

## DOES YOUR EXISTING PROVIDER(S) AUDIT CLAIMED EXPENSES? [CAN THEY DEMONSTRATE THIS TO HMRC]

### AUDIT REQUIREMENTS

The following articles from government legislation (below) aim to hit 'non-compliance' of expense claims very hard in both the Umbrella and PSC sectors. Does your provider have dispensations, do they regularly audit expense claims, do they actively promote the tax-free advantages. **ARE** they doing it right?

- (i) HMRC: Tackling Managed Service Companies: summary of consultation responses March 2007
- (ii) HM Treasury's Pre-Budget Report 2008 - "Following the consultation Tax relief for travel expenses..."

#### (i) **Tackling Managed Service Companies:** summary of consultation responses March 2007

**Section 3.32** "...Umbrella Companies should be caught said that the **expenses rules are being abused** by such structures and that excluding them from the measures would give them an unfair tax and national insurance advantage over MSCs".

#### (ii) **HM Treasury's PBR 2008**

"Following the consultation Tax relief for travel expenses: temporary workers and **overarching employment contracts**, the government have decided to leave the current rules unchanged. However, in the light of evidence from the consultation confirming poor levels of compliance in this area HMRC will refocus its efforts to ensure that the current regime is properly applied. If **compliance does not improve**, the government may return to this at a later date.

**RACS Group** has a tried and tested 'robust' audit process in place for all of our products that allow expenses to be claimed and fully verified. Every week we run an audit procedure that enables us to analyse:

- ☐ All **regular** offenders – those who try to claim for anything and everything.
- ☐ Those **who are unsure** and make minor mistakes.
- ☐ A **set percentage** of those who are usually 'spot-on'!

This, in turn, promotes overall 'good' practices from contractors allowing them to get the benefit(s) for the items that they **ARE** entitled to and not for those they **SHOULDN'T** – its that simple!

Moreover, the education process can be clearly demonstrated to HMRC, with detailed indicators of development over time. Something HMRC are keen to see implimented with all providers, especially Umbrella companies as they are deemed government **POLICING** bodies by the very nature of any dispensation granted.

RACS Group feels that the enforcement of these practices are soon to be exercised by HMRC. You can see that we already have them in place and you should be encouraging your existing provider(s) to do the same irrespective of product offering. Please don't encourage your contractors to fall foul of these rules.

For further help and assistance or if you require a more indepth bespoke discussion, please feel free to contact us on: **Tel: 0845 604 0571** **Fax: 0845 604 0573** **Email: [info:racsgroup.com](mailto:info:racsgroup.com)** or visit our website at: **[www.racsgroup.com](http://www.racsgroup.com)**