

## Article topic: Tax Planning

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### HMRC widens tax clampdown



Self-employed professionals, including barristers and vets, could be next in line following HMRC's tax clampdown on medical professionals.

**Gavin Lenthall**  
Group Head of Tax Planning

In January, HMRC announced a new campaign to target GPs, hospital consultants, dentists and other self-employed medical consultants. All those affected must now declare any additional sources of income before 31 March 2010 in return for a 90% discount on the usual penalties. Anyone who does not come forward, but is subsequently investigated and found to have been avoiding tax, may be fined up to 100% of their unpaid tax, with a minimum penalty of at least 30%.

Gavin Lenthall, Group Head of Tax Planning, explains: "This is the first HMRC campaign that has targeted a single group of professionals in this way. Given the aggressive approach HMRC is taking, it is likely there will be further investigations into other self-employed professionals over the coming year. High earners, such as barristers and vets are likely to be next and we are urging anyone in these professions to review their tax affairs and make any declarations they need to for a more lenient treatment by HMRC."

The current clampdown follows on from the Revenue's offshore disclosure facility, which uncovered millions of pounds worth of taxable income that had been hidden in offshore bank accounts by UK taxpayers.

"HMRC's new extended investigative powers, means it can force third parties to produce information about taxpayers - even though there is no evidence of wrong doing," Gavin warns. "In the case of medical professionals, this means HMRC can go to health insurers such as Bupa and Sun Life and get the names of doctors receiving medical payments, but failing to declare them. HMRC is looking for taxable income regardless of where it has been hidden. Any offshore income that should have been disclosed under the previous amnesty may now result in even steeper penalties," he adds.

All self-employed medical practitioners must make their intention to declare known to HMRC before the March deadline. The disclosure itself, together with the tax payment, plus interest and penalties must be made by 30 June 2010. "As well as limiting the financial cost, making these disclosures also reduces the potential for prosecution and a public naming and shaming," Gavin advises.

"One of the biggest areas of concern for tax officials is where expenses are concerned. Consultants often claim for the costs of travelling from home to hospitals and practice rooms, but HMRC's position is that you must actually be seeing patients at your home for it to classify as a place of work – simply doing paperwork there is not enough," he said. "These expenses could be considerable for doctors living abroad, who may have been claiming the cost of travel to the UK. I would urge any self-employed professionals that fit into these 'high risk' groups to review their tax affairs immediately and seek advice if there are any areas of doubt," Gavin adds.

For more information on the latest HMRC investigations and how they might affect you, please contact a member of our Tax Planning team:

#### Your contacts

**Bath**  
**Paul Morris**  
01225 486 300

**London**  
**Gavin Lenthall**  
020 7919 9100

**Midlands**  
**Mark Tuckwell**  
01788 539 000

**Reading**  
**Kevin Voller**  
0118 958 1331

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