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KEY PROTECTION CLAUSE IS DROPPED FROM RULES

Revenue 'cuts corners' in bid to net cheats

REVENUE investigators are cutting corners in their eagerness to pursue tax dodgers, leading tax advisers have warned.

They are allegedly demanding personal financial records from businesspeople without proper grounds for suspicion. And a vital protection for taxpayers has mysteriously been dropped from the investigators' handbook, although Revenue & Customs has said it will be restored in future editions.

This is the latest in a series of aggressive measures used by the Revenue to crack down on tax dodging and help fill the enormous gap in the public finances.

In November, the Revenue, which paid its director general Steve Lamey more than £205,000 last year and its part-time chairman Mike Clasper more than £150,000, said it was training its sights on

By **NICK MORGAN**

middle-income earners sheltering money in tax havens.

More controversially, it was claimed in December that the Revenue was unlawfully withholding millions of pounds of tax rebates, a claim it has denied.

Now it has emerged that a key section of the Revenue's compliance handbook, the key guide for investigators, has been dropped.

The section, CH223430, tells inspectors that they need to find something significantly wrong, questionable or suspicious in a business's record – they need to 'break' the record, in the jargon – before they can demand personal financial details from an owner or director of that business.

'I am increasingly coming across

requests for private bank details in opening letters. In early meetings the Revenue had focused purely on private affairs,' said Mark Morton, head of tax at Mercia Group.

Anne Eager, enquiries manager at Robert James Partnership, agreed. 'I have had requests for private bank records from my clients in opening letters. When I challenged the request, the inspector said that it was to save time, as he felt it was very likely there would be issues with the records.'

'He added it was a "standard approach" under the new regime.'

»Eleven members of a Ukrainian gang who stole £4.5 million through tax fraud were jailed on Friday for a total of more than 40 years at Southwark Crown Court, London, after a Revenue investigation. Some of the money was spent on fast cars and luxury living.