

# **Tax under consideration - enquiries by type of risk**

## **Request**

The 'tax under consideration figure' for enquiries by Large Business Service (LBS) by type of risk as used internally.

## **Response**

It is important to explain exactly what these figures mean and what conclusions can be safely drawn from them.

- The data shown and its value is a snapshot at the 31 July 2012 of the open operational risks under consideration in LBS. These are not annual figures and include enquiries which may have been open for several years. The distribution and value of open risks changes with time as new risks are identified and others closed. The distribution and value shown cannot be taken to be representative over a period of time and may be significantly different at another point in time.
- 'Tax under consideration' is initially estimated before any consideration of the specific facts has taken place or before applying any reliefs or allowances. It is not tax owed or unpaid - it is a tool which helps LBS managers to deploy resources in order to produce the best results. The success of this approach is evidenced by the rise in the LBS' compliance yield since 2005-06, together with the very significant fall in the number of less productive 'small issues' which this approach has enabled HMRC to factor out.
- In many cases, when HM Revenue & Customs (HMRC) has looked at the full facts it has become clear that there is no further liability at all. HMRC's experience is that that when they look across all relevant issues under

enquiry only around half of the estimate of tax under consideration is tax brought into charge.

<b>Risk type</b>	<b>CTUC</b>
Accounting standards	£282,087,137
Approvals, authorisations and registrations	£166,372,009
Capital gains	£448,111,817
Computational	£190,305,726
Construction Industry Scheme (CIS)	£136,000
Controlled Foreign Companies	£3,434,795,443
CT issue regarding employment	£31,832,934
CT on VAT	£110,527,049
Customs procedures, imports, exports & warehousing	£11,103,002
Employee and Director issues	£398,894,393
Expenditure, expenses & appointments	£211,309,779
Financial Instruments	£2,114,403,293
Fleming	£1,631,324,801
Group Litigation Orders	£1,357,220,105
Income	£750,000
Input tax overclaimed	£283,038,472
Insurance Premium Tax	£330,000
Intellectual Property	£100,428,603
International	£1,805,770,378
Leasing	£1,012,332,824
Management expenses	£36,512,338
Mis-application of VAT reliefs	£8,046,705
Movement of assets/business	£34,500,000
Oil sector CT ring fence	£490,508,750
Output tax underdeclared	£674,797,830
P11D/Class 1A NIC	£14,409,860
Partial Exemption	£28,554,370
Pre Return check	£620,000
Reduced/Refused Payments	£565,105,033
Registration/Filing/Payment	£70,906
Reliefs, rebates and exemptions	£1,179,295,200
Revenue payment and claims	£67,723,816

Schemes/Arrangements	£77,660,588
Schemes/Trusts	£778,625,742
Stamp Duty Land Tax, Stamp Duty Reserve Tax	£34,956,000
Serious non-compliance	£88,478,172
Single Market	£140,000
Statutory allowances/reliefs	£1,369,875,085
Timely and accurate submission of declarations	£40,283,602
Trading, computation of profits, receipts and deductions	£1,120,054,319
Transfer pricing and thin cap	£1,006,094,283
Valuations	£104,686,389
Other risks	£35,804,669
<b>Total</b>	<b>£21,347,877,422</b>