

Tax Investigation Service

Hazlewoods

**Don't get blown away
by an HMRC enquiry**



£966.4bn

Total tax revenues collected by HMRC in 2025/26

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

HMRC's focus on compliance continues to intensify. In 2025/26, HMRC generated over £50 billion from compliance activity, an increase of 5% on the previous year. At the same time, the Government has committed to increasing HMRC's compliance resources, with thousands of additional compliance officers being recruited to help close the UK's tax gap.

While some enquiries begin as routine checks, they can quickly develop into wider investigations covering multiple taxes, accounting periods, and aspects of your personal or business finances. Even where HMRC ultimately finds no additional tax to pay, the professional costs and management time required to deal with an enquiry can be substantial.

That is why we recommend joining our Tax Investigation Service.

As HMRC continues to increase its compliance activity, more taxpayers are finding themselves subject to enquiries, reviews and information requests. Our service provides access to expert support and covers the professional fees incurred in handling HMRC enquiries, helping to protect both your finances and your peace of mind.

Case Study: Self-Assessment Enquiry Triggered by Property Transactions

A landlord with several rental properties received notification that HMRC was opening an enquiry into their Self Assessment return following the sale of an investment property.

Despite all gains having been correctly reported, HMRC requested extensive evidence relating to acquisition costs, renovation expenditure and historical ownership records. Over the following 15 months, the taxpayer's accountant prepared detailed responses and supporting documentation to address HMRC's concerns.

The enquiry concluded with no additional tax, interest or penalties being due.

However, the costs of professional representation exceeded £8,500. Thanks to their Tax Investigation Service membership, the client did not have to bear these costs personally.

Case Study: VAT Compliance Review Escalates into Full Business Enquiry

A growing manufacturing business was selected for what initially appeared to be a straightforward VAT compliance check. After reviewing the VAT returns, HMRC expanded the scope of the enquiry to include corporation tax, director expenses and employment tax records going back several years.

Although the business maintained accurate records and worked closely with its accountant throughout the process, HMRC made numerous requests for additional documentation and explanations. The enquiry lasted almost 20 months and involved dozens of hours of professional representation.

At the conclusion of the investigation, only a minor adjustment was required and no penalties were charged. However, the professional fees incurred exceeded £14,000.

Fortunately, these costs were covered in full through the Tax Investigation Service, shielding the business from a significant unexpected expense.

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

HMRC has extensive powers when conducting compliance checks and investigations. Depending on the circumstances, it can:

- Request detailed financial records and supporting documentation
- Review multiple taxes and accounting periods.
- Visit business premises to inspect records.
- Challenge accounting treatments and tax positions.
- Look back many years where it believes errors or omissions may have occurred.

With continued pressure to reduce the UK's tax gap and increase revenue collection, compliance activity remains a key priority for HMRC. In recent years, particular attention has been directed towards VAT, employment taxes, property income, overseas matters, and the correct application of tax reliefs.

£50.2bn

HMRC's compliance activities generated £50 billion during 2025/26, representing a significant increase on the previous year and demonstrating the growing scale of its compliance programme.

£3,800

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.

5,500

The Government has announced plans for HMRC to recruit 5,500 additional compliance staff over the coming years, underlining its commitment to increasing investigations and compliance interventions.

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 per year
- Intuitive online document library
- Document templates
- Document builder
- Legal advice pages

For trusted expertise and tailored advice, contact us:

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THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK