



SCOTT-MONCRIEFF

EDINBURGH AND GLASGOW

NEWS RELEASE

May 26, 2009

‘HMRC RAISING THEIR SIGHTS’ WARNS SCOTT-MONCRIEFF

Scott-Moncrieff, one of Scotland’s leading independent accountancy and professional services firms, is alerting clients to the fact that HMRC is significantly raising the level of focus on risk assessment of company tax returns across the board.

In gearing up to help clients prepare for enhanced levels of scrutiny, the firm has recruited John Walker as Director, Corporation Tax, a senior appointment within the firm. He was previously with KPMG and has worked in other large accountancy practices during a career of 23 years in the profession.

Paul Renz, Head of Tax at Scott-Moncrieff states:

“We are delighted to appoint someone of John’s calibre as we are expecting increased pressure on our clients to emanate from HMRC in light of the significantly increased requirement for the Government to generate more revenue from taxation. His experience will be a valuable asset for Scott-Moncrieff and for our clients.

“Furthermore, difficult trading conditions are continuing to impact companies in a number of ways, not least the adverse effects of falling asset values and deteriorating cash flows. However, there are ways to defend profitability and to minimise taxation payable through good tax housekeeping, while seeking to benefit from available reliefs, utilising forward planning and engaging with HMRC’s Business Payment Support Service ”.

John Walker continues:

“HMRC - the Revenue - has made it clear that it is going to be looking at all tax returns on a ‘risk assessment’ basis, while it has announced that 25% of its entire budget will now be focused on enforcement. This represents a significant step up in target setting and it will be even more diligent in pursuit of any errors or ‘grey areas’ on tax returns. Our aim is to work with clients to ensure their accounting systems are robust and their information accurate.

“In my experience, HMRC is now making it clear that risk assessment is key. If it looks like there are any potential issues, then it will go in ‘full on’ to assess the situation, and this can be very disruptive to a company’s normal flow of operations.

“At the same time, I have also found that when there is an issue, HMRC will engage in negotiations in a very professional manner. This is another area where we can

help clients, although it is better to eliminate areas of dubiety before it gets to this point.

“HMRC is now more ‘joined up’ than at any time in the past and will share information across the different departments that deal with, for example, VAT, employer compliance and corporation tax. It is definitely better coordinated. Thus, the onus is on companies to ‘get it right’ before making any submissions. In many SMEs in particular, the personal tax elements of directors will be closely aligned to the performance of the company and this area will undoubtedly be attracting greater attention.

“Taxation has always been an important issue, but we are about to witness a major step up in the level of investigation activity by HMRC from now on.”

ENDS