

# Your rights when HMRC comes calling

*The timing of most HMRC visits is agreed in advance but in recent years there has been an increase in unannounced arrivals. What can and should you do if HMRC knocks on your door?*

## **HMRC - not by appointment**

There are usually two reasons why HMRC turns up unannounced; either you've not accepted a written request for a visit (probably more than once) or, more likely, it believes you're up to mischief and may not co-operate with it if it follows its normal procedures for checking your records. Of course, HMRC's suspicions are often wide of the mark. Whatever the reason, you need to tackle the situation with care.

## **Only authorised visits are allowed**

HMRC can only make an unannounced visit for the purpose of inspecting your records if it has been approved by one of its senior officers. On arrival you should be shown the authorisation and handed a copy of HMRC's information notice [CC/FS4](#) which covers your and HMRC's rights. Read these carefully.

**Note.** HMRC can make an unannounced visit to collect tax without special authorisation, but this doesn't entitle them to check your records.

## **Let me in!**

HMRC's notice is disingenuous in that it skirts around an important right. That is your right to refuse access. Its internal guidance for inspectors makes clear that you or, if you're not there, the person on the premises has "*the right to refuse you entry*", which "*cannot be overridden*", so a person retains the right to refuse entry to their property even when an officer has a right to enter and inspect with tribunal approval. HMRC officers are told to ask for the reason you have refused access. While you don't have to tell them, it may help defuse the situation if you say that you want your accountant or advisor to be present or at least to consult with them first. Or, if you have customers on site, that a visit from HMRC might adversely affect your business.

**Tip 1.** The general view of tax enquiry experts is that you should refuse entry to your premises where HMRC's visit is unannounced. Contact your accountant or tax advisor immediately, although that might not be possible or reasonable where HMRC arrives, say, late at night. In that case get in touch as soon as you can.

**Tip 2.** HMRC can ask questions of your staff but they aren't obliged to answer. Make them aware of this and assure them that it doesn't count against them with the Taxman if they don't answer. Staff are often not well placed to give information about the business or may misunderstand the relevance of HMRC's questions.

## **Working from home**

If you run all or part of your business from home, the same rules apply. HMRC has the right to make an unannounced visit only if it's been properly authorised. Again, you can politely refuse access.

The visiting inspectors might imply that things will get worse for you if you don't let them in. This isn't acceptable so make a note of what is said, say, by recording the conversation on your phone, and tell your accountant about it.

*It's generally advisable to refuse HMRC entry until you can consult with your accountant. HMRC officers do not have a right to access your business premises unless you allow them. Refuse politely. Advise your staff that they aren't required to answer HMRC's questions and they can't be penalised if they don't.*