

CHAVEREYS

tax specialists | accountants | advisers

HM Revenue & Customs information access

As part of HM Revenue & Customs (HMRC) ongoing efforts to reduce the amount of tax being underpaid it has invested £100 millions in Connect.

Connect is software that analyses the information HMRC receives from other organisations, in addition to the information it has received from the taxpayer, in order to find anomalies which may indicate a discrepancy in the tax paid.

To date, Connect has helped to recover over £3 billions in tax and is currently responsible for triggering over 90% of enquiries.

Connect analyses data from a wide variety of sources including:

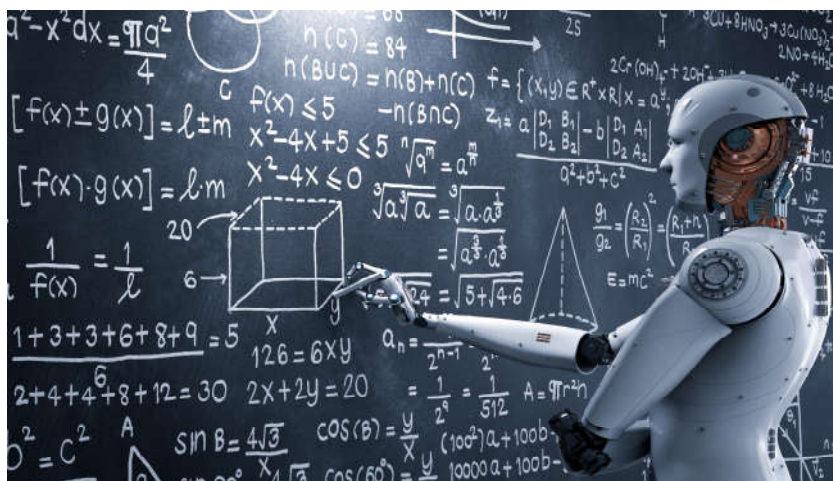
- Tax Returns;
- Bank accounts;
- Pensions;
- Credit reference agencies;
- Credit and debit card accounts;
- Online payment providers eg PayPal;
- Foreign tax jurisdictions;
- Government agencies eg Companies House, Land Registry and the Border Agency;
- Online social networking;
- Property websites eg Zoopla and Rightmove;
- Amazon, eBay, Gumtree etc;
- Google Street View;
- Council tax records;
- DVLA records;
- DWP records;
- Electoral roll;
- Insurance companies;
- Charities Commission; and
- Flight sales and passenger information.



It has been claimed that Connect has access to data from other sources however HMRC is unwilling to disclose these additional sources.

Due to the range of sources being utilised there will be instances in which the information is inaccurate or misinterpreted. The House of Lords Economic Affairs Committee has called for a review of HMRC's powers in response to fears it is becoming too aggressive in its approach to investigations.

However, HMRC is still looking to expand the capabilities of Connect with the use of new technology, in particular using artificial intelligence to make decisions which are currently made by HMRC staff.



Does this issue raise any questions in your mind?

Would you like more information on a particular item?

Please ask your usual Chavereys' contact or ring our office.

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Apart from the possibility of additional tax and penalties, if HMRC suspects an error has been made, an enquiry can be expensive, time consuming and stressful.

It is therefore important to minimise the risk and impact of an enquiry through:

- Ensuring records are well maintained;
- Providing additional information when making tax submissions with a view to pre-empting queries posed by Connect; and
- Making unprompted disclosure to HMRC of omissions or errors identified in previous submissions without delay.



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