

## Surviving HMRC's Business Records Check

The HMRC campaign on Business Records Check (BRC) is back, and you need to be wary. HMRC will be selecting small owner managed businesses that have been set up in the last few years, or more established businesses that are handling cash – trades people, retailers and the like. They will then require you to undertake a telephone interview and then they'll decide if you need further education or if HMRC should visit and inspect your records. Of course there are penalties, these start at £500 (and HMRC say this can be discounted to £250) and increase up to £3000. What is worse, is that HMRC can investigate your tax returns and determine that additional tax is due.



### Have you received a letter from HMRC?

If you have received a notice that HMRC has identified your business as a risk, or if you have already had your telephone interview, you need our help to limit or even avoid penalties.

If you have **received HMRC's letter** that you have been selected for a BRC Interview, then you know HMRC consider you a risk, so contact us now. We will help you prepare for the interview, and we can attend the telephone interview with you.

If you have **already had your telephone interview**, and been told that you need to improve your records, or to expect a personal visit, you need our help now; we will improve the record keeping so that you can avoid or limit the penalties. Be aware also that you may still have a challenge to your tax returns going back seven years if HMRC do not believe that you have records upon which you can rely.

The business records check will be rolled out region by region over a 14 week period. The planned timetable for visits is as follows:

- London & East Anglia - 26 November 2012
- South East England - 14 January 2013
- Scotland - 14 January 2013
- Northern Ireland - 14 January 2013
- Central England - 21 January 2013
- East of England - 28 January 2013
- North Wales & North West England - 28 January 2013
- South Wales & South West England - 4 February 2013

We can carry out a full pre-inspection check on your records, and provide a thorough and helpful assessment of your records.

**Top Tips:** The following records will be checked; this is not an exhaustive list, but these are sure to be part of the record check.

1. Make sure you have kept at least six years of records.
2. You will need to have accurate records of sales invoices, cash sales, purchase invoices, expense receipts, bank statements and paying in books/ cheque books, cash records and mileage analysis.
3. Pay particular attention to assets or expenses that can have some personal use to you or employees, to make sure that the personal use has been disallowed, and included on P11D returns if necessary.
4. Make sure your records are always kept up to date.
5. Avoid estimates, but if you have to use them, make sure you have a defined calculation basis.
6. If you are a limited company, make sure that you have followed the rules for claiming and declaring dividends.
7. Check that all employees, especially casual labour has been properly reported.
8. If you have family members working for you, make sure there is a defined 'contract for service' or 'contract of service' in place, and a defined job role.
9. If you have regular contractors working for you, check that you have proper contracts in place and that the relationship is outside of IR35.
10. If you regularly work for the same clients, check the contract between you for IR35.

