that the client had never had any joint occupancy rooms and we were able to approach the CSC to confirm this point.

On receipt of the information and explanations provided, the Inspector closed the enquiry with no adjustments being made.

Had the Inspector indicated that he held information, albeit incorrect information, earlier in the enquiry, matters would have been resolved much sooner.

Case Summary

- The enquiry lasted for 18 months.
- Our Consultant spent over 15 hours dealing with the enquiry
- There was no additional liability.

For further information on this case study please contact Christina Brennan on 0870 166 6270 or email sales@abbeytax.co.uk