

Faceless bureaucrats

Geoff Long advises what to do if your practice has a PAYE inspection.

Many dentists who incorporated back in April 2006 are now finding themselves the subject of PAYE inspections. PAYE inspections are a routine occurrence for any business, but with a Limited Company there is the added problem of directors' tax to content with.

Unlike other officers of HM Revenue and Customs who stay firmly in their offices, these individuals have a roving brief to go out and find problems. The official view is that they are there to 'help businesses meet their compliance obligations'. We are cynical because this is different from the obvious attitude of the inspectors themselves on the ground. If anyone says that they are not marked on their success in bringing in extra tax, whether officially or unofficially, I think that person is naïve.

PAYE inspectors are a law unto themselves these days. Since the merger of the Inland Revenue and Customs and Excise, many inspectors won't just limit their work to looking at the PAYE. They will adopt a much more roving brief often questioning your annual tax returns and accounts too.

This is exactly what happened to one of our dentists recently. When he objected to being interrogated by the inspector in his surgery, the



● Provide only those records under investigation – nothing else.

inspector brought out his shiny new HM Customs and Excise identity card with a smirk on his face, saying he was quite within his rights to ask any questions he wished!

So with that in mind I have set out a list of 'Dos and Don'ts' for any dentist unlucky enough to receive a visit (fig).

Sometimes you need to be quite firm about some of these 'Dos and Don'ts'. It is almost standard practice for inspectors to demand an interview with one of the principals of the practice. Politely but firmly refuse. If you are unlucky enough to have some problem found in your records don't assume that the PAYE inspector is necessarily in the right. If you are in doubt take expert advice: you might find you have an arguable case after all. ■

DO be polite.

DON'T make yourself available for interview during the visit.

DO ask in advance if it isn't clear exactly what the inspector wants to look at in the way of records.

DON'T allow the inspector to interview anyone else in the practice.

DO check if there is any doubt that he is entitled to see them.

DON'T make assumptions.

DO provide exactly those records and nothing else.

DON'T volunteer information.

DO insist on them coming only by proper prior appointment.

DON'T allow yourself to be brow beaten.

DO check with your accountant or tax adviser if you are in any doubt on any point.

DON'T permit impromptu visits.

● If the inspector calls keep this list to hand.



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